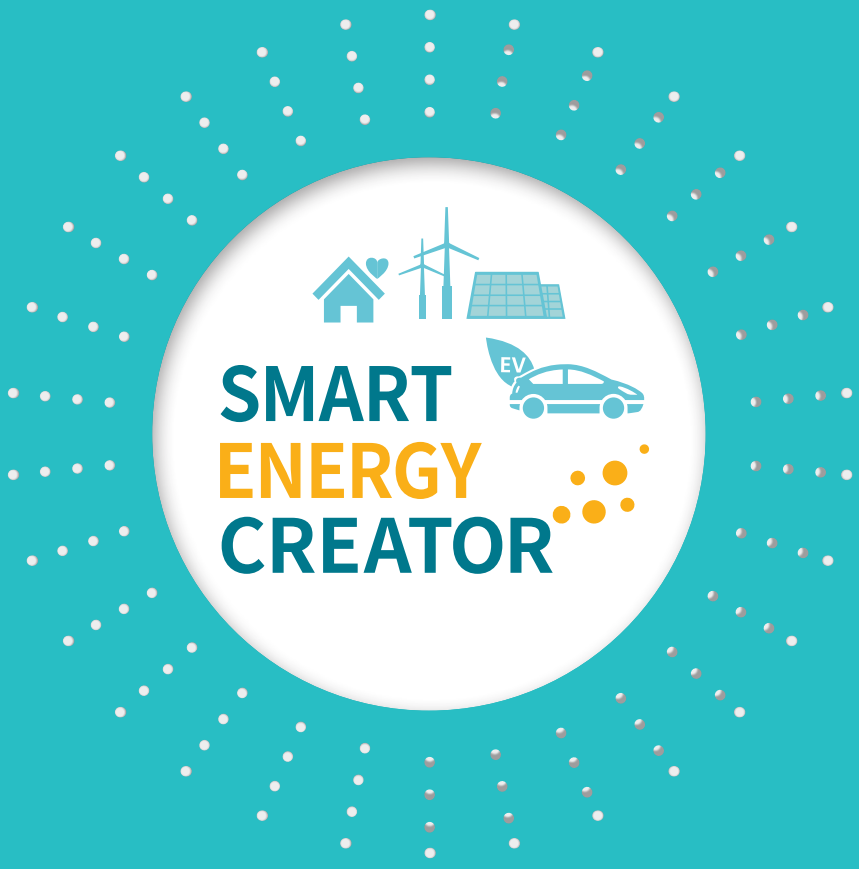
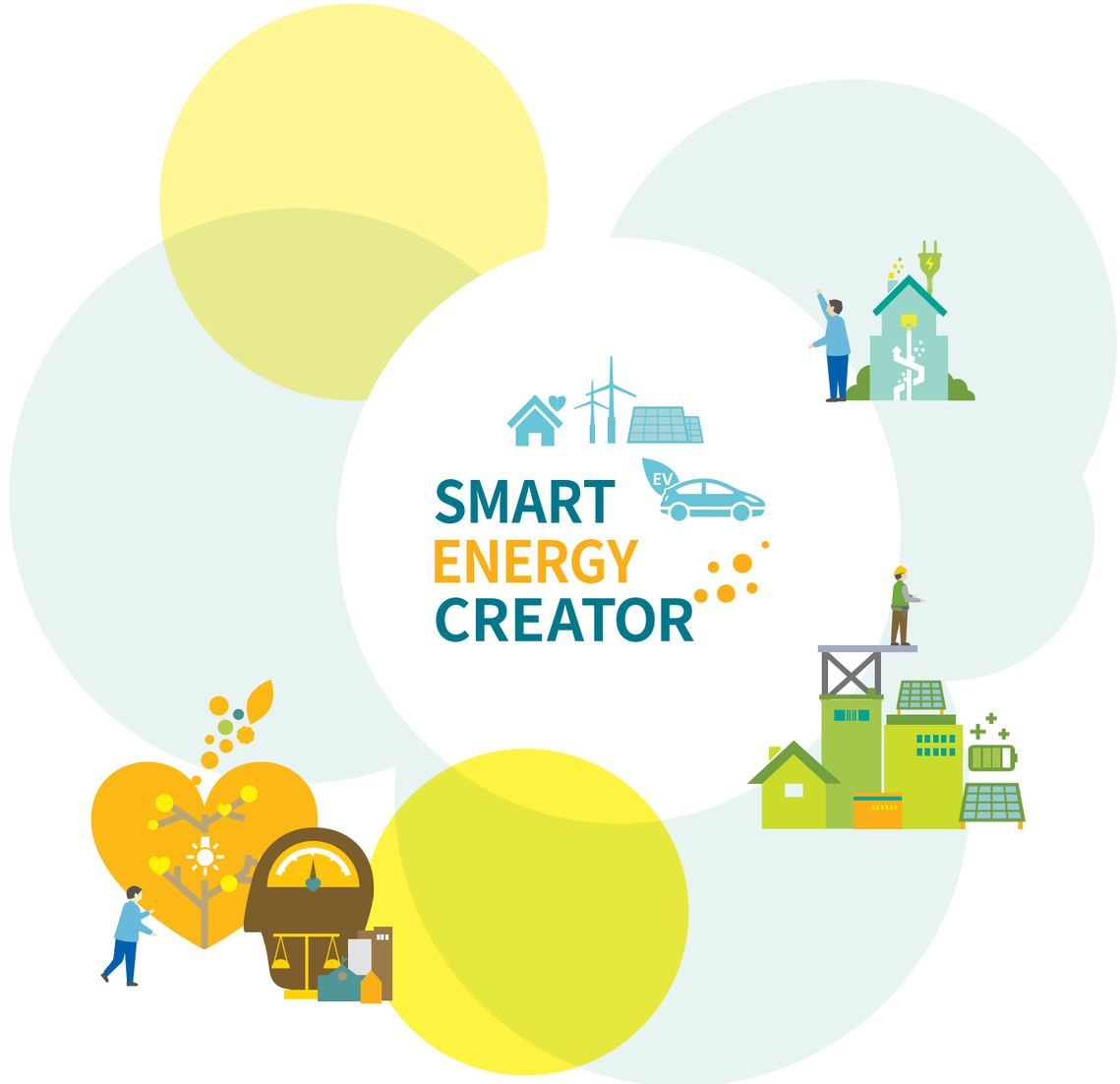
2015 Sustainability Report



KEPCO KOREA ELECTRIC POWER CORPORATION



“KEPCO dreams of a new future to create new energy.”

With a history of 117 years working together with the people, KEPCO’s headquarters has left Seoul to be relocated in Gwangju/Jeonnam Innovation City. Ready for the next 100 years to realize our new dream of *Bitgaram Energy Valley,* KEPCO will take the lead in building Korea’s best innovation city into the world’s best energy valley, serving as a hub for the global energy ecosystem.

New headquarters building at Gwangju/Jeonnam Innovation City(Naju)(Since December 2014)

Former KEPCO building in Samseong-dong, Seoul(1986 – November, 2014)

Sustainable Management Highlights for 2014

01 Achieved the highest rank in customer satisfaction

As a result of customized service, improvement in our customer-focused system, and stable electricity supply and demand management, KEPCO earned a score of 98.9 in customer satisfaction level among public companies by the Ministry of Strategy and Finance, achieving the highest level for 16 consecutive years.

02 Assessment in the electricity supply sector by the World Bank

KEPCO was ranked first in the world for electricity supply in the corporate environment assessment 2014 by the World Bank with its high quality electricity supply. Our quality electricity can be seen in our notable achievements such entering the range of 10 minutes in SAIDI(10.88 minutes) for the first time since KEPCO's foundation and maintaining a world record T&D loss rate of 3.69%, etc.

03 Moody's credit rating upgrade to Aa3 stable

Thanks to KEPCO's highly intensive efforts to improve financial soundness and enterprise value including the increased market capitalization by KRW 5.1 trillion, Moody's credit rating on KEPCO has been upgraded from A1 to Aa3 stable.

04 Eco-friendly merit in Korea for 2014

KEPCO has been recognized for its eco-friendly management through prizes such as the presidential citation in the government prize for eco-friendly merit in Korea for 2014 with their prominent corporate social responsibility activities.

05 Received global certificate for reducing GHG emissions

Our efforts for transparency in GHG emissions information and performance for reducing GHG emissions were recognized when KEPCO was listed in the Winner's Club with the first rank in the CDP(Carbon Disclosure Project) energy sector.

06 Won the CSV Porter Process

As the company has introduced CSV management for the first time among public companies in Korea, KEPCO developed a business model specialized for electricity business and established the CSV execution system. Achieving excellent performance for efforts to create socially shared value, the company received the 1st CSV Porter prize.

07 Achieved the largest annual sales for overseas business

Through efforts to create profits in various sectors such as nuclear power, thermal power, renewable energy, and transmission and distribution and find new business opportunities, KEPCO achieved the largest annual sales business for overseas business, which is worth KRW 3,959.2 billion.

08 Established the world's largest ESS for frequency regulation

By establishing the world's largest ESS of 52MW for frequency regulation at Seo-Anseong Substation and Sin-Yongin Substation, KEPCO improved the output of carbon generators and laid a new foundation for reducing electricity purchase expenses.

09 Held the largest event in the history of CEPSI

By holding the CEPSI(Conference of the Electric Power Supply Industry) successfully at its largest size in history with 2,589 visitors from 36 countries, KEPCO signed seven MOUs and consulted for exports worth USD 8 million to establish the basis for leaping forward into a global energy hub.

10 USD 327.55 million Exports sales by SMEs

By reinforcing support for overseas sales channels, such as helping 84 companies in promoting exports with its brand power, KEPCO Trusted Partner(KTP), and holding export promotion exhibitions in eight countries, KEPCO had led SME's export worth USD 327.55 million and contributed to creating an ecosystem for win-win growth with SMEs.

CEO Message

"For the new Bitgaram era, KEPCO aims to create a sustainable future for the company with everyone under a new resolution."

Dear respected stakeholders

I sincerely appreciate all our stakeholders' unceasing support for KEPCO. As a result of the continuous communication and cooperation with all our stakeholders, KEPCO has published its 11th sustainability report this year.
The year of 2014 was meaningful for KEPCO : we not only fulfilled the company's role and mission to achieve the original purpose of securing stability in the supply and demand of electricity, and contributing to development of national growth, but we also improved the financial structure with our intensive efforts and significantly improved our enterprise value. We will start the new Bitgaram era to realize a sustainable energy future in the electricity industry and carry out various activities as a Smart Energy Creator.

Smart

We realize a smart energy world based on communication with customers.

The global energy market has undergone changes and innovation and urged the establishment of a smart energy infrastructure to create a sustainable energy world for all of us. To establish this next-generation energy infrastructure, it is imperative to ensure communication with customers. We were able to secure a stable supply and demand of electricity with our world's best quality electricity and thus have improved customer trust. KEPCO also earned the honor of achieving the first rank of customer satisfaction for 16 consecutive years through customized service by reflecting on-site opinions. We will enhance acceptability for power facilities through proactive internal and external communication, shifting the paradigm in the electricity facility construction business, and make great efforts to construct power facilities based on trust and mutual growth.

Energy

KEPCO leads sustainable growth in the future by expanding the business with new energy sources as well as overseas business.

KEPCO has led next-generation technology such as optimizing energy through the Smart Grid, establishing an eco-friendly energy-independent island, and demonstrating the world's largest Energy Storage System(ESS). We also laid the foundation for reducing GHG emissions by developing eco-friendly energy technology. As the company established our global network in various countries such as those in the Middle East, Central and South America, and Africa, we have achieved overseas sales of KRW 4 trillion a year. For the future, we plan to establish a 'Global Energy Belt' connecting Central and North America to South America, Africa, Middle East, and Asia to create differentiated future value and present new and better solutions for the global energy industry.

Creator

KEPCO is creating a new future at the glocal innovation cluster, 'Bitgaram Energy Valley'

As the company relocated its headquarters to Gwangju/Jeonnam Innovation City, KEPCO has welcomed a new era for Bitgaram. Facing this new era, we have proactively carried out the Bitgaram Energy Valley construction business to establish a platform in this local area to leap forward into the global market. In addition to conducting advanced customized energy specialization business in connection with the local characteristics, attracting energy-related companies, and making focused investment in the R&D sector, KEPCO will add value for win-win growth with SMEs by continuously implementing industry-academy cooperation and communicating with local communities through social contribution. Through these efforts, Bitgaram Innovation City will become not only a new electricity capital in Korea but also an energy hub in the world.

For this new Bitgaram era, KEPCO aims to create a sustainable future with everyone under a new resolution. We will begin a new chapter for humanity over the century by sharing today's issues with the customers who have been supporting us in our 117-year history. We will create shared value for the future with the local community as a partner in the electricity business, using smart energy to improve the quality of life.

I appreciate your continued support for KEPCO as we work together for a better, more eco-friendly tomorrow.
Thank you.

KEPCO CEO & President Cho Hwan-Eik 조환익

KEPCO Overview

Current status

(As of December 31, 2014)

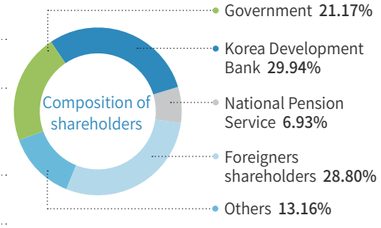
Company name	Korea Electric Power Corporation(KEPCO)
Established date	January 26, 1898
Total assets	KRW 164 trillion(based on consolidated financial statements)
Sales	KRW 57 trillion(based on consolidated financial statements)
Number of employees	19,899
Volume of electricity sales	477,592GWh
Composition of shareholders	Government(21.17%), Korea Development Bank(29.94%), National Pension Service(6.93%), Foreign Shareholders(28.80%), Others(13.16%)
Listed stocks	Korea Exchange(1989, KRX) New York Stock Exchange(1994, NYSE)

Total assets
KRW **164** trillion

Number of employees
19,899

Sales
KRW **57** trillion

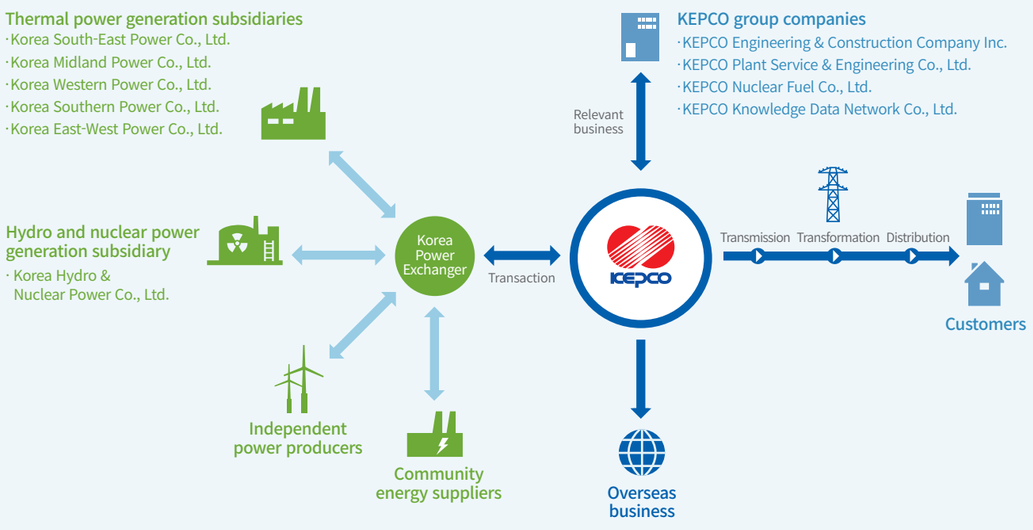
Amount of electricity sales
477,592 GWh



Domestic Electricity Industry Structure and Responsibilities of KEPCO

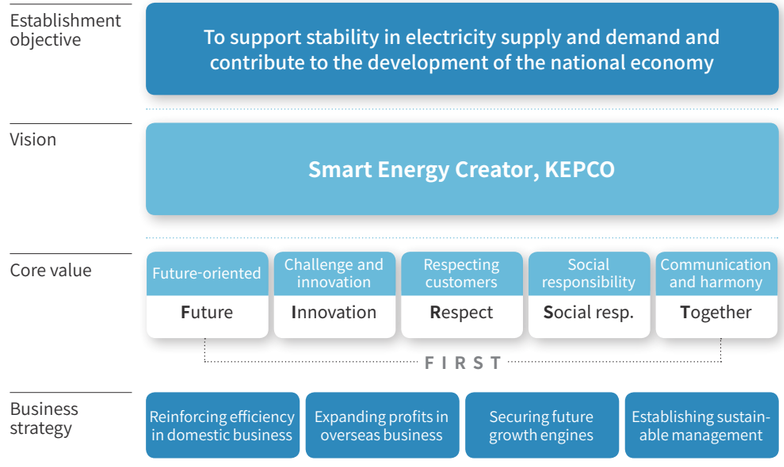
At present, six GENCOs, independent power producers, and community energy suppliers, generate electric power. KEPCO purchases electric power via the Korea Power Exchange and sends it through its transmission and distribution grid to end users. The company is incorporated under the Korea Electric Power Corporation Act for the purpose of promoting power development, stabilizing power supply and demand, and contributing to the national economy. KEPCO is classified as a market-based public corporation under the Act on the Operation of Public Organizations. The company is also carrying out the development, generation, transmission, transformation and sales of power, technology research and development, investment and/or contributions to overseas businesses, and the utilization of its real estate assets.

Structure of Korean Power Industry



Value System

As we begin a new era in Bitgaram since moving our headquarters in December 2014, KEPCO has set a new vision to become a 'Smart Energy Creator, KEPCO' with customers, management, all employees, and external experts to present a blueprint for the next century. In the future, the company will make a better tomorrow as a company creating Smart Energy, not just simple electricity for customers.



KEPCO History

1897 | Lit the first electric lamp in Korea (Geoncheongung in Gyeongbokgung)

1898 | **Founded Hansung Electric Company**

1944 | Completed Supung Hydroelectric Power Plant

1961 | Korea Electric Company was established(after the integration of Chosun Electricity Control Decree, Gyeongsung Electric Company and Namsun Electric Company)

1978 | Completed the nation's first Kori Nuclear Unit

1982 | Renamed to Korea Electric Power Corporation

1989 | Listed on the Korea Exchange (Offering for government-issued stock)

1994 | Listed on the New York Exchange

1995 | Won its first overseas generation project (Malaya Thermal Power Plant in the Philippines)

1997 | Completed the Jeju-Haenam submarine transmission line(101km)

1998 | Celebrated the company's 100th anniversary
Completed Ulchin Units 3, the first Korean Standard Nuclear Power Plant

2001 | Spun off six generation subsidiaries for the generation sector

2002 | Commercial operation of the 765kV transmission lines for the first time in Asia

2004 | Created KEPCO Social Service Team

2005 | Completed voltage upgrade to 220V for distribution

Started power supply to Kaeseong Industrial Complex

Published the first Sustainability Report

Joined UN Global Compact for the first time among Korean companies

2006 | Won the Edison Award

2009 | Won its first nuclear power plant project(UAE)

2012 | Began support for social enterprises
Completed Jeju Smart Grid Pilot Project

2013 | Held Daegu WEC(World Energy Congress)

2014 | Moved the headquarters building (Gwangju/Jeonnam Bitgaram Innovation City)

Established the nuclear reactor at first unit in the UAE

Held CEPSI(Conference of the Electric Power Supply Industry)

Achieved the highest level of customer satisfaction for 16 consecutive years

Leaps in Innovation for a Sustainable Future

KEPCO will explore the future and accomplish innovation for sustainable growth. Our ceaseless endeavors with smart energy technologies will create future values and position KEPCO a pioneer in the global energy industry.

Sustainable Management

Strategies for Sustainable Management

In 2014, KEPCO reestablished its vision for sustainable management, to become a Creative Energy Leader for Sustainable Future Values, and set eight tasks based on four major strategic directions. The company has developed a sustainable management system by drawing core issues for each task to analyze crises and opportunities and present core performances and short and long-term goals. After considering the level of urgency, importance, and influence for each sustainable management strategic task, we will draft a mid-to-long-term plan for sustainable management to realize sustainable value with customers, local communities, executives, and employees.

Organization for Implementing Sustainable Management

Since 2005, KEPCO has operated an organization for Corporate Sustainability Management(CSM) to perform sustainable management in a systematic way. The Corporate Planning Department manages overall tasks related to sustainable management, and the operational organization is composed of 266 business offices in 34 offices(departments) as of April 2015. In the first half of 2014, we operated customized education and sustainable management workshops three times, reinforcing communication for sustainable management.

Mid and Long-term Goals for Sustainable Management

Strategic direction	Strategic task	Performance index	Goal for 2014	Performance for 2014	Achievement rate	Goal for 2015	Mid and long-term goal(2020)
Creating economic value	Stabilizing the supply and demand of electricity	Load rate(%)	75	74.3	99%	75.8	76 and over
		Amount of peak reduction(10,000 kW)	70[1]	103	147%	70	100 and over[1]
	Creating new future growth engines	Amount of overseas generation facilities(GW)	4.6	4.9	107%	5.0	24[2]
		Overseas sales(in trillions of KRW)	4.3	3.9	91%	4.8	12.3[3]
		Securing core strategic technology(case, total)	32	32	100%	43	105
		Number of personnel with overseas business capability(person)	1,513	2,001	132%	10% or more for all employees	10% or more for all employees
Realizing eco-friendly energy	Expanding green management	Distribution underground lines(%)	15.7	16.03	102%	16.4	21 or more(2022)
		T&D loss rate(%)	3.7 or less	3.69	101%	3.7 or less	3.7 or less
		Expense for environmental investment (in 100 millions of KRW)	39,500	37,396	95%	40,000	45,000
	Coping with climate change	Amount of GHG emissions (1,000 tons CO_2eq)	1,829	1,426	128%	1,590	1,590
		Rank in CDP[4] for domestic utility	2nd	1st	100%	1st	1st
Reinforcing partnership with stakeholders	Improving customer value	Customer satisfaction(score)	98.7	98.9	100%	98.8	98 or more
		Power cut time(minute)	11.19	10.88	103%	10.53	8.1
	Realizing sharing and mutual growth	Hours of voluntary work (hr./person)	16	16.2	101%	16.5	20
		Number of times voluntary work was performed(number)	11,500	11,512	100%	12,000	13,000
		Supporting for eye-opening surgery(person)	100	172	172%	100	1,004(2021, total)
		Ratio of purchasing SME products(%)	70	69	99%	70	71 or more
		Performance for SME export (USD 10,000)	31,000	32,755	106%	33,000	38,000
Pursuing human-oriented workplace	Securing the best of future-oriented and talented people	Hour for training and education (hr./person)	90	91.3	101%	95	100
		Ratio of female recruitment(%)	20 or more	25.6	128%	20 or more	20 or more
	Creating safe and happy workplaces	Number of workers hurt in safety accidents(person)	133	126	106%	98	58
		Employee satisfaction level(score)	74 or more	74.2	100%	74 or more	76 or more

KRW **3.9** trillion
Overseas sales

32 cases
Securing core strategic technology

2,001 persons
personnel with overseas business capability

16.03 %
Distribution underground lines

KRW **3.7** trillion
Expense for environmental investment

1st
Rank in CDP for domestic utility

16.2 hours
Hours of voluntary work per person

10.88 minutes
Power cut time

69 %
Ratio of purchasing SME products

74.2 scores
Employee satisfaction level

91.3 hours
Hour for training and education

25.6 %
Ratio of female recruitment

1) As a result of improvement in electricity supply and demand, the goal amount of demand in the summer of 2014 changed from 2 million kW to 700,000 kW.
2) As demand management business was transferred to the private sector in the mid and long-term period, the goal for peak reduction amount decreased.
3) Due to updated goal for winning an order in the mid and long-term period, the goal for the previous year was changed.
4) Carbon Disclosure Project

Governance Structure

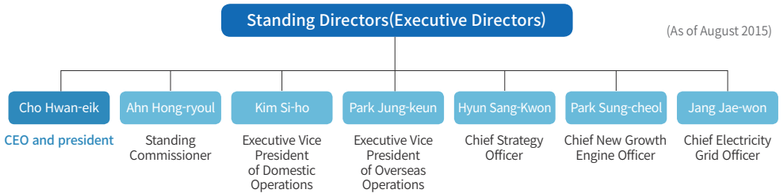
Management Performance by the Board of Directors in 2014

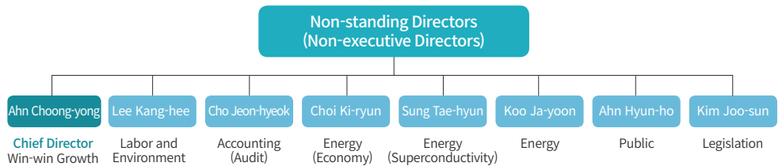
Number of BOD meetings	15	Portion of revised resolution	2.4%
Preliminary deliberation rate	92.1%	BOD meeting participation rate	98.1%
Resolutions	58 cases	Non-executive directors' participation rate	97.4%

Composition of the Board of Directors

To secure transparency in corporate management through independent decision making, the majority of KEPCO's directors are non-executive employees. The Board of Directors is composed of seven executive directors(standing) including the CEO(President) and eight non-executive directors(non-standing). The Chief Director is appointed among non-executive directors to collect opinions on overall management in a fair manner. Non-executive directors are appointed from among experts in the economy, environment, society, and energy sectors, and they contribute to sustainable management with their advice and proposals for management.

(As of August 2015)





Procedure for Appointment of Directors

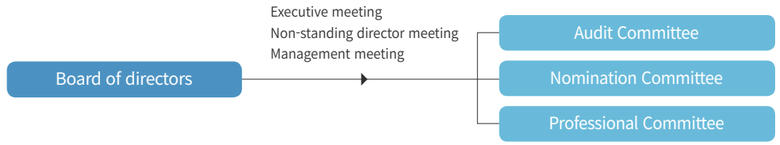
The appointment procedure is specified in the Act on the Operation of Public Organizations and the Articles of Association. When appointing the CEO, KEPCO receives applications for the candidate. The CEO is then recommended by the Nomination Committee, consisting of non-standing directors and non-government members, requested by the Minister of Trade, Industry, and Energy, and finally appointed by the President for a three-year term. A standing director is appointed by the CEO after the resolution of the shareholders' meeting for a two-year term. Standing Commissioner is recommended by the Nomination Committee, approved by the Steering Committee, requested by the Minister of Strategy and Finance, and appointed by the President.

Non-executive directors also serve a two-year term and are recommended by the Nomination Committee, approved by the Steering Committee, and appointed by the Minister of Strategy and Finance. To ensure diversity and proper representation by the BOD members, we are diversifying the scope of institutions recommending candidates for external directors by asking the Minister of Gender Equality and Family to recommend candidates for female executives. The company reinforces the independence of the committee by excluding the participation of standing directors in the Nomination Committee. KEPCO operates the detailed standards for candidates detailed in the operation regulations of the committee to ensure professionalism, which includes understanding of the power industry and extensive experience in management.

Operation of the Board of Directors

The Board of Directors deliberates on important decision-making matters such as management goals and budget in accordance with the Articles of Incorporation and the BOD regulations. A director who has special interest with a regulation is not allowed to vote on that particular resolution. The minutes written after conclusion of the BOD are disclosed to stakeholders via postings on KEPCO's website except for special elements such as confidential business information.

Name		Category	Role	Performance for 2014
Audit Committee		Two non-standing directors, One standing director	Investigation on audit	Held 8 times in total with a 96% participation rate, 13 cases for report
Nomination Committee		Over the majority of non-standing directors	Recommendation of executives	Held 3 times in total with a 100% participation rate, Recommending candidates for non-standing directors
Professional Committee	Management	Three non-standing directors	Prior deliberation	Held 12 times in total with a 100% participation rate, 12 cases for selling shares of mutual investment companies(proposal), etc.
	Overseas	Two non-standing directors		Held 12 times in total with a 100% participation rate, Two cases for selling shares of overseas resource projects(proposal), etc.



ESG A Level in 2014
Best company for
7 consecutive years

Comprehensive assessment for corporate governance structure, society, and environment(Korea Corporate Governance Service)

Assessment and Reward

The CEO signs a pact with the Minister of Trade, Industry, and Energy with respect to management objectives during his or her tenure. The progress made with regard to this pact is reviewed by the Performance Appraisal Board for Public Corporations. Executive directors sign a management contract with the CEO for management goals to be achieved and receive incentives based on their performance. The reappointment of non-executive directors depends on the result of the performance assessment. The directors' remuneration is decided within the range approved at the general shareholders' meeting, and non-standing directors receive expenses for their work in accordance with the internal regulations.

Vitalization of the BOD

To further activate the BOD, KEPCO has established various systems such as a self-assessment system for operation performance of the BOD, publication of a monthly brief to distribute management information, and workshops to reinforce the professionalism of newly appointed non-standing directors. As a result, the company has been appointed as the best public company in the assessment of corporate governance by the Korea Corporate Governance Service for seven consecutive years. We have organized the Nomination Committee and Audit committee in the BOD to reinforce deliberation and guarantee management engagement by non-standing directors.

Supporting management activities by non-standing directors

Providing timely management information	Providing monthly brief and mailing service for daily management information
Holding a workshop for newly appointed non-standing directors	Sharing the current issues of the company such as bills, electricity transaction, and overseas business
Management briefing by the CEO	Explaining the major management situation by the CEO at the BOD

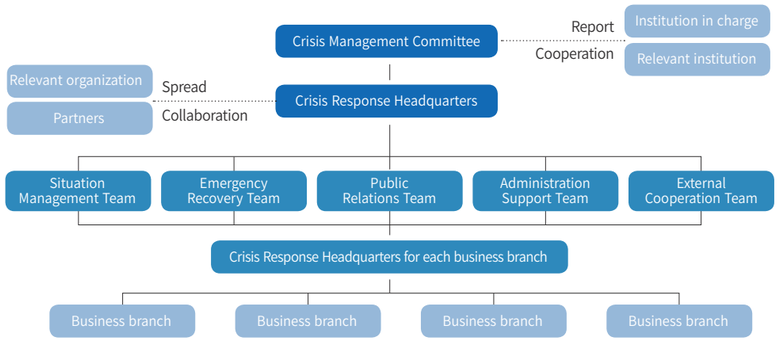
Risk Management

Risk Management System

KEPCO designates and manages departments in charge for ten risk types in four sectors(management risk, disaster, promotion, and conflict) to prevent risks to management in advance. The departments in charge prevent and prepare for risks and detect signs for risks by enacting and managing a risk management manual for each risk type and take measures based on the organizational system and procedures for recognizing risks.

Category	Management risk	Disaster	Promotion	Conflict
Risk type	- Deteriorating annual profit performance	- Lack of electricity supply due to rapid increase in demand - Disorder in electricity supply due to disasters and accidents - Disorder in electricity supply due to breakdown in the electricity grid - Disorder in electricity supply due to cyber terror attacks - Crisis due to epidemic	- Promotion based on crisis in the electricity sector - Damaging corporate image due to a massive corruption incident related to executives and employees	- Complaints over construction of transmission and substation facilities - Disorder in electricity supply due to labor disputes

Composition of the Emergency Response Institution for Company-wide Crisis



The level of crisis is divided into four stages: Attention, Caution, Alert, and Serious. At the Attention level, the departments in charge detect signs for crisis. At the Caution level, the departments in charge check the cooperative system through communicating about the situation with overall supervising departments, relevant departments, and relevant institutions. At the Alert level, the company establishes measures and checks the plan for response. We operate the Crisis Response Headquarters and carry out activities for crisis response at the serious level.

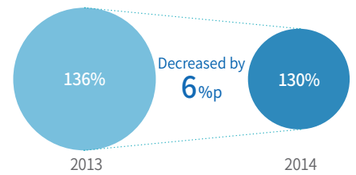
Major Risks

Reduction of Debts

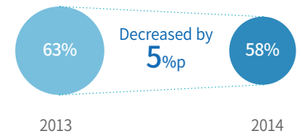
To address management risks due to debt accumulation, KEPCO has organized the 'Emergency Response Committee to Reduce Debts' and newly launched the organization in charge of managing debts. The company has devised a plan for reducing debts for each year by 2017 to execute debt reduction in a more efficient and systemic way. As this plan includes activities for broad management efficiency such as business adjustment, selling assets, and cost reduction we carried out the largest scale debt reduction since the company's foundation.

Performance for Debt Reduction

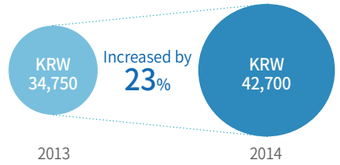
Debt ratio



Percentage of financial debts



Stock price



Increased market capitalization by KRW 5.1 trillion compared to late 2013

Moody's international credit rating

Disasters and Accidents

For efficient disaster and crisis management, KEPCO secures response personnel including cooperating companies and equipment and aids such as the Disaster Action Management System(DAMS), manual, materials, and devices. We also cultivate our capability for crisis management through regular training. In 2015, the company launched the Disaster Management Team at the headquarters and established disaster management departments at all district divisions in response to the 2014 Sewol Ferry Incident. We also launched the Comprehensive Disaster Situation room with the advanced ICT facilities in connection with movement of the headquarters to significantly supplement the company's disaster response system. The company removes risk elements by not only checking power facilities regularly for prevention, taking measures for reinforcing safe management of facilities at certain periods such as thawing season and summertime and implementing large-scale diagnosis for safety. In 2015, as we increased the budget for supplementing facilities and maintenance by 27% compared to the previous year, the company has continuously strived to prevent facility-related accidents and minimize damage caused by disasters.

Ethical Management

Strategy for Ethical Management

'To realize KEPCO as a company with integrity trusted by the people' by establishing our strategy for ethical management, KEPCO strives to become a global ethical company by creating an ethical environment that prevents corruption and reinforcing activities for controlling corruption practices.

Ethical Brand : Clean light! KEPCO employee

Vision	Realizing a trusted and respected KEPCO with integrity				
Four mid and long-term strategies	Elaboration of ethical management system	Settle down global best ethical culture	Control corruption Strength effort	Establishing strict corporate discipline	
Exchange activities	Self-survey for integrity(twice a year), Diagnosis for level of ethical management(once a year)				
Organizations in charge of operation engines	CEO/management leadership	Voluntary participation of employees	Integrity T/F & self-audit organization	Leaders for ethical practice and staff in charge of Code of Conduct	Code of Ethics

Securing Efficiency in the Ethical Regulations

In July 2012, KEPCO established the Code of Conduct for Suppliers which incorporates the ten principles of the UN Global Compact, OECD company guidelines, and ILO labor and environment guidelines. In connection with the electronic bidding system, we reflected the Code of Conduct for Suppliers(12,327 companies) to conditions for bidding. With the amendment of the Code of Conduct for Executives and employees, the company expanded the target for evading jobs due to personal interest to 'persons who find it difficult to implement work fairly, including workers at the same department for five years before retirement.'

Detailed Guideline(12 Factors)

Ethical standard
- No bribery including money and valuables
- No collusion and illegal subcontracting
- No solicitation
- Mandatory ethical training of employees

+

Social standard
- Compliance with tax and labor regulations
- Providing legal labor
- No child labor
- No discrimination based on race or gender

+

Environmental standard
- Compliance with environmental and safety regulations
- Distribution of eco-friendly technology
- Providing the safe work environment
- Realizing environment-focused management

Ethical Regulations

KEPCO has enacted the Code of Ethics to strive to become a transparent and clean company.

Code of Ethics for KEPCO Employees → Code of Conduct for Executives and Employees → Guideline for Practice by Executives and Employees → 10 Major Principles for Ethical Practice → Regulations for Operation of Contract for Job Integrity by Executives → Code of Conduct for Suppliers

Education for Ethics and Integrity

KEPCO has implemented special integrity education for executives and employees at the headquarters and operated 28 courses such as a course for new employees through the HR Development Center as well as a cyber course for suppliers' employees. The company also conducted integrity education for visiting business sites and fostered 80 integrity leaders.

Performance for Operation of Integrity Education

Category	Education name	Target	Number of people
Special education	Integrity education for CEO and standing audit directors	High-ranking officials such as the management, all employees at headquarters	1,079
Education for integrity	Special lecture for integrity by inviting external personnel	Participants at the integrity and ethics festival	101
On-site education	Integrity education with visiting business sites	All employees at business sites	9,378
HR Development Center	Integrity education for employees for job education	Employees joining the HR Development Center	2,787
Cyber education	Cyber integrity education	All employees and supplier	5,846

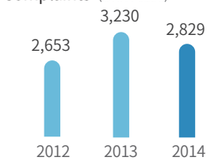
Heightening Integrity

To heighten employees' awareness about integrity, KEPCO carried out company-wide campaigns by enacting the ten major principles for the Code of Ethics as well as integrity education. We shared our commitment for integrity and missions for innovation through various resolution events to prevent any corruption in the entire company. KEPCO also held integrity festivals for promoting ethical management while operating an on-going improvement system. Thanks to these activities, we were able to improve our systems by identifying 59 tasks through the results of various contests for anticorruption essays and ideas. We have also focused our capability on heightening a culture of integrity by operating customized ethical education programs for each stakeholder.

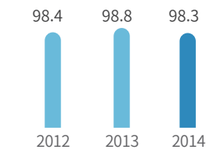
Program	Major content
Integrity contract for jobs by executives	Integrity contract with CEO of institutions and standing audit directors (12 persons)
Ethical pledge for each phase of lifecycle	Applicants for recruitment(35,004 persons), Employees for promotion in each position(2,175 persons)
Integrity agreement with suppliers	Signing an integrity agreement for suppliers in the company (840 companies)
Pledge for the Code of Conduct for suppliers	Suppliers concluding a contract with KEPCO(12,327 companies)
Integrity and ethics festival	Integrity slogans, Integrity Golden Bell, Announcing best cases, etc. (101 persons including Electricity group companies, Korea Electrical Contractors Association, and integrity partners)
Holding clean newsletter	Providing information regarding integrity and ethics (employees and 13,895 suppliers)
Ethical consultation center, Discussion forum	Participating in consultation for ethical dilemma and discussion (10,344 persons)
Integrity puzzle, Self-diagnosis for ethics	Five sectors including Jeong(righteousness in Korean) Puzzle and self-diagnosis for corruption(340,828 persons)

Ten major principles in the Code of Ethics for KEPCO Employees

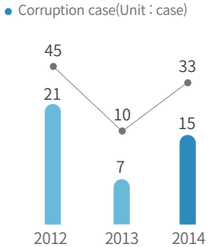
Number of Handled Complaints (Unit : case)



Rate of Grievance Cases that Were Timely Managed (Unit : %)



Current Status of Disciplinary Actions for Unfair and Illegal Practices



Operating a Multi-channel and Customized Reporting System

KEPCO operates various channels for reporting corruption cases such as autonomous reporting, irrational cases, and the on-site report center. To protect the identities of people who report unfair and illegal cases, the company has consigned the Anonymity Report System in May 2014. The system is available 24 hours a day via smartphone, and sends reports to an external institution to support reporting.

Channel for Reporting Irrational Cases

Category	Number of reported cases		Disclosing the identity	Reporting method	Notes
	2013	2014			
Internal/Autonomous report	4	1	Real name/Anonymity	Online	Intranet
Irrational Case Report Center	65	112	Anonymity	Online	External website
On-site Report Center	7	14	Anonymity	Postcard for report	Providing the enclosed postcard
Anonymity Report System	-	26	Anonymity	Online	External consignment

Operating the Compliant Report and Handling System

KEPCO has consolidated the submission of complaints, which used to be reported through various channels such as the Internet, into the in-company System called the Sinmungo. The company received 2,829 cases in 2014 and completed handling of 98.3% of cases within seven business days(seven days is the standard we set for handling cases). The company operates the complaint handling system in a transparent and reasonable manner through a team of non-executive directors called the KEPCO ombudsmen, which independently review results. In total, they have handled eight complaints.

Strict Disciplinary Actions for Corruption

KEPCO established the Real Name Disclosure System for the first time as a public company in 2014 and disclosed the real names of 13 major persons who conducted unfair and illegal practices, creating an environment to prevent unfair and illegal practices. The company also operates strong regulation measures such as cancellation of contract for companies providing bribes with regard to implementing and signing a contract.

Stakeholder Communication and Engagement

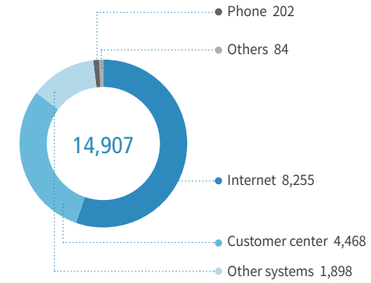
Under the management slogan of Maximizing Effectiveness by Sharing Wisdom, KEPCO has collected opinions and communicated both internally and externally to create sustainable values. The company strives to ensure on-going communication based on trust.

To proactively reflect all our stakeholders' important opinions in management activities, KEPCO has committed great efforts in building our relationships with them through various communication channels such as a contest for people's ideas and SNS. As a result, the company received the best prize in the SNS sector of Korea Communication Best Awards in 2014. As the company introduced a pilot method to select the location led by a third party and implemented consultation for mitigating conflicts by utilizing private professional institutions, we have reinforced activities for sharing the current issues in the electricity industry and managing conflicts to smoothly construct power facilities. The company has also carried out activities for creating value based on mutual cooperation through the government-sharing channels, such as regular exchange with partners for conducting domestic and overseas business projects and holding a presentation.

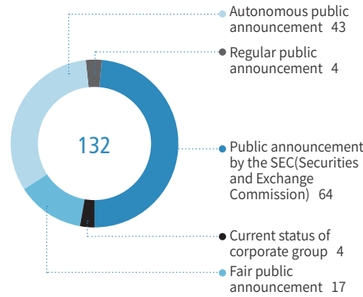
Performance for information disclosure and integrated management announcement in 2014

Information disclosure		Integrated management announcement
Number of requesting information disclosure	Number of deciding information disclosure	Items for public announcement
541	419	37

Performance for operation of VOC in 2014 (Unit : Case)



Performance for announcement of corporate information in 2014 (Unit : Case)



Efforts to Communicate with Each Stakeholder on Issues of Concern

● External ● Internal

Stakeholder	Major interests	Communication methods	Communication and Efforts to Address Issues	
People, Customers	· Diversifying communication channels	· SNS, Meetings	· Vitalization of online communication, 1,473 cases for people's proposals for service improvement · Operated the portal of 'Debt Information 3.0', designating the department in charge of managing the Environment Information Disclosure System, and opening information in a timely manner	· Held meetings for consumer groups led by the CEO two times and management special lectures 43 times · Set up the website to enhance convenience for customers · Operated college student supporters(123 students)
Shareholders, Investors	· Enhancing corporate value	· IR, Public announcement · General shareholders' meetings	· Implemented high-intensity debt reduction (achieved 130% of debt ratio, exceeded KRW 1 trillion in net profits, and increased market capitalization by KRW 5.1 trillion)	· Held 36 IR meetings for domestic and overseas investors(NYSE, etc.), three general shareholders' meetings, and management public announcement(four times on a regular basis)
Local communities	· Property rights, Environment rights	· Public hearing · Social contribution	· Operated Miryang conflict solution program(constructed a renewable farm, provided medical support, and purchased local specialties) · Adopted the pilot method to select the location for elasticity facilities led by a third party(Player : KEPCO → Social group)	· Implemented consultation for addressing conflicts by utilizing private professional institutions(three cases including Buk-Ansan Substation) · Operated 119 disaster rescue squad, the only case among public institutions(provided support for Sinking of Sewol Ferry and oil leakage in Yeosu)
Government, Relevant institutions	· Decision on policy · Leading by the public opinions	· Seminar, Forum · Cooperation channels	· Reported the current issues to the CEO of institutions eight times, operated the system at the National Assembly for each executive, and held the practical committee	· Cooperative system for dealing with the market (Smart Grid sector : KEPCO-KT, Renewable sector : KEPCO-Korea Water Resources Corporation)
Domestic partners	· Producing electricity H/W and S/W	· On-site VOC · Presentation · Creating the ecosystem	· Held presentation for win-win growth with SMEs (125 companies, March 2014) · Held technology presentation & exhibition (100 companies, June 2014)	· Signed an agreement for technology consulting between KEPCO and private generator · Established the joint information portal with electricity group companies
Overseas partners	· Winning a joint order · Providing finance · Strategic partners	· Regular exchange · Benchmarking	· Held CEPSI 2014(2,589 attendees, 36 countries, October 2014) → Largest number of participants since the company's foundation · Carried out global business projects by exchanging with J-Power, Japan and State Grid Corporation of China	· Utilized strategic partners to win an overseas order (Westinghouse Electric Company)
Executives and employees	· Executing value	· Direct announcement by the CEO · Vision portal · Portal for giving a management advice	· Expanded channels for sharing visions and core values (Opening the portal → Proclamation event → Concert for each region) · Realized trust-based HWP site (fostering 284 company-wide execution leaders)	· Company-wide meetings with business site directors (once on a half-yearly basis), CEO communication mails sent four times
Labor union	· Profits for labor union members	· Labor-Management committee · Joint committee · Workshop	· Institution : Labor-Management Committee and Labor Joint Committee both convened three times and Wage Negotiation Committee convened two times · On-site focus : 1 Labor-Management Committee convened and meetings were held a total of 1,017 times	· 1,489 presentations for explanation of current issues at business sites and 1,508 times of communication workshops

Materiality Assessment and Drawing Major Issues

Process for Determining Report Content

KEPCO identifies various expectations and interests posed by internal and external stakeholders and effectively deals with sustainable issues. The company conducted the materiality assessment to report the performances in the Sustainability Report in a transparent way. The process for materiality assessment was carried out by complying with major aspects recommended by the GRI G4 Guidelines and process for setting the boundary, determining priorities based on influence on stakeholder assessment and decision-making and significance of economic, environmental, and social influences from the business perspective, and implementing the process for verifying and reviewing efficiency in compliance with the principle for completing the report.

Process for Drawing Material Issues

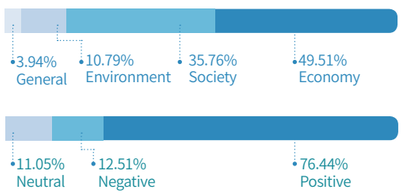
STEP 1 Identifying Sustainable Management Issues

Based on economic, environmental, and social influences on all of KEPCO's activities, products, services, and relations and influences on stakeholder assessment and decision-making, the company identified aspects and other related topics. A list of 25 items was made by considering the list presented by the GRI G4 Guidelines and topics on stakeholder interest.

Cases for Identifying Issues – Result of Media Analysis

Among the total of 15,041 cases reported through the media in 2014, KEPCO extracted 3,828 cases of effective articles with regard to sustainable management. After categorizing these cases into the economic, environmental, and social sectors, these articles were divided into positive/neutral/negative types depending on value decision. The major article content in each sector is as follows.

Summary of Result of Media Research



Economy	Surplus in operating profits thanks to increased electricity bill, Developing Smart Grid comprehensive system, Completing the thermal power plant worth USD 2.5 billion in Saudi Arabia, Proclaiming the vision of Plan for New Century
Society	Sharing Energy in Love project, Labor-Management agreement for 11 items in lax management, Social contribution activities for Pro-bono, Holding an event for resolution of integrity and ethics, Local residents' complaints when beginning the operation of the transmission tower in Miryang
Environment	Holding a ceremony for pledge of energy saving, Announcing a plan for creating an eco-friendly energy-independent island in Ulleungdo, Violating the Environmental Impact Assessment Act, Imposing penalty on KEPCO for constructing the transmission tower

STEP 2 Determining Priorities in Sustainable Management Issues

To select priorities for identifying sustainable management issues, the company conducted an online survey for 1,385 KEPCO's stakeholders. Based on the result, we identified issues with high influence in stakeholders' decision-making as stakeholder influence. We then assessed our corporate mission, strategy, sustainability trends, corporate core capability and business influence with their economic, social, and environmental significance. After examining the influence on stakeholders and economic, social, and environmental significance, the qualitative and quantitative analysis was carried out to determine material aspects, and then we organized the material assessment matrix.

Influence

Influence on stakeholder assessment and decision-making

- Assessing influence of issues through stakeholder survey
- Topics and indexes presented by stakeholders
- Identifying expectations and interests of financial stakeholders

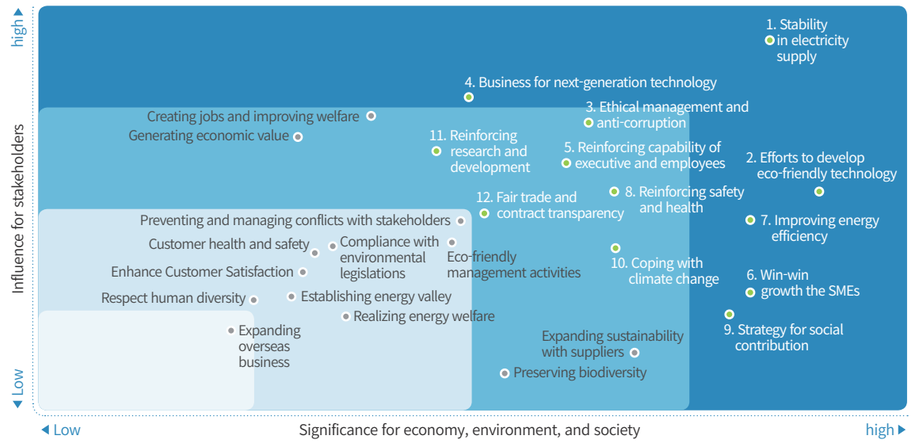
Significance

Aspects which can have an impact on the implementation of organization's mission and strategy

- Sustainability risks and opportunities, Challenges identified in the same business
- Corporate core capability and value
- Significance of influence on corporate long-term performance

Determination of material aspects : Conducting quantitative and qualitative survey for aspects with high significance to the interest of core stakeholders

Matrix for Materiality Assessment



Priority	Major issues(Aspect)
High(5)	Stability in electricity supply, Efforts to develop eco-friendly technology, Ethical management and anti-corruption, Business for next-generation technology, Reinforcing capability of executive and employees
Medium(7)	Win-win growth with SMEs, Improving energy efficiency, Reinforcing safety and health, Strategy for social contribution, Coping with climate change, Reinforcing research and development, Fair trade and contract transparency

STEP 3 Verification and Review of Efficiency

Sustainability material aspects were reflected and systemized in the major content of the Sustainability Report 2015 in consideration of meaning, scope, boundary, reporting period, and limitation. Through this report, KEPCO aims to express the company's sustainability performance in a reasonable and balanced way, including positive and negative influences. To enable KEPCO's stakeholders to assess corporate performance, the company actively collected stakeholders' feedback, including a survey for readers' opinions to allow them to proactively express their opinions.

Major issue	Material issue	Reporting scope						Reporting major issues
			External					
		Internal	People, Customers	Shareholders, Investors	Local communities	Government, Relevant institutions	Partners	
1. Stability in electricity supply	Availability & Reliability	●	●	●		●		1. Respecting Customers
	Demand-Side Management							
2. Efforts to develop eco-friendly technology	Products and Services	●		●		●		2. Adding Technology
3. Ethical management and anti-corruption	Anti-corruption	●					●	Ethical Management
4. Business for next-generation technology	Research & Development	●		●		●		2. Adding Technology
5. Reinforcing capability of executive and employees	Training and Education	●						5. Caring People
6. Win-win growth the SMEs	Anti-competitive Behavior	●						4. Joining Humanity
7. Improving energy efficiency	Energy	●				●	●	3. Preserving Environment
8. Reinforcing safety and health	Occupational Health and Safety	●	●		●		●	5. Caring People
	Employment							
9. Strategy for social contribution	Local Communities	●			●			4. Joining Humanity
10. Coping with climate change	Emissions	●				●	●	3. Preserving Environment
11. Reinforcing research & development	Research & Development	●				●	●	2. Adding Technology
12. Fair trade and contract transparency	Anti-competitive Behavior	●					●	4. Joining Humanity

Five Core Issues

Creating Value with Stakeholders

KEPCO strives to create better future value with all stakeholders.
Our closer communication based on trust will ensure
a clean and convenient energy world, contributing to a brighter future.

01. Respecting Customers.

OUR APPROACH

In the rapidly changing environment of the energy industry, the electricity industry is at an important point to raise efficiency and competitiveness and develop optimized measures for using electric energy. Based on energy solutions connecting to IT technology, KEPCO will not only fulfill its original mission to supply high-quality and stable electricity, but also improve the people's happiness through communication, sympathy, and service innovation.

Major Issues in the Result of Materiality Assessment

Improved Customer Satisfaction | Stability in Electricity Supply

OUR PERFORMANCE

16 consecutive years
Achieved the highest level of customer satisfaction level as a public company

1.03 million kW
Amount of reduced electricity peak

10.88 minutes
SAIDI for a year

3.69%
T&D loss rate

OUR PLAN

- Supplying the world's highest quality electricity by utilizing next-generation technology
- Pursuing customer happiness by improving and operating a customer-focused system
- Realizing zero level of emergency in the supply and demand of electricity through systemic demand management

Realizing Customer Value

Realizing Customized Customer Service

To ensure customer convenience in paying electricity bills, KEPCO has provided various customized services, including the introduction of a selective system for the date of paying bills, expanding the target for paying bills by credit card, issuing customized bills for the elderly, and implementing a call-back service to make calls along with the consultation time desired by customers. The company has strengthened corporate social responsibility by launching a new system to reduce electricity bills at slaughterhouses for pigs, cows, and chickens to relieve the burden of stock farms and conducting an electricity bill discount system for traditional markets to support small merchants. As a result, KEPCO achieved the highest level for 16 consecutive years in the public institution customer satisfaction level assessment in 2014.(KEPCO is the only public company to have accomplished this.) KEPCO will listen to even the seemingly smallest opinion of customers as we grow to become a KEPCO with Happy and Trusted Energy with Customers.

Serving customers

Checking facilities

Highest level for 16 consecutive years
Public company customer satisfaction level

Flow of Call-back Service

Applying for consultation → Entering numbers to receive → Connecting to a representative(call-back) → Providing service

Reinforcing Security for Customer Information

To reinforce customer information protection and enhance people's trust, KEPCO has improved the procedure for the collection and content on personal information, which is needed in the process of applying for electricity use, and established the standard procedure for treating customers and providing information to check customer identification. KEPCO will continuously manage the protection of customer information by reinforcing security education for the customer center and inspection suppliers and operating a management register for personal information.

Example for the System of Consent on SMS Personal Information Collection

1 Report change of name
2 Consent to the collection of personal information
3 System registration

Consent to the collection of personal information Sanding text message — KEPCO
Receiving text message — Consent to the collection of personal information — Customers
Personal information DB — KEPCO

Improvement of Electricity Quality

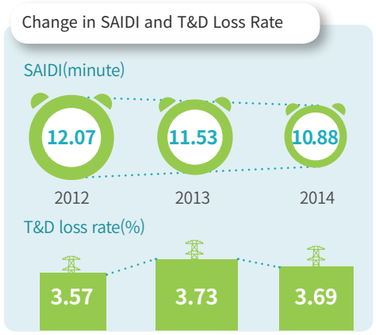
World's 1st Rank
World Bank Assessment in the electricity supply sector

Supplying High-quality Electricity

KEPCO has the world's best capability for supplying electric power and manages nationwide power facilities efficiently by utilizing advanced equipment such as thermal infrared cameras and ultrasonic wave diagnosis equipment and unmanned aerial vehicle equipment(robotic drones). To deal with problems swiftly, the company organizes and operates a taskforce team which is composed of in-company experts. Through activities for preventing outage such as free inspections of power facilities for major customers, SAIDI in 2014 was 10.88 minutes, which decreased by 5.2% compared to the previous year and is now the best in the world. The company also achieved the honor of recording the world's first rank in the electricity supply sector in World Bank's Doing Business for 2014.

We provided electricity supply without any defects in major national events such as the visit by the pope and the Incheon Asian Games. We achieved 99.9% in maintenance of distribution voltage, 74.3% in load rate, and 3.69% in T&D loss rate by applying smart electricity systems such as distribution automation system and FACTS(Flexible AC Transmission System). KEPCO will continuously maintain the world's highest quality electricity supply by utilizing next-generation technology such as IoT(Internet of Things) and Big Data.

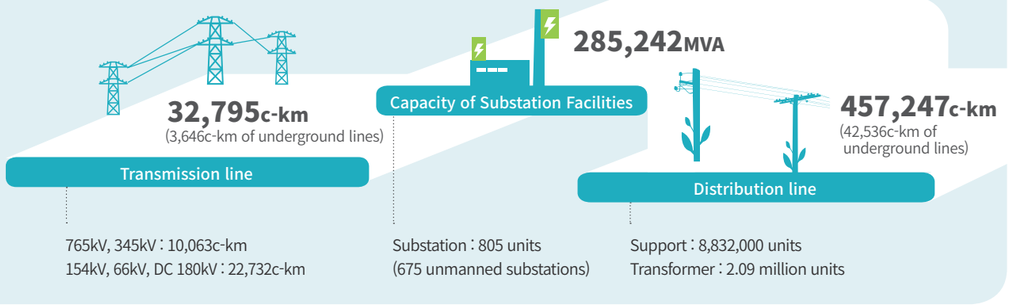

Diagnosis for electricity facilities utilizing drone



Supplying Electricity to More Areas

KEPCO carries out electricity supply business based on requests by local governments for remote and isolated regions where it is difficult to supply electricity due to geographical conditions. In 2014, the company completed securing electricity supply for 120 households in remote and isolated regions. In March 2015, there were a total of 275 households in remote and isolated regions without access to the transmission and distribution grid, including 121 households that did meet the requirement in the Act on the Promotion of Electrification in Agricultural and Fishing Villages. This number has decreased through our continuous investments in facilities and expansion of dispersed generation in isolated regions(Microgrid).

Current Status of Transmission and Distribution Facilities in 2014



Plan for the Optimized Electricity Grid

KEPCO has established the optimized electricity grid to prepare for increasing electricity demand and supply high-quality electricity to customers in a stable manner. After drafting the 6th long-term transmission and substation facility plan(2013), the company has established and implemented plans for each level, focusing on maximizing utilization of the existing transmission and substation facilities and building the transmission grid of the future to set up the electricity grid in harmony with human beings and the environment.

First, the company conducted re-planning for the electricity grid in consideration of changes in business conditions. We reassessed the existing plans in the short-term and adjusted 96 business projects by precisely analyzing the demand and plans for a long-term plan. Through these activities, the company achieved financial performance worth KRW 392.2 billion, as well as optimization of the electricity grid plan.

Second, the company established the electricity grid plan and improved the system in consideration of human beings and environment. Through precise analysis of performance for operating facilities and improvement in standards, we secured 2,462MW for additional capacity in transformers.
In accordance with implementation of the 'law on compensation and support for areas near transmission and transformation of power facilities(law on compensation for the area, July 2014)', the company also established the system for supporting the law on compensation for the area to make reasonable measures of compensation for local residents. We launched the direct compensation system for each local resident in regions where transmission and substation facilities were constructed to enhance satisfaction level of local residents.

Lastly, KEPCO made a plan for developing and applying new electricity grid technology to establish the future electricity grid. We made a plan for adopting the world's first real power system based on a superconductivity cable system with direct current(DC) of 80kV and Korea's first 500kV 3GW direct current transmission project. By making a plan for applying FACTS(Flexible AC Transmission System) to the super-high voltage system, the company not only improved people's trust in the electricity grid, but also saved about KRW 1,450 billion a year of electricity purchase. To establish the Northeast Super Grid for the government-led Eurasia Initiative Implementation, we developed a business model and made an execution plan. Based on these efforts, KEPCO established the optimized plan by placing high importance on universal values in harmony with human beings and environment to supply high-quality electricity.

Building completion ceremony for superconductivity with direct current of 80kV

Future Business Model for Northeast Asia Super Grid

Management of Electricity Demand

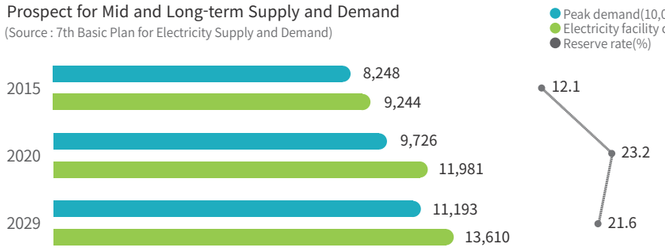
Systemic Demand Management and Promotion of Stability in Supply and Demand

KEPCO supports stability in electricity supply and demand by systematically managing demand. Through preparations for potential crises in electricity supply and demand, the company enhances energy efficiency by operating various electricity demand control systems. These systems include 'controlling demand for a designated period' in which business vacation and schedule for repair and maintenance are shifted to a period with high electricity demand and 'controlling demand with weekly notice' in which electricity demand is temporarily decreased, depending on the electricity supply and demand situation. As of 2015, domestic electricity supply and demand is expected to reach 92.44 million kW in electricity facility capacity and 82.48 million kW in peak demand, as well as 9.96 million kW in reserves(12.1% in reserve rate). This is projected to lead to stable electricity supply and demand.

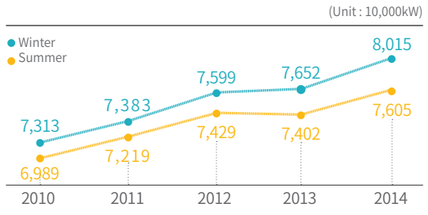
Performance for Demand Control Business in 2014

Category	Major business	Performance for reduction
Business for improving efficiency	High-efficiency devices[1], Ice storage cooling system[2], Peak demand management device, etc.	396,861MWh
Business for managing load	Demand control for a designated period, Utilization of private supply capability[3], etc.	2,198MW

Prospect for Mid and Long-term Supply and Demand
(Source : 7th Basic Plan for Electricity Supply and Demand)



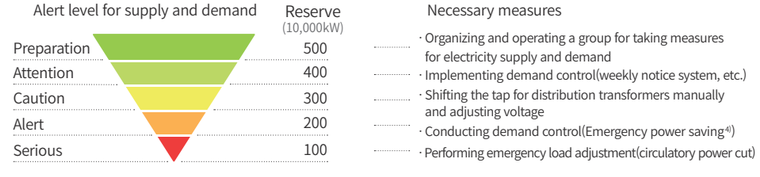
Peak demand for Each Year



Peak demand and Reserve in the Summer and Winter of 2014 (Unit : 10,000kW, %)

	2014.7.25 15:00	2014.12.17 11:00
Facility capacity	8,667	9,322
Supply capability	8,413	8,936
Peak demand	7,605	8,015
Reserve rate(%)	808(10.6)	921(11.5)

Measures for Each Emergency Level in Electricity Supply and Demand



1) High-efficiency devices : Devices for improving efficiency to increase load rate such as high-efficiency lighting devices, inverters, refrigerators, etc.
2) Ice storage cooling system : Facilities that are used in the daytime that feature reduced electrical consumption at nighttime for refrigeration
3) Utilizing private supply capability : Utilizing self-generators owned by business or regional electricity business operators
4) Emergency power saving : System in which the company signs a contract with customers in advance to prepare for imbalance in electricity supply and demand, and customers adjust the load by requests of KEPCO

Drill exercise for electricity supply and demand emergency

Energy-saving concert

Establishing the Emergency Response System for Electricity Supply and Demand

To enhance the capability to respond to emergencies in electricity supply and demand in the summer and winter when reserves are expected to be insufficient, KEPCO operates the emergency situation room for electricity supply and demand in cooperation with relevant institutions. In 2014, 4,590 executives and employees participated in the system and prepared for electricity supply and demand emergencies. While conducting drill exercises for each emergency situation in electricity supply and demand such as the cold wave in the winter and heat wave in the summer, the company has established the electricity supply and demand response system to share real-time supply and demand information through various channels, such as conducting a street campaign and holding concerts for saving energy and using SNS and text messages. As a result, we reduced the electricity peak by 1.03 million kW(equivalent to one unit at a nuclear facility). Just as the company achieved zero emergencies in electricity supply and demand in 2014 to raise people's trust, KEPCO will continuously strive to ensure stable electricity supply and demand.

Conducting New Business for Electricity Demand Control

KEPCO has carried out various 'new business projects to control electricity demand', inducing shift in the paradigm for demand control. First, the company supports expansion of the demand control market by supporting private business operators in the demand resource trade market(Negawatt[1] market), which was launched in November 2014. The company also established a consulting system and conducted its pilot project from late May 2015, including passing down knowhow for demand control to small and mid-sized demand control business operators who find it difficult to develop an operational system. KEPCO then provides measuring data in relation to this task. Second, the company strategically deals with policy changes such as expansion of the demand control basis through convergence of ICT technology. We will make great efforts to induce voluntary energy-saving efforts and provide opportunities to create profits by analyzing KEPCO's Big Data about electricity such as electricity consumption patterns for each business type and region and providing information and consulting services customized for the needs of customers and demand control business operators.

1) Negawatt: Policies and activities acquiring the same utility as expansion of generators by reducing the amount of energy use through improvement in energy efficiency

INTERVIEW

Meeting with the Company that Won the Best Prize in Electricity Demand Control 'Saving KRW 5 billion with Performance in Load Management through Scientific Methods'

Rho Jun-ho,
Team Leader of Korea Zinc Co., Ltd.

"As a company that spends KRW 200 million on its electricity bill a year, load management is a core issue. As saving costs can lead to corporate competitiveness, the adjustment of peak electricity for the summer allowed us to not only receive a refund of KRW 53 million from KEPCO, but also save about KRW 5 billion in total electricity bills."

Rho Jun-ho, Team Leader of Korea Zinc Co., Ltd, which received the Best Prize in the load management sector of the 8th Electricity Demand Control Best Awards held by KEPCO in October 2014, said that the company saves energy through scientific load management by considering the company's characteristics with its high percentage of electricity bills in costs.

"From 2013, the company began to operate the summertime system and advanced the peak time by one hour. We have also reduced electricity waste by carrying out electricity-saving patrol activities during the load time for the summer and winter. As the company reflects the department's best performance in saving energy to the year-end team-based assessment, employees are continuously motivated to save energy. As a result, all employees make saving energy part of their way of life."

Team Leader Rho Jun-ho attributed the honor of receiving the prize to the employees, saying : "We could not splurge on electricity, consuming massive amount of resources in a country without resources for even a drop of oil. Saving a little amount of energy is the beginning of a real sense of ownership. I sincerely appreciate all the employees who endured all the inconvenience as we carried out our company's energy-saving activities."

02. Adding Technology

OUR APPROACH

Along with the stagnant growth in the domestic electricity demand, easing regulations in the electricity market of emerging countries, and expansion of private generation(IPP, Independent Power Plant), KEPCO has accelerated entry into the overseas market based on our experience in the domestic and overseas electricity business, brand, and competitiveness. Through these efforts, we will not only secure future growth engines but also pioneer the global market by reinforcing our next-generation technology competitiveness.

Major Issues in the Result of Materiality Assessment

Expanding Overseas Business | Reinforcing R&D | Making Business with Next-generation Technology

OUR PERFORMANCE

KRW 3.9 trillion
Sales from overseas business

5.5 GW
Capacity of overseas generation facilities (based on shares)

32 cases
Securing core strategic technology(total)

52 MW
Establishing the world's largest ESS for frequency regulation

OUR PLAN

- Generating over 15% of total company-wide sales from the overseas sector by 2020 by establishing the Global Energy Belt
- Leading the new business sector by devel oping 12 major strategic technologies and conducting businesses
- Establishing the world's largest ESS for frequency regulation

Accelerating Inroads into the Global Market

Initial energization of the first unit of the nuclear facility in the UAE

Agreement for joint establishment of microgrid in Canada

Conducting 32 Projects in 17 Countries in the World

Since our first entry into the Philippines in 1995, KEPCO has carried out business in not only in Southeast Asia but also the Middle East, Central and South America, and Africa. The company currently conducts 32 projects in various sectors including the nuclear power, thermal power, renewable energy, and transmission and distribution sectors in 17 countries.

Nuclear Power : Construction of High-quality Nuclear Facility in the UAE

In 2009, KEPCO won its first overseas nuclear power plant project ; this project is worth USD 18.6 billion and is for constructing four 1400MW units of Korean-standard nuclear reactors(APR1400, 5,600MW in total) in the UAE. After completing construction of the first unit in May 2017, the company will construct the remaining three by 2020. We have achieved milestones in major processes without difficulty, including early installation of the reactor vessel for the first unit(May 2014), first placement of concrete for the third unit(September 2014), and initial energization of the first unit(April 2015). To win additional orders following the UAE, the company is proactively conducting marketing activities such as nuclear facility road shows and presentations for Korean-standard nuclear facilities for countries such as Saudi Arabia, Czech Republic, South Africa, and Vietnam.

Thermal Power and Renewable Energy : Pioneering in Central and South America and Africa, following Southeast Asia, China, and the Middle East

Operating power plants in Ilijan, Cebu, and Naga in the Philippines successfully, KEPCO accounts for 10% of the nation's entire electricity supply as a secondary foreign generation business operator. For China, the company operates generation business of 6,887MW in Shanxi, while attempting to lay the foundation as the largest overseas wind power business operator in China by operating or constructing wind power plants of 1,315MW in total in Inner Mongolia, Liaoning, and Gansu. In the Middle East, we won consecutive orders and have currently created stable profits for the Al Qatrana Power Project, Jordan in 2008, thermal power plants in Rabigh, Saudi Arabia in 2009, Shuweihat S3 Gas Power Project, UAE in 2010, and Amman Diesel Internal Combustion Generation Project, Jordan in 2012. As we successfully completed construction of the Norte 2 gas thermal power plant in Mexico in late 2013, the company established an outpost for expanding our advance into the electricity market in Central and South America. In November 2013, we expanded entry into Africa by acquiring the operation right for the Egbin gas plant in Nigeria.

Transmission, Distribution, and Renewable Energy : Diversifying Overseas Business Portfolio

KEPCO has proactively conducted projects by utilizing our world-renowned technological knowhow accumulated in the domestic electricity grid business, including winning an order for transmission and distribution construction and consulting for businesses in Kazakhstan, Egypt, Myanmar, and Saudi Arabia. The company signed an agreement for joint establishment of a Microgrid with Powerstream, Canada, North America in September 2014 for business diversification. In concluding an agreement for conducting new business such as Smart Grid with four countries in Central and South America in April 2015, we have solidified our foundation for conducting overseas business.

Establishing the Global Energy Belt

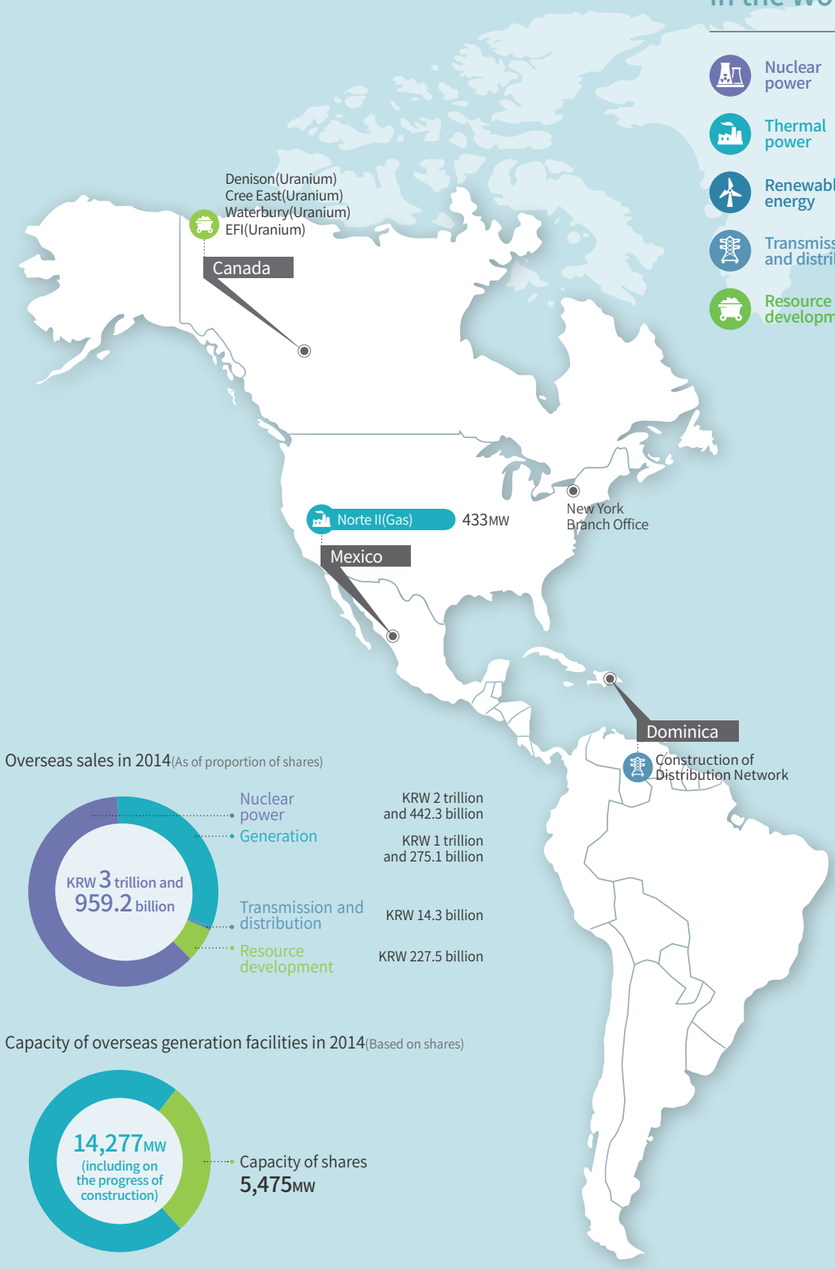
Based on world-renowned technology, brand value, and accumulated capability for overseas business, KEPCO has planned and carried out our goal for creating KRW 12 trillion and 300 billion, which is 15% of company-wide sales, in the overseas sector by 2020. The company created the 'Bitgaram Energy Valley' in the region where we moved our headquarters in December 2014 to establish the global energy hub. Based on this hub, we will create a new future for overseas business through the 'Global Energy Belt' connecting North and Central America, South America, Africa, Middle East, and Asia.

Overseas Sales Portfolio

Ratio of Overseas Revenue to Total Revenue

Global Network

KEPCO proactively carries out overseas business projects to ensure sustainable growth by overcoming limitations in domestic business and finding new business opportunities. In 2014, the company's overseas sales was KRW 3 trillion and 959.2 billion(based on the proportion of shares) and achieved 5,475MW(based on shares) in capacity of overseas generation facilities.



32 Projects in 17 Counties in the World

Nuclear power	1 business project in 1 country
Thermal power	10 business projects in 7 countries
Renewable energy	1 business project in 1 country
Transmission and distribution	10 business projects in 8 countries
Resource development	10 business projects in 4 countries

Overseas sales in 2014(As of proportion of shares)

Capacity of overseas generation facilities in 2014(Based on shares)

Reinforcing Technical Competitiveness of New Growth Engines

Selecting Technology for New Growth Engines for the Future

There is a saying : 'The best way to predict the future is to make the future.' KEPCO focuses its capability on developing future strategic technology to create new growth engines through challenge and innovation and lead the global energy market. The company will take the lead in pioneering the new business sector by selecting 12 major strategic technologies based on new energy technology with high strategic significance and making decisive investment in the R&D sector.

System for Development of Technology

· Position for Growth Engine Business : Supporter ▶ Producer

Clean Technology Solution (Energy)	Smart Technology Solution (Grid & Service)
Technology that preserves the environment, is sustainable, and provides all human beings with clean energy	Technology that enriches human life, realizes convenience, and makes a bright and beautiful society

· Contents for 12 Major Strategic Technologies

◎ New Energy Industry Realizing the Creative Economy

IGCC-SNG (Integrated Gasification Combined Cycle)	Offshore wind power
Marine energy	CO_2 generation
ESS ◎ (Energy Storage System)	CCUS (CO_2 Capture, Utilization and Storage)
HVDC (High-Voltage and Direct Current)	Microgrid ◎
DR&EE ◎ (Demand Response & Efficiency Enhancement)	Superconductivity
Smart Grid ◎	Electricity ICT ◎

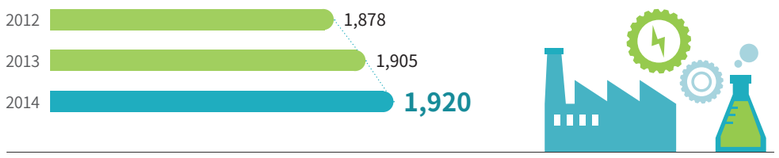
Securing Technical Competitiveness by Increasing Investment in the R&D Sector

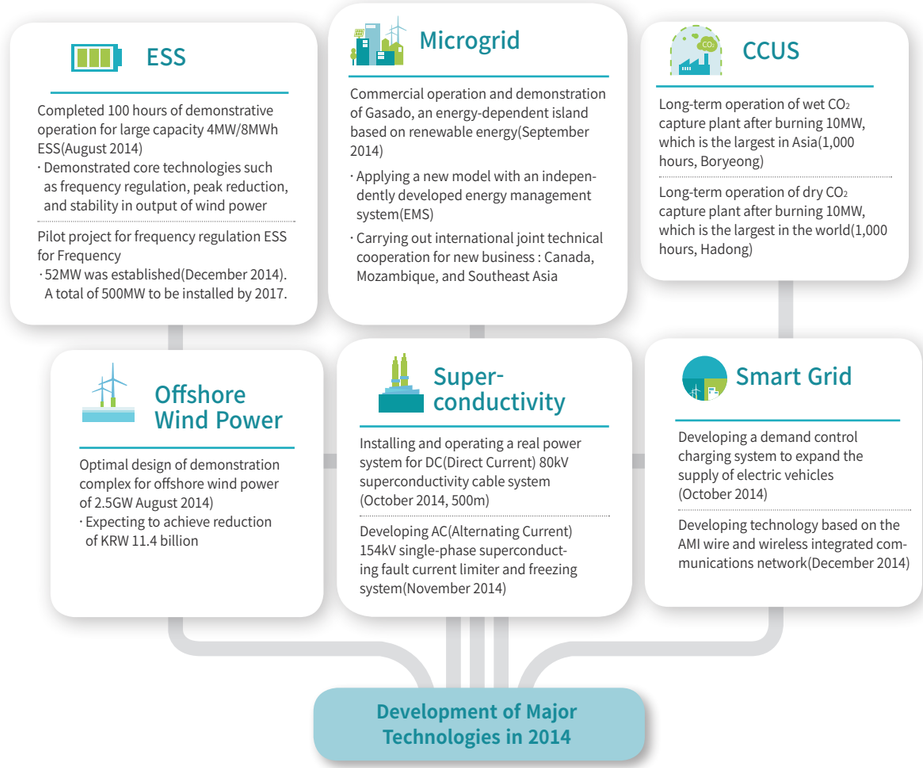
KEPCO develops high value-added electricity technology and conducts business to create new growth engines for the future and strategically makes R&D investment every year to reinforce development of technology to improve stability in the electricity grid and facilities. As the company invested KRW 192 billion in the R&D sector, which is worth 0.33% of all sales, we have reinforced technology and expanded research infrastructure such as research facilities by developing core strategic technology and operational technology customized to each business sector. As a result, we additionally secured 13 cases of core strategic technology in 2014 and achieved 32 accumulated secured cases in 12 major strategic technologies, which we have pursued since 2012. The company also applied 278 cases of industrial property rights and released 323 theses in domestic and overseas journals and symposiums.

Electricity researchers at Future Technology Research Institute

Performance for R&D investment

(Unit : KRW 100 million)





SPECIAL

Holding 'CEPSI 2014' Successfully

In October 2014, KEPCO held the 20th Conference of the Electric Power Supply Industry(CEPSI) where all leaders in the Asia and Pacific region gather in Jeju, the island of green energy. As the most highly reputed electricity conference in the Asia-Pacific region, CEPSI was held for the first time in Korea in its 40-year history. This was the largest CEPSI yet, with 2,589 people from 36 countries in attendance.

Under the theme of 'Roles and Responsibilities of the Electricity Industry to Realize a Smart & Green Society,' the conference held intensive discussion in four major sessions that covered different topics : strategy for sustainable development, measures for coping with climate change, Smart Grid innovation, and technology for prospective electricity sector in the future. A special session was also held to introduce core technologies in the new energy industrial sector such as dispersed generation, which is focused in Korea, energy storage system(ESS), and Microgrid.

Holding CEPSI enhanced Korea's prestige and KEPCO's global reputation. The company not only achieved business performance in signing seven MOUs and 14 cases of consultation with management, but also enhanced SME brands by handling 33 cases of one-on-one corporate export consultation(worth KRW 8 million) and accommodating 9,500 visitors for the exhibition.

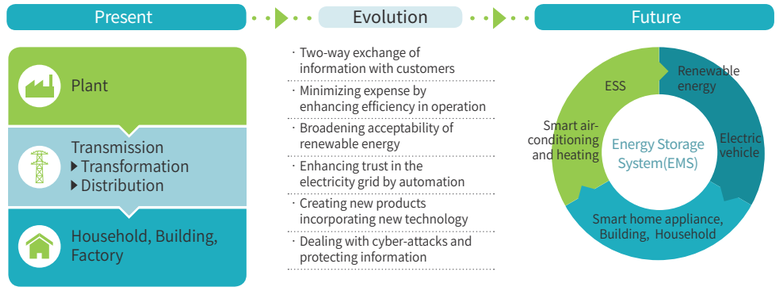
Cho Hwan-eik, CEO of KEPCO holding this event, emphasized the importance of the occasion : "It is a true honor to hold CEPSI, an event equivalent to the Asian Games in the energy sector, following the World Energy Conference(WEC), an Olympic-like event in the energy sector, last year. To enable Asia to lead the energy demand growth and realize a smart and eco-friendly future, I hope that CEPSI 2014 contributes to new advances as work move forward together on our journey as a unified and new Asia."

Next-generation Business

Smart Grid : Proactive Participation in Demonstration and Spreading Business

Smart Grid refers to the next-generation smart grid that optimizes energy efficiency by integrating ICT with the electricity grid. As the government aims to establish the world's first nation-based Smart Grid by 2030, KEPCO has successfully completed the Jeju Smart Grid Demonstration Project(2009-2013) and been selected as a prospective participant for the expansion of SG Deployment Project(to be carried out in 2016-2018). With the aim of efficiently operating the electricity grid, reducing CO_2, and fostering new growth engines, the company is actively developing related infrastructures such as Advanced Metering Infrastructure(AMI), Smart Grid Station, Energy Storage System(ESS), infrastructure for charging electric vehicles, and Microgrid. Based on these core technologies, KEPCO will create the basis for building region-based Smart Grids by 2020 and pioneer the overseas market of Smart Grid technology and systems by establishing a nation-based Smart Grid by 2030.

Smart Grid : New Energy Paradigm



ISGAN Award

Received the Best Prize in the 2nd ISGAN Awards and Global Smart Grid Federation(GSGF) Special Prize

Smart Grid Station : Energy Optimization

In 2013, KEPCO established the world's first Smart Grid Station. This system efficiently monitors and controls renewable energy, the energy storage system(ESS), advanced metering infrastructure(AMI) and electric vehicle(EV) charging devices in buildings on a real-time basis. Recognized for its innovation and technological extensibility, KEPCO's Smart Grid Station was honored with an Honorable Mention in the 2nd ISGAN(International Smart Grid Action Network) Awards, an international smart grid technology contest held in Mexico in June 2015. That same month, it also won the Best Smartgrid Project Award from the Global Smart Grid Federation(GSGF). The Smart Grid Stations that were installed in 29 KEPCO branch offices in 2014 not only reduced energy use and GHG emissions, but also contributed to the growth of SMEs. In 2015, we will further establish stations at 75 business sites in the country.

SPECIAL

Establishing the World's Largest Frequency Registration Energy Storage System(ESS)

The Energy storage system(ESS) stores electricity for later use when it is needed. This new technology will be utilized in various sectors such as electricity demand control, renewable energy development, electricity quality improvement, and frequency regulation. In 2013, KEPCO organized its management team and established its 4MW ESS pilot project in Jeju Jocheon Substation for the first time in Korea. The same year, we established a plan in stages to build a 500MW ESS for frequency regulation over four years(2014-2017). In 2014, for the first stage, our company successfully installed ESS for frequency regulation, the largest of its kind in the world(52MW), in Seo-Anseong Substation and Sin-Yongin Substation. As of June 2015, the ESS is currently in trial operation. While the reserve power for F/S managed by the existing coal generators is replaced with the ESS to improve the output of generators, it is expected to save KRW 320 billion a year in electricity purchase expenses when a total capacity of 500MW ESS is installed. The company is expected to help create new jobs by fostering relevant domestic businesses, such as those related to battery production, laying the foundation for pioneering the overseas market.

ESS for Frequency Adjustment(Seo-Anseong Substation)

System for operating Microgrid in the energy-independent island(Gasado in Jeonnam)

Advanced Metering Infrastructure(AMI) : Energy-saving Service

The AMI project, which is being implemented following the government's master plan for smart grids, aims to provide all customers in 21.94 million households with advanced energy service. Since its development of a mid and long-term AMI building plan in 2013, the company completed establishment of AMI for about 1.5 million households in 2014. By building AMI, we will contribute to inducing voluntary demand response, reducing electricity peak, and improving the electricity quality by providing information on real-time electricity usage and outage by using a two-way communications network.

Microgrid : Establishment of an Energy-independent Island

KEPCO established the Microgrid System, substituting diesel generators in remote and isolated regions with renewable energy and utilizing the energy storage system(ESS) in Gapagdo of Jeju Island and Gasado in Jeonnam. In completing the construction, the company developed the business model for a 'Carbon-zero Island' and 'Energy-independent island', which would produce energy with low carbon emissions and reduce energy supply expenses. In 2014, based on this development, KEPCO signed an agreement for joint establishment of a Microgrid with Powerstream for the first time in Canada and North America. We will also build Microgrids in Ulleungdo and Deokjeokdo in Incheon.

Renewable Energy : Efforts to Achieve the National Goal

As a representative public energy company, KEPCO has continuously sought measures to help achieve the national renewable energy goal(11% by 2035) and found relevant businesses that could help accomplish this. Despite the restricted national territory and climate conditions, our company has carried out various business projects such as a 2.5GW offshore wind power facility in the Southwestern Sea, which is a government-led project, a solar power project for transmission and distribution lines in Miryang, a fuel cell project in Daegu, and pilot project for the eco-friendly and energy-independent island in Ulleungdo by utilizing personnel in nationwide business sites, electricity grids, and relevant technology. We will proactively develop domestic businesses and pioneer the overseas market based on our track record and technology accumulated from the pilot project for offshore wind power in the Southwestern Sea.

Charging Electric Vehicles : Expanding Charging Infrastructure and Developing V2G

KEPCO has taken the lead in popularizing electric vehicles by developing quick EV chargers, conducting the pilot project for building charging stations on the expressway, and initiating EV sharing projects. We will establish an SPC and install the EV charging infrastructure across Korea for easier access with the cooperation and support of local governments to promote the new energy business. Currently, the V2G(Vehicle to Grid) technology developed by KEPCO to resell electricity saved in electric vehicles is being tested in Seoul National University and Gwangju Institute of Science and Technology. In the future, we also plan to develop wireless charging technology for vehicles.

1. Signing an MOU with KT for cooperation in Smart Grid
2. Open forum for the new energy industry

1

2

03. Preserving Environment

OUR APPROACH

Clean energy is essential for sustainable life in the next generation. KEPCO will enhance energy efficiency and realize sustainable energy by recognizing our high responsibility to the environment and applying eco-friendly smart technology in the overall value chain of generation-transport-sales. We will establish a master plan for reducing GHG emissions to cope with climate change and proactively develop technology for reducing GHG emissions.

Major Issues in the Result of Materiality Assessment

Efforts to Develop Eco-friendly Technology | Coping with Climate Change

OUR PERFORMANCE

KRW 3.7 trillion
Investments in the environment

47 %
Ratio of reduction compared to average carbon emissions in 2007-2009

1st
CDP(Carbon Disclosure Project) energy sector

403,000 tons
Additional emission reduction compared to the goal for 2014

OUR PLAN

- Establish a company-wide environment management system and provide regular feedback
- Construct eco-friendly power facilities such as eco-friendly steel towers and expand underground facilities
- Continuously reduce CO_2 emissions and minimize wastes
- Establish a carbon asset management system

Eco-friendly Value Chain

KEPCO pursues eco-friendliness in all sectors of the electricity supply chain and creates environmental value by developing low-carbon green technology and improving energy efficiency.

Production
Joint response for eco-friendly management with electricity group companies

Transport
Constructing and operating eco-friendly power facilities

Consumption
Managing electricity demand systemically

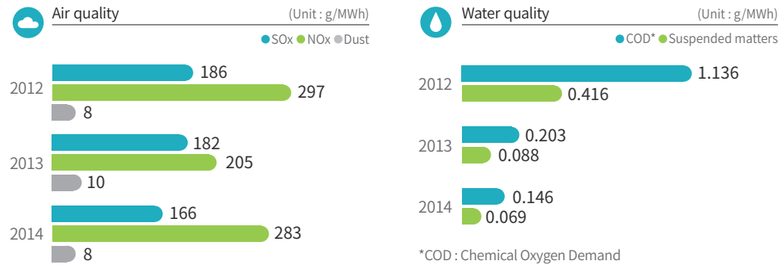
Production stage

KEPCO and GENCOs strive to ensure eco-friendliness in the electricity supply chain by establishing an organic cooperative system between the generation sector, transmission, and sales.

Continuous Environment-related Investment

All six GENCO business offices have acquired and maintained ISO 14001 certification. Expenses for protecting the environment in 2014 totaled KRW 724.6 billion, including KRW 286.3 billion for investment in environmental facilities for GENCOs, KRW 345.5 billion for the operation of environmental facilities, KRW 19.2 billion for processing waste, KRW 20.7 billion for environment-related work, KRW 200 million for maintaining ISO 14001, and KRW 52.7 billion for other related purposes.

Amount of Pollutants by GENCOs



*COD : Chemical Oxygen Demand

Constructing and Operating Generation Facilities in Harmony with Local Communities

GENCOs conduct environmental impact assessment for impact on the environment neighboring construction sites, considering factors such as the natural environmental state and transportation in establishing and expanding plants. After construction, companies conduct follow-up environmental impact assessment for five years and report the results to the government each year.

Reducing Pollutants by Enhancing Efficiency in Domestic and Overseas Generation Facilities

The GENCOs have expanded the use of clean energy sources and operating systems such as desulfurization, denitrification, and dust collection, to reduce SOx, NOx, and dust emitted from the power generation process. GENCOs also operate comprehensive wastewater treatment facilities to physically and chemically treat wastewater for reuse or discharge, while desulfurized gypsum generated from coal-fired power plants is reused for cement production.

In operating overseas plants, KEPCO strives to comply with the environmental standard in each country by improving generation facilities and applying eco-friendly technology and reduce pollutants from plants. As a result, Illijan Plant in the Philippines was recognized as the best environmental company by the Chamber of Commerce of the Philippines in 2013. In 2015, the company will not only reduce environmental pollutants, but also enhance operating profits by conducting business for raising efficiency in plants such as improving desulfurization facilities in the Saudi Arabia Plant.

Transport Stage

KEPCO constructs transmission and distribution facilities necessary for stable electricity supply in a timely manner and operates them efficiently. To acquire eco-friendliness in the electricity transfer stage, we ensure objectivity and transparency in selecting the location of power facilities, implement environmental impact assessment, and expand eco-friendly power facilities in harmony with local communities. We also strive to reduce T&D loss, protect the ecosystem, and manage electromagnetic fields.

Securing Objectivity and Transparency in Selecting Locations for Power Facilities

To deal with conflicts over the selection of sites for power facilities, KEPCO holds the Committee for Selecting Sites with various stakeholders, including local resident representatives, local government and assemblies, and conflict experts. We also hold meetings with local residents before starting business. We are operating the 'Open Desk' where employees reside at the construction areas to answer questions from local residents.

Conducting and Disclosing Environmental Impact Assessment for the Protection of Biodiversity

To establish transmission lines and substations, consultation with relevant institutions and environmental impact assessment need to be carried out before starting business. KEPCO complies with the law on the assessment of environmental impacts, conducts assessment before beginning construction of all transmission lines and substations, and discloses all results on the environmental impact assessment information support system (www.eiass.go.kr).

We exclude regions with high biodiversity value, and at the stage of environmental impact assessment, our company investigates habitats by focusing on protected species(endangered species), indigenous species, specific species, and species that inhabit the area in groups. Following our effect predictions, measures for reducing environmental impacts are then prepared. At the stage of construction, managers for consultation content are appointed, and the relevant content is checked in a follow-up environmental impact assessment. At the stage of completion of construction, we recover habitats damaged by the construction to the original condition as much as possible. We have been diligently reinforcing the tasks for environmental impact assessment by placing a total of four external environmental experts in the headquarters and construction offices from April 2014. Out company also published the guideline for environmental impact assessment in transmission and distribution facilities and manual for management of matters for legal compliance(2014), shared cases in violation of environmental regulations, and conducted education to prevent recurrences(2015) to enhance the environmental mindset of executives and employees.

Expanding Construction of Eco-friendly Power Facilities

KEPCO is expanding the construction of eco-friendly power facilities for minimum interference with the environment and developing environmentally friendly materials, equipment, and construction methods. We use more aesthetically pleasing tubular steel poles and eco-friendly seals on steel towers, while applying spacers, semi-underground engineering that requires minimum space, and improvements to the overall environment. To reduce CO_2 emissions, KEPCO has also developed and applied epoxy mold insulated switches to replace the existing SF_6 gas. The company has promoted the revision of laws and regulations on the installation of power facilities so that the depth for underground tunnels is reduced to minimize the time required for excavation. Ensuring space for ground facilities within buildings is now required by law in an effort to minimize inconvenience to pedestrians. Our company has also laid the foundation for beautifying the urban landscape by requiring overhead communication lines to be buried along with distribution lines by law.

Holding a local resident presentation to select the location for power facilities

Awarded work In the contest for eco-friendly steel tower

Website for information on electromagnetic wave and electromagnetic field

Efforts to Reduce T&D Loss Rate

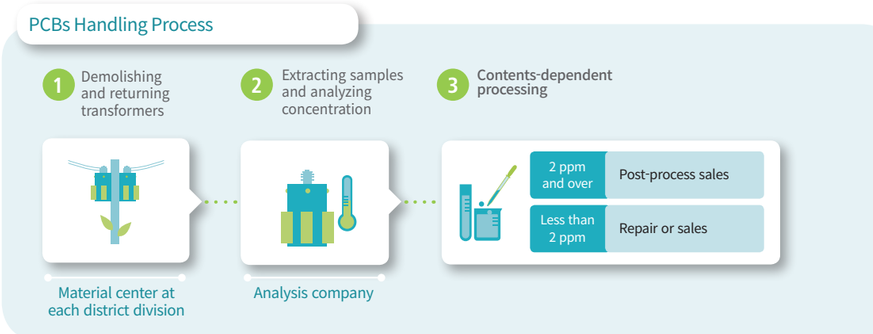
KEPCO contributes to reducing GHG emissions by maintaining the world's best T&D loss rate and preventing additional construction of generation facilities. The company has enacted continuous efforts to reduce electricity loss by using low-loss equipment, addressing overload transformers, and opening agricultural transformers COS(Cut Out Switch) during suspended periods of electricity use. As a result of our efforts, we achieved the world's best level, recording 3.69% of T&D loss rate in 2014.

Opening the Information on Electromagnetic Field

Electromagnetic fields that are generated by power facilities have a frequency of 60Hz. This is very low and is not accumulated in the human body or transmitted over long distances. KEPCO is operating power facilities at a level that is six times lower than the domestic standard. To alleviate the anxiety and controversy over the safety of electromagnetic fields and to provide the public with accurate information, we operate our website(www.kepco.co.kr), experience center for electromagnetic fields, and electromagnetic field measurement services for regions near distribution towers and substations. We also disclose the measured value of electromagnetic fields in power facilities. To manage electromagnetic fields more scientifically, the company continuously carries out the relevant research and collects opinions from various channels such as our website.

Processing PCBs in Waste Transformers

To proactively meet the nation's implementation plan for the Stockholm Convention on POPs, KEPCO has established and operated the management system with the aim of completely eradicating PCBs(Poly Chlorinated Biphenyls). Waste transformers to be disposed are strictly controlled in accordance with the management procedure for PCBs. Waste transformers with 2 ppm and over in the concentration level of PCBs are processed by professional companies; the company processed 230,000 units as of 2014. We will conduct strict safety management for PCBs, from demolition to storage, analysis, procession and sales, and carry out economic and stable PCB management by finding new construction technologies.



Sales Stage

Contributing to Saving Energy by Optimizing Demand Control

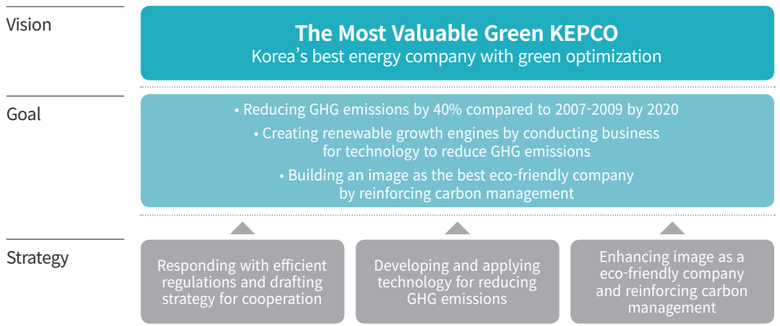
KEPCO follows the government-led energy saving policy through proactive and systemic electricity demand control. In 2014, our company improved errors in predicting demand by applying various demand analysis methods and drew the optimal period and necessary amount for demand control. We also achieved the stable electricity supply by reducing about 1.03 million kW in peak demand for the peak time through a system for adjusting demand for a designated period and voltage control. We will provide various energy-saving services such as electricity consumption maps and electricity household ledgers by comprehensively managing electricity Big Data and establishing the smart demand control center. We will also implement demand control based on the Big Data and expand real-time demand control by expanding the AMI(Advanced Metering Infrastructure) in the nation.

Coping with Climate Change

Strategy for Coping with Climate Change

Although Korea has no obligation to reduce GHG emissions according to the Kyoto Protocol(announced in 1992), it has strived to reduce emissions by voluntarily establishing its goals. In terms of the generation energy sector, the company aims to reduce emissions by 26.4% based on the expected amount of emissions by 2020. Following the master plan for reducing GHG emissions, KEPCO presents our vision of becoming The Most Valuable Green KEPCO and carries out Korea's best carbon management. As the national greenhouse gas trading system has been implemented since January 2015, we will strive to further reduce GHG emissions.

Master Plan for GHG Emissions



Joint Response to Climate Change by Electricity Group Companies

KEPCO and GENCOs recognize climate change issues as a crisis and a new opportunity for the energy industry : we jointly deal with climate change based on cooperation with group companies. In December 2013, KEPCO signed a joint business agreement for developing technology reducing GHG emissions in GENCOs and establishing a cooperative system with five GENCOs CTO and Korea Energy Management Corporation. As the company established the Korea Carbon Capture and Storage Association(KCCSA) in 2010, we raised the fund jointly with GENCOs and continued to strive to conduct R&D for developing technology to capture and store carbon dioxide. The company invests 0.5% of annual sales in R&D to cope with climate change through energy efficiency, using measures such as the Smart Grid and Microgrid. KEPCO prepared a post-2020 new climate system in 2014 and established a group-wide response strategy to conduct mutual cooperation tasks.

Establishing the Carbon Management System

To analyze the current status of company-wide GHG emissions and manage carbon assets, KEPCO is establishing the Carbon Asset Management System(CAMS). As the company plans to finish building the system by September 2015, we will establish a portfolio for analyzing data on certified emission reduction, monitoring data on greenhouse gas on a real-time basis, and managing optimal certified emission reduction. Our company will take joint measures in the electricity sector based on the implementation of emission trading system by advancing CAMS after 2016 and establishing the connection system with electricity group companies.

System for Caron Asset Management

Calculation of GHG emissions	Establishing the inventory	Managing certified emission reduction	Supporting trading of certified emission reduction
· Substation SF_6 emission/collection · Distribution SF_6 emission/collection · Fuel amount used by remote generation facilities · Fuel amount used by vehicles · Fuel amount used for heating and electricity in the company	· Establishing the inventory for integrating data on GHG emissions	· Managing GHG emission reduction business · Managing the current status of assigned certified emission reduction · Managing the current status of offset certified emission reduction · Managing content of trading certified emission reduction	· Supporting application for assignment of certified emission reduction · Supporting the optimal portfolio for trading certified emission reduction · Supporting simulation of trading certified emission reduction

Reduction of GHG Emissions

Emission Trading System

As a part of the the greenhouse gas target management system in 2014, KEPCO was assigned to reducing GHG emissions by 40% compared to the base year(2007-2009) and secured the amount of early reduction. This amount of reduction can be utilized in supplementing certified emission reduction(CER), which can be insufficient after implementing the Emission Trading System(ETS) from 2015. As KEPCO was designated as a company with assigned certified emission reduction from 2015, the company was allocated free emission credit for each year in the first plan period(2015-2017). The cost for implementing the ETS for the first plan term is estimated to be about KRW 19.5 billion.

Renewable Portfolio Standard

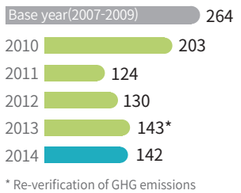
The Renewable Portfolio Standard(RPS), which began to be implemented since 2012, is a system to supply renewable energy by a certain ratio in the generation amount to reduce GHG emissions and expand the generation of renewable energy. In 2014, KEPCO made up for KRW 778.9 billion in the total expense of GENCOs, which were caused by implementing the RPS. The ratio of mandatory supply of RPS in 2014 was 3%.

Reinforcing Technology for Reducing GHG Emissions

KEPCO strives to reduce GHG emissions to contribute to the national emission reduction initiative, which is to reduce the expected amount of GHG emissions(BAU, Business As Usual) by 30% by 2020, and deal with the emission trading system(ETS), which began implementation since 2015. Through the continuous development of CO_2 emissions reduction technology, the company reduced GHG emissions by 47% compared to 2.64 million tons, which is the average amount of emissions in the base year(2007-2009). This was achieved by significantly reducing GHG emissions through developing the technology in 2011 to collect SF_6 gas, which accounts for 80% of the total amount of GHG emissions by KEPCO, and increasing the collection ratio from 80% to 97%. From 2015, we will expand and apply technology to refine and recycle gas after collecting SF_6 and reduce about 80,000 tons of GHG emissions a year. In the long term, our company will develop the insulation material to dissemble and substitute SF_6 and achieve zero SF_6 emissions.

Change in GHG Emissions

(Unit : 10,000 ton CO_2eq)



* Re-verification of GHG emissions

Process for Collecting SF_6 Gas

SPECIAL

Global Certificate for Reduction of GHG Emissions

Received the CDP best company prize

CTS(Carbon Trust Standard) KEPCO's efforts and performance to reduce GHG emissions were recognized by the Korea Productivity Center and Carbon Trust, the UK's non-profit organization established to pursue the shift into a sustainable low-carbon economy, and the company acquired first CTS(Carbon Trust Standard), a global certificate for carbon management, in 2013. After two years, we passed the review with stricter standards for GHG emission reduction and went through the assessment for recertification.

CDP(Carbon Disclosure Project) In 2014, KEPCO submitted the open report for CDP climate change information and disclosed the company's data on carbon emission and relevant policy to 822 investors around the world. As a result, the company's efforts to enhance transparency in information on greenhouse gas and achieve performance for reducing greenhouse gas were recognized : we received the 1st rank in the energy sector, and we were listed on the winner's club.

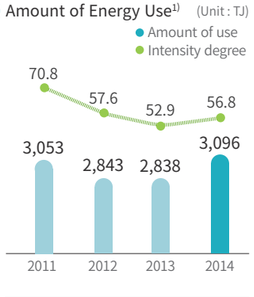
Energy-saving Activities

KEPCO conducts challenging and proactive activities to ensure efficiency in facilities, expand supply of renewable energy, and make energy conservation a way of life to reduce energy and water use. Despite the construction of new buildings, such as our new headquarters, and increased personnel, the amount of energy use increased by only 1.4% compared to 2011, and we decreased water use by 25%.

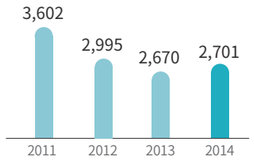
As our company organized the Energy Saving Committee with the domestic vice president serving as its chairman, we have established a superior system to plan and check company-wide energy-saving efforts for buildings and IT facilities and reinforced the execution ability of subordinate groups by designating managers in charge of energy conservation at each business site and conducting energy-saving campaigns for the summer and winter. We have also carried out activities for returning results after checking performances by operating the Energy Portal System to monitor energy use performances in a swift and accurate way.

KEPCO will continuously enact reasonable measures for energy and water use by improving performance in buildings and facilities, expanding renewable energy, and preventing energy waste. We will proactively take the lead in improving continuity in energy resources and reducing GHG emissions.

Amount of Energy Use[1] (Unit : TJ)



Amount of Water Use[2] (Unit : 1,000 tons)



Major Activities for Saving Energy in 2014

Saving Energy

- Operated the special period for saving energy in the summer and winter
- Set a limit on air-conditioning and heating temperature(28°C and over for air-conditioning, 18°C and under for heating)
- Designated managers in charge of energy conservation at each building, Conducted activities for preventing waste
- Conducted a campaign for saving water in the summer when water usage is high

Efficiency in Facilities

- Replaced and installed high-efficiency LED lights in buildings(11,880 units)
- Adopted 5,418 units of office supplies such as PCs for reducing standby power, Installed S/W for saving electricity on PC
- Newly installed the BEMS(Building Energy Management System) at 29 buildings
- Designed the first level of saving energy at the new headquarters building and Chungbuk Division building
- Adopted facilities for rainwater(900 tons) and recycling water(51 tons) at headquarters, saving 63% of water

Renewable Energy

- Adopted facilities for renewable energy such as GSHP(Ground Source Heat Pump) Systems and photovoltaic power generation at the new headquarters building
- Newly installed photovoltaic power generation facilities at 26 company buildings (726kW in total capacity)

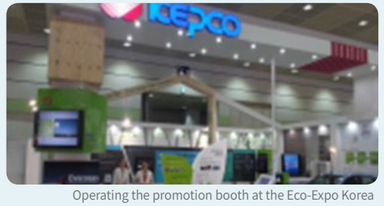
1) Period of implementing the limit on energy use for the summer and winter by the government: December 2011 – August 2013, Energy data : Electricity of facilities supply electricity and buildings, fuel for heating, and percentage of electricity as indirect energy for cooking fuel : 95%, Energy intensity = Amount of energy use / KRW trillion
2) Data on water : Water supply used at buildings(domestic business sites)

SPECIAL

Receiving the Presidential Citation for Eco-friendly Merit in Korea

As the company's performance for eco-friendly management was externally recognized, KEPCO received the presidential citation for a group in 'Korea Eco-friendly Merit Government Prize in 2014.' The company created a KEPCO exhibition hall in Eco-Expo Korea in October 2014 to support eco-friendly capability and spread culture and presented the blueprint for future energy under the theme of 'Developing Technology for Eco-friendly Electricity Transport' and 'Transforming into a Clean and Green Power Plant.'

Receiving the presidential citation for eco-friendly merit in Korea



Operating the promotion booth at the Eco-Expo Korea

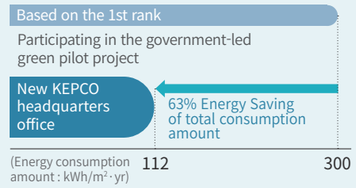
SPECIAL

Eco-friendly Super-energy Savings Building

The new KEPCO headquarters office was established as an eco-friendly super-energy savings building with the best level suited for a reputable and energy-leading company. It also acquired the best level in various eco-friendly energy certifications at home and abroad.

1. Green Building of Super-energy Savings

As annual energy consumption amount per unit area is 112kWh/m²·yr, the building has the effect of saving about 63% of energy compared to 300kWh/m²·yr as the first legal rank.



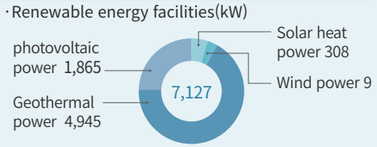
Major applied technology

- Reducing window area's rate(50% → 32%)
- Double external surface(Double Skin)
- Three-layered glass
- High-insulated materials
- Applying high-efficiency devices(Low-electricity light, High-efficiency pump, etc.)

2. Establishing the Greatest Capacity of Renewable Energy Facilities in Korea's Business Buildings

- The total facilities capacity of renewable energy is 7,127kW and accounts for 42% of building energy consumption amount. The energy independent supply ratio is 42%, which is 4.2 times of the legal standard(10%).

- Renewable energy facilities(kW)

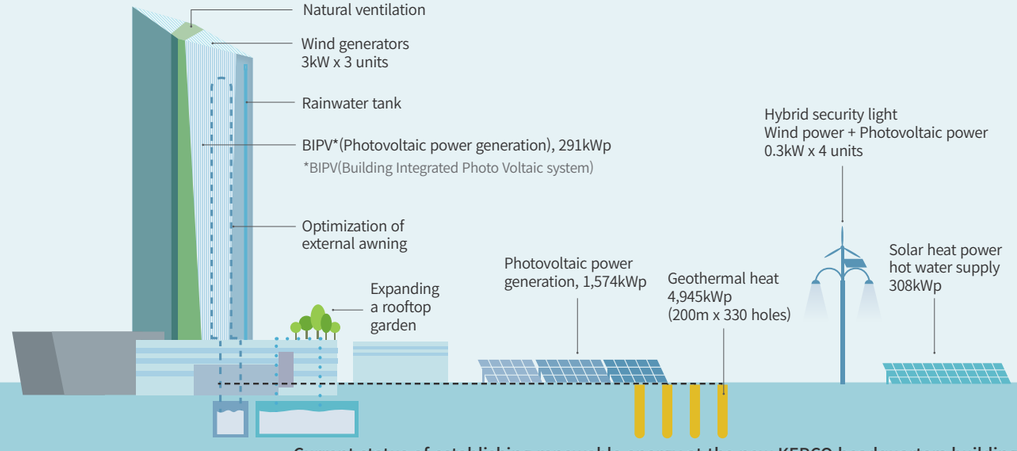


3. Acquiring the 'Best Level' in Domestic and Overseas Eco-friendly Energy Certificates

Overseas
- Global eco-friendly certification system LEED*: Platinum level(July 2015)

* LEED(Leadership in Energy and Environmental Design): Eco-friendly building verification system developed and implemented by the U.S. Green Building Council with the highest reputation in the world,

Domestic
- Building energy efficiency level certification system : 1st level(October 2014)
- Green building certification system : Best level(March 2015)
- Intelligent building certification system : 1st level(May 2015)



Current status of establishing renewable energy at the new KEPCO headquarters building

04. Joining Humanity

OUR APPROACH

With the low growth in the global economy, expectations for corporate social responsibility have increased. KEPCO will become a sustainable global company, growing together with stakeholders. We will not only create the Bitgaram Energy Valley to create shared value with local communities within the region at the relocated headquarters, but also carry out social contribution activities in line with our electricity business, as well as win-win growth with SMEs.

Major Issues in the Result of Materiality Assessment

Establishing Bitgaram Energy Valley | Reinforcing Fair Trade and Contract Transparency | Strategy for Social Contribution

OUR PERFORMANCE

KRW 261.7 billion
Amount of discount for energy welfare

KRW 5.2 trillion
Performance for purchasing SME products

172 persons
Number of beneficiaries for eyesight recovery surgery

32 companies
Number of companies signing a contract for attracting investment in Energy Valley

OUR PLAN

- Invest KRW 262.2 billion for regional promotion business in where the headquarters has been relocated
- Conduct eyesight recovery survey for 1,004 persons by 2021
- Reinforce CSV(Creating Shared Value) business specialized to electricity business

Opening the Bitgaram Era at the Headquarters

KEPCO's New Bitgaram Era and New Challenges

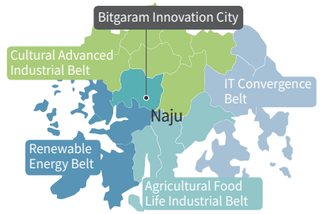
Along with the government-led plan for relocating public institutions to local areas, KEPCO moved its headquarters to Gwangju/Jeonnam Innovation City in December 2014. By using this opportunity to open doors toward the new future, the company has presented a joint development model with local communities for the Bitgaram Energy Valley and taken the first steps for successfully creating realizing this model.

Bitgaram Energy Valley

Bitgaram Energy Valley refers to the company's will to make Gwangju/Jeonnam 'Korea's electricity capital'. KEPCO aims to create a global energy hub specialized in the electricity energy industry. It will be jointly developed with local communities by connecting strategic industrial belts in Gwangju/Jeonnam with the focus on Bitgaram Innovation City.

Global creative economy sector specialized to the electricity energy industry growing together with the local communities in Gwangju/Jeonnam

- Bitgaram Innovation City: Based on the industry-academy-research cluster
- Gwangju/Jeonnam: Connecting with the strategic industrial belt



Performances

Establishing Systems for the Success of the Energy Valley

KEPCO successfully signed an MOU(January 2015) to create the Energy Valley with public energy companies, Gwangju Metropolitan Government, Jeollanam-do Provincial Office, and Naju Metropolitan Government. The company also formed cooperative relations by signing MOUs for fostering R&D and talented people(March 2015) with seven regional colleges in Gwangju and Jeonnam, such as Chonnam National University. In May 2015, the company held a discussion forum for Energy Valley to collect opinions from various sectors so that Energy Valley will be built successfully.

Attracting Local Investment and R&D

With the beginning of the contract with Bosung Powertec, KEPCO has signed an agreement for attracting investment in Energy Valley with 32 companies(June 2015). The company cooperated for R&D cooperative research tasks with local colleges and selected 19 cases of intensive research tasks. Research expenses worth KRW 10 billion a year will be invested.

Effort to Improve Culture, Environment, and Quality of Life in Local Communities

With the aim of carrying out the project for establishing the 'New Underground Model' in the specialized street in Naju, KEPCO has completed the demonstration design in the first section. The company has provided a cultural space for playing films and holding concerts by opening the company's building, provided scholarship for those hoping to work in the electricity industry to support the disadvantaged, and implemented the Homecoming Day event for multi-cultural households.

Energy Valley Support Agreement

Future Plans

Attracting Companies and Win-win Growth

KEPCO strives to create an environment where new companies can easily settle by proactively supporting SMEs and start-ups. As part of these efforts, the company contributes to the 'fund for nurturing SMEs' to support financial expenses and is preparing to establish the 'Energy Valley Center' to nurture start-ups and support R&D.

Vitalizing the Local Economy by Expanding Investment in Energy-specialized Business

KEPCO aims to show the 'future' to companies. In addition to the demonstration of new energy business projects such as Smart Home, Smart Drive, and Smart Campus, our company will broaden investment in transmission and distribution and IT sectors in Gwangju/Jeonnam. We will also provide companies with future opportunities and attract the participation of relevant companies to create an industrial ecosystem leading R&D, parts and materials, and production of complete products in the new energy industrial sectors.

Expanding Industry-Academy-Research for R&D and Fostering the Talent

KEPCO will proactively support reinforcing research capability in local colleges by making intensive investment in the industry-academy-research R&D such as the energy and IT sector in connection with local colleges and hold 'Bitgaram International Invention Contest', the world's first exhibition for new technology in the electricity sector, in October 2015. Our company is preparing operation of the recruitment exhibition and training programs such as the electricity technology camp and overseas voluntary work to attract and train talented people. We will intensively invest KRW 10 billion in industry-academy-research R&D intensively and continuously develop programs for fostering talent.

Blueprint for Energy Valley

KEPCO will realize our vision for the Bitgaram Energy Valley to ensure balanced development of national territory and vitalize the local economy, as well as KEPCO's future. We will carry out extensive efforts to realize this challenge to begin the Bitgaram era, successfully developing regions and leading creative economy.

SPECIAL

Supporting the entire process from opening business to export at Bitgaram Energy Valley

1. IGCC Plant
2. Energy Storage System
3. LED street lights
4. BEMS(Building Energy Management System)
5. CCS
6. Geothermal heat pumps
7. Renewable energy
8. Superconductivity cables
9. Electricity energy housing
10. Direct current transmission system
11. Electric vehicles
12. Electric vehicle charging stations

KEPCO established systemic devices for supporting the entire process from opening and transferring companies residing at Bitgaram Energy Valley to research & development, making products, pioneering sales channels, and export. As the process began implementation since May 2015, we have laid the foundation for creating the innovation sector for a global creative economy.

Win-win Growth Festival
Displaying products and technologies and consultation + seminar, investment presentation + local festival

R&D
- Holding a R&D contest for start-ups at Energy Valley
- Increasing support funds for cooperative research tasks and trusted research : KRW 1 billion at maximum → KRW 2 billion

Fostering start-ups
- Establishing Energy Valley Center : Beginning the second half of 2015 with about 8,000m² in total floor area
- Jointly contributing business expenditures by Naju Metropolitan Government, Korea Electrical Engineering & Science Research Institute, KEPCO KDN, and KEPCO KPS

Funding
- 200 billion won investment by SME Development Fund
- Technology Finance Support : Signed agreement with banks

Domestic sales channels
- Increased the ratio of purchasing selected developed products as a priority by 20% : 40-70% for products developed by energy valley companies.

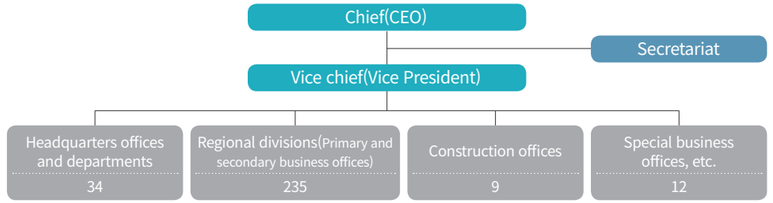
Overseas export
- Expanding targets to support the pioneering of sales channels : Including the new energy industry and generation sector
- Increasing funds for marketing support by 200%

Social Contribution

Overview for Social Contribution Activities

KEPCO's social voluntary work group, which was organized in 2004, is the largest size voluntary group with all 20,000 employees engaged among public companies. KEPCO conducts specialized social contribution activities such as supporting electricity bills for low-income households, helping patients at risk of losing their eyesight from low-income households to undergo eyesight recovery surgery, and the 119 disaster rescue squad. We also strive to share light and love with society by conducting various social contribution activities such as creating jobs and carrying out global voluntary work through support for social enterprises. KEPCO will continuously operate social contribution programs suitable for global needs and contribute to local communities.

Organization of KEPCO Social Voluntary Work Group



Social Contribution Activities Specialized to Electricity Business

Energy Welfare Discount

KEPCO offered welfare discounts for electricity bills worth KRW 261.7 billion in 2014 for basic livelihood security recipients and social welfare facilities. As we carried out business for sharing energy with love to support the low-income households who have difficulty paying electricity costs, we provided a total of 16,990 households with about KRW 2.28 billion from 2003 to 2014. Our company has newly launched the system for discounting 20% in electricity bills for facilities protecting female victims from domestic violence at apartment units and expanded the 'target of exemption of paying deposit' to lift the economic burden in using electricity by tenants.

Achievement for Welfare Discount in Electricity Bills (Unit : KRW 100 million)

Eye Love Project

KEPCO has helped the disadvantaged by supporting eyesight recovery surgeries for the visually impaired with low income every year at home and abroad. By 2014, the company has supported eyesight recovery surgery for 431 persons in total, including 361 in Korea and 70 in foreign countries. We will survey a total of 1,004 persons based on the total recipients by 2021 and expand the targeted recipients.

KEPCO 119 Disaster Rescue Squad

KEPCO conducts emergency rescue activities in response to various disasters and accidents through the 119 disaster rescue squad, which was launched in October 2010 and is the first team of its kind among public companies in Korea. The rescue team is composed of 236 experts for rescue and emergency medical treatment. 7,363 persons a year participated 31 times to assist in disasters caused by typhoon and heavy snow by 2014. The 119 squad also offered medical support to national events such as the Nuclear Security Summit and Incheon Asian Games(12 times).

SPECIAL

EYE Love Hope Project for 1004 Eyesight Recovery Surgery

KEPCO has carried out the 'Eye Love Hope Project' for 1004 Eyesight Recovery Surgery project to support people at risk of losing their eyesight from low-income households to undergo eyesight recovery surgery from 2011 to 2021. We plan to give the present of vision to 1,004 people in total, including about 100 people each year. For the convenience of visually impaired people, the company issues the electricity bill statement in braille. As 8,138 employees, which account for 42.4% of all employees, pledged to donate corneas in 2011, KEPCO has made the largest donation of organs as a single institution in Korea.

Performance of Eyesight Recovery Surgery at home and abroad

(Unit : Person)

Category	2011	2012	2013	2014	Total
Domestic	40	60	98	163	361
Overseas	10	40	11	9	70
Total	50	100	109	172	431

Electricity bill statement in braille

Supporting Eye Surgery in the Overseas Electricity Business Areas

KEPCO provides eyesight recovery surgery for visually impaired residents living in low-income households of countries that we conduct our overseas projects in. KEPCO is conducting projects in Mexico, Botswana, Nigeria, etc., and the recipients are recommended by the Overseas Project Department of KEPCO.

Launched in 2011, the project includes an outstanding team of medical staffs from the respective countries. Our social contribution through the project has been highly acclaimed by the recipient's countries and is greatly contributing to enhancing the global image of KEPCO in our pursuit of new projects

China

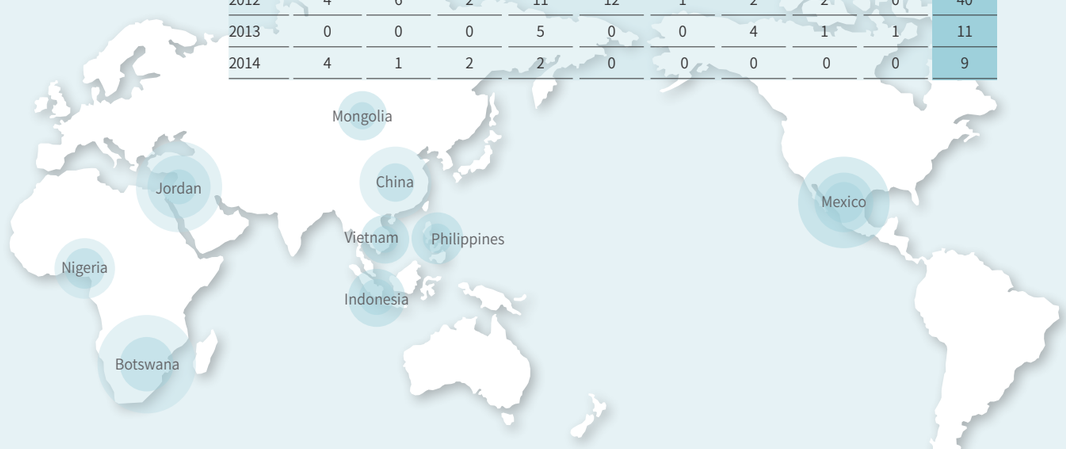
Philippines

Botswana

Performance for Overseas Eyesight Recovery Surgery

(Unit : Person)

Category	Botswana	China	Indonesia	Jordan	Mexico	Mongolia	Nigeria	Philippines	Vietnam	Total
2012	4	6	2	11	12	1	2	2	0	40
2013	0	0	0	5	0	0	4	1	1	11
2014	4	1	2	2	0	0	0	0	0	9



1. Helping Seniors
2. Supporting cultural life
3. Natural dyeing experience for the disabled
4. Power equipment inspection
5. Visiting a traditional market
6. Event for visiting households in mother country, the Philippines
7. Helping farm families in sisterhood partnership
8. Disabilities free meals
9. Sharing love with the senior for Chuseok Holiday

Social Contribution Activities for Creating Jobs

Supporting Social Enterprises and Cooperatives

KEPCO creates jobs for the vulnerable to vitalize social enterprises and cooperatives. From 2012 to 2014, the company has supported KRW 1.15 billion to 23 companies in total and prioritized purchases of products from social enterprises by signing an agreement with 15 social enterprises in 14 regional divisions in the country. We also support the growth of social enterprises and cooperatives by checking power facilities and consulting for electricity use.

Hope Rainbow Project

KEPCO's Hope Rainbow Project provides low-income self-employed business operators and social enterprises with management funds collected from small amounts under KRW 1,000 taken from the wages of all executives and employees every month. In 2012-2014, KRW 430 million was offered to 19 companies through the Hope Rainbow Project. The company also held the 'Idea contest for vitalizing social economy' to generate and collect ideas for creating a social economic ecosystem. KEPCO will carry out various projects to create high-quality jobs.

Customized Social Contribution Activities

Sharing Love Jointly by Labor Union and Management

KEPCO implements labor-management joint voluntary work every year. Especially, all executives and employees perform voluntary work by visiting social welfare facilities during the holidays and year-end. The company also installs wireless power switches to help neighbors who find it difficult to move to turn on and off the light while laying down, thus improving their quality of life.

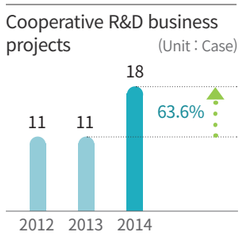
Talent Donation

Employees share various talents by establishing a talent donation pool in 3,655 sectors such as language and musical instruments. In 2014, a total of 2,234 employees participated, and more employees are expected to donate their talents.

Supporting Children and Young People

KEPCO posts photos of missing children on the electricity bill statement to help in the search and continuously conducts a campaign to prevent children from going missing. In 2004-2014, the company has given a total of 1.73 million name tags, and a total of 109 missing children(accumulated number) returned to their families to share their happiness with all of us. We set up a sisterhood relationship with 287 regional children centers in the country to carry out voluntary work such as academic instruction, cultural experience, and supporting meals. KEPCO helps young people in disadvantaged households to make their dreams come true by volunteering as mentors for them.

Win-win Growth with SMEs



Strategy for Win-win Growth

With the aim of 'fostering strong SMEs with global competitiveness,' KEPCO has developed three major strategies 'enhancing the capability of technical innovation, reinforcing support for overseas sales channels, and creating the culture for win-win growth' and strived to ensure management for win-win growth with SMEs.

Fostering Robust SMEs by Enhancing the Capability for Technical Innovation

To secure management stability in SMEs, KEPCO implements businesses to enhance their technical capability. Our company provides KRW 2.8 billion a year to conduct cooperative R&D with SMEs. In 2014, we significantly increased the number of tasks compared to the previous year through efforts to find R&D tasks, such as holding special contests and workshops. We have supported 83 companies by increasing the amount of expense for testing in public certified institutions and expanding the qualification for supporting quality and environmental management. We conduct business for supporting the industrial innovation 3.0 movement and productivity innovation activities based on corporate quality, cost, and delivery in secondary and tertiary cooperative SMEs and root industrial sectors.

Leading the Export for SMEs by Reinforcing Support for Overseas Sales Channels

KEPCO conducts business to pioneer overseas sales channels for SMEs by utilizing the company's brand power. In 2014, the company expanded the number of companies as 'KEPCO Trusted Partner,' a global certified brand which was introduced to support export by SMEs, to 84 companies. To support overseas export by KTP certified companies, we conduct the 'overseas base camp project' in Manila, the Philippines in cooperation with KOTRA and provide information on the market and transaction offices. As the company opened regular promotion halls for SMEs in overseas KEPCO business offices in the Philippines and Indonesia in 2013, we additionally opened the hall in KEPCO's Hanoi office in 2014. We also took the lead in conducting export by SMEs worth USD 327.55 million by holding an export promotion presentation and exhibitions in 14 countries including Russia and Uzbekistan. KEPCO achieved export by SMEs worth USD 196.8 million by participating in the company's overseas business projects jointly with SMEs, such as the nuclear power project in the UAE, Egbin power generation project in Nigeria, and distribution grid project in Dominica.

Vitalizing Corporate Participation by Creating the Culture for Win-win Growth

In 2014, KEPCO held the contest for electricity technology business after the start of the win-win growth exhibition held for the first time in Korea in 2013. Through this contest, the company shared 34 independently owned 34 patents with SMEs, while 131 SMEs achieved expansion of sales worth KRW 11.4 billion by participating in the booth. In 2015, as 185 companies participated in the event at Bitgaram Innovation City, where our headquarters have been relocated, we held the 'Bitgaram Festival', which combined KEPCO's win-win growth exhibition, technology contest, and regional festival. Through this event, the significance for win-win growth with local communities as well as SMEs was brought to attention. To improve the work convenience of SMEs due to the relocation of KEPCO's headquarters to Naju Innovation City, the company has established the business plaza at the headquarters' building to enable companies visiting Naju to carry out their work.

Opening the regular SME promotion hall (KEPCO Hanoi office)


Supporting overseas sales channels for SMEs


Conducting business with electricity technology & Win-win growth exhibition

Cooperation with Electricity Group Companies for Win-win Growth

Strategy with Electricity Group Companies for Win-win Growth

KEPCO pursues win-win competition based on autonomous responsible management with each GENCO for joint development of GENCOs. We also maintain and reinforce a cooperative system for stable electricity supply and management efficiency. Our company shares management information, discusses common current issues, and adjusts interest by holding a conference with groups of presidents from GENCOs every two months.

In 2014, GENCOs supplied stable electricity by completing construction of generation with 2,555MW in a timely manner and maintaining the high ratio of using power plants(over 73%), while electricity group companies implement policy such as joint purchase of generation fuel, integrated operation of repair materials, and co-operation in R&D for electricity technology for management efficiency. We reinforced a cooperative system : in 2012, KEPCO and six GENCOs established a joint business site to conduct the offshore wind power pilot project in the Southwestern Sea. To establish electricity facilities based on the people's trust, we are carrying out the solar power business project with the participation of local residents in cooperation with GENCOs as a welfare project for local residents in the area where transmission lines are constructed.

To enhance the synergetic effect of the electricity group, KEPCO finds cooperative tasks among electricity group companies by holding a workshop for win-win cooperation on a regular basis. Our company is preparing measures for securing joint use facilities due to the relocation of the headquarters to the local area. We are getting ready for a new era of cooperation with new electricity group companies that can contribute to the development of local communities and meet the people's expectations.

*About 8,300 employees working at the headquarters from ten electricity group companies moving to the local area(2014-2015)


Conference with groups of presidents from GENCOs

Workshop for win-win growth with electricity group companies

SPECIAL

Receiving Prize from the 1st CSV Porter Award

In April 2014, KEPCO established the 'CSV introduction plan' a first for a public company, launched the CSV execution system, and carried out the plan by reflecting it to company-wide strategy including the CSV development model specialized for electricity business. As a result, the company received the prize in November '1st CSV Porter Best Awards', which recognize representative companies that lead the creation of corporate shared value.

Direction for CSV To carry out CSV strategically, KEPCO designated the Corporate Planning Department to be in charge of supervising overall CSV. The company is also establishing efficiency CSV processes such as making the budget guideline reflect the perspective of social responsibility and building an assessment system for checking business. The company has started overall supervision and control of major policy regarding sustainable management and CSV by organizing and operating the Sustainable Management Committee from 2015 and reinforced the CSV execution system by operating the CSV advisory committee.

CSV business model KEPCO pursues a business model realizing economic, social, and environmental value, securing new profit sources and improving energy welfare through practical CSV business specialized for electricity business. The company will realize a sustainable energy environment for win-win growth with all stakeholders through 'profit-sharing' CSV activities, such as carrying out projects for supplying Microgrid-based electricity to remote areas and improving power facilities in developing countries

Project for establishing eco-friendly and energy-independent islands	Gasado, Deokjeokdo, Ulleungdo, etc.
Project for photovoltaic power in areas constructing power facilities	Signing an MOU regarding Miryang photovoltaic power SPC (September 2014)
Project for education on electricity technology in developing countries	Training and education by inviting to the human resource development center(Ghana, Botswana, etc.)

* CSV : Creating Shared Value. It is not only a concept pursuing both economic profit and social contribution while carrying out original corporate management activities but also a new management paradigm to fulfill social responsibility in the new perspective beyond the existing CSR(Corporate Social Responsibility).

05. Caring People

OUR APPROACH

For a company to be competitive, it needs to attract and retain good and capable people. With open employment focusing more on capability than personal qualification and expansion of education opportunity, KEPCO will raise competitiveness for the global KEPCO. By creating the HWP with respect and consideration, our company will create a workplace that employees enjoy and build up the precious value of 'human beings', which cannot be replaced by anything else.

Major Issues in the Result of Materiality Assessment

Creating Jobs and Improving Welfare | Reinforcing the Capability of Executives and Employees | Strengthening Safety and Health

OUR PERFORMANCE

1,434 persons
Recruiting youth interns

91 hours
Education hours for each employee

26%
Ratio of female recruitment

18%
Ratio of reducing safety accidents

OUR PLAN

- Establish the safety and health management system and reinforce on-site safety management
- Open employment and systemize programs for fostering the talent suitable for needs
- Create labor-management relations for win-win growth and adopt a system for work-life balance
- Carry out people-oriented management focusing on stakeholders' human rights

Open Employment

KEPCO has expanded the size of recruitment to secure the best and talented people, who are the source of corporate competitiveness and basic condition for sustainable growth, and fulfill our social responsibility as Korea's largest public company. We will secure new personnel to realize a young and flexible organization and create sustainable growth engines.

Largest-size Recruitment of New Employees among Public Companies

(As of 2014)

Category		Number(Person)	Notes
Permanent employees	Open recruitment (Regular position)	647	482 college graduates, 165 high school graduates
	Professional experienced employees	5	Overseas business, Law, Patent sector
	Researchers	6	Targeting the best R&D personnel from domestic and overseas prestigious colleges
	Others	95	Skills positions(60 employees), etc.
Youth interns		1,434	559 employees for recruitment-connection type, 875 employees for recruitment-priority type

Performance for Operating Youth Interns

337 employees changing into permanent employees

Recruiting 1,434 interns in total

Change rate

23.5% compared to recruitment of interns

44.8% compared to recruitment of new employees

To supplement personnel, we diversified the channels for securing the best and talented by recruiting experienced position workers and R&D personnel in prestigious universities at home and abroad that goes beyond the massive recruitment we've done in the past. We have also provided many people with employment the opportunities by diversifying our recruitment methods in regular position recruitment, such as the recruitment-connected youth internship(high school graduate and college graduate level). The company is providing opportunities to reinforce employment capability as much as we can by operating a youth internship program with 1,434 participants. A total of 337 youth interns went on to get permanent jobs(45% of new employees), exceeding the government's goal(20% of new employees). KEPCO is continuously striving to create more jobs for the youth.

KEPCO will take the lead in 'open employment' by improving the recruitment process to select the best and talented people based on capability and ability without discrimination on academic background, age, or gender. We will lead in realizing win-win growth for creating jobs for the youth and expanding employment for the socially vulnerable by recruiting various social members through recruitment for high school graduates, youth interns, local talents, and female talented workers.

Voluntary work with youth interns

Fostering the Talent

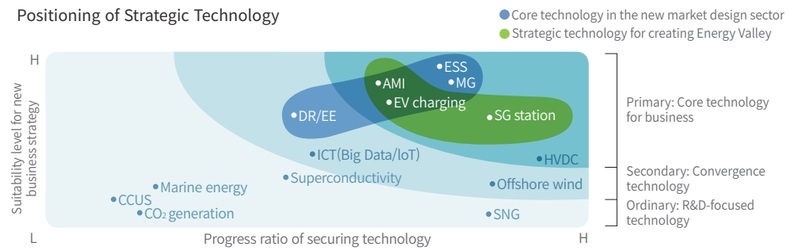
System for Fostering Global Future Talented People

To create sustainable future growth engines, KEPCO is implementing specialized education for fostering professional personnel. While our company nurtures special agents in various sectors by developing and operating customized education courses in strategic technology, domestic business, and overseas business, we also conduct strategic human resources management by establishing a pool for global future human resources at the level of 10% of all employees.

Fostering Professional Personnel for Core Technology

KEPCO has set 12 major strategic technologies for securing future competitiveness in the electricity business and fostered professional personnel for early business. In 2014, the company implemented selective education for 300 professional personnel members, and in 2015, we plan to nurture 200 workers. The company will establish a strategy and education system for securing human resources through positioning for each strategic technology and continuously train talented professionals in the generation, transmission, and sales sector.

Positioning of Strategic Technology



Professional MBA for overseas business

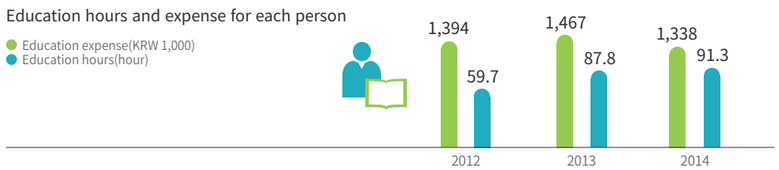
Fostering the Professional Personnel for Overseas Business

KEPCO continuously implements professional education for each activity in overseas business, including a professional MBA course for overseas business to strengthen growth by entering the overseas market and an intensive course for strategically learning language. Our company has reinforced the professionalism of workers conducting overseas nuclear facility business in the UAE and established and operated the mid and long-term master plan for fostering personnel in the nuclear power sector, strengthening the capability to win orders for new nuclear facilities.

Expanding the Opportunity for Training and Education

KEPCO has expanded the education opportunities to develop the capabilities of employees. For this aim, the company develops training and education programs meeting the needs for capability development and implements feedback. We also encourage self-development by introducing a system that supports individual education and continuously expand education opportunities by connecting MBO and group-based internal performance assessment.

Education hours and expense for each person



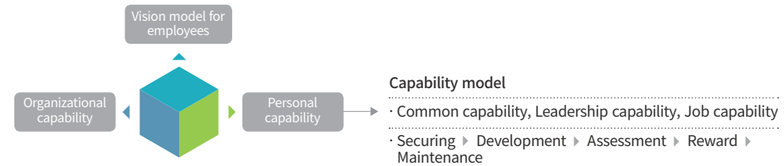
Global challenge for new employees


KEPCO International Nuclear Graduate School(KINGS)

Systemic Education for Reinforcing Capability

KEPCO has established and operated 'KEPCO capability model' for operating a customized education course for each individual according to their level and capability. Our company presents various education programs for developing individual capability by systemizing common leadership and job capability that KEPCO employees are required to have based on an analysis of company's vision, growth strategy, and internal and external environment.

KEPCO Capability Model System



Systemic Operation of Education Courses

Education sector	Operating program
Reinforcing on-site education	Fostering Meisters(experts) in each job sector
Enhancing global capability	Intensive course for strategic language, Phone and Internet language education
Cultivating passion in new employees	Operating Global Challenge Course
Connecting with colleges through industry-academy-research sector	Diploma course specialized to electricity business : Professional MBA for overseas business, Convergence diploma course for technology and management, Master's degree for nuclear power at KINGS, Master's degree for policy at public companies, etc.
Self-development and improving work capability	E-learning for humanities, leadership, job courses, etc.

Education for Internalizing Core Value

So that all employees share our core values, KEPCO continuously operates education for change and innovation based on the roadmap at each level to collect corporate internal capability and take the lead in innovating the corporate culture and vitalizing communication.

Stage 1(2012) Recognizing risks and sympathizing with the need for change	Stage 2(2013) Internalizing DNA for change and innovation	Stage 3(2014) Carrying out on-site change and innovation
· Mind Innovation Training	· Trend Creator Training	· Culture Change Action
· Provide all 13,016 employees with education	· Provide 4,263 executives with education	· Train 302 general manager-level employees(Change Agent)

Supporting Life-long Education

KEPCO helps soon-to-be retirees to adapt to retirement successfully by implementing outplacement education. The company enhances accessibility and efficiency for trainees through on/offline learning for detailed subjects such as life design, starting business and reemployment, and placement and provides customized retirement support service by assigning a consultant for supporting individual retirement by trainees.

Happy Workplace

Realizing HWP in Communication and Harmony

A happy workplace with work-life balance can improve a corporation's productivity. To realize a 'Happy Workplace,' KEPCO operates 'Family Day', a day when employees are encouraged to leave the office on time without overtime work, providing books on childcare to female employees who expect to give birth, and sending congratulatory cards to employees' parents for their sixtieth or seventieth birthdays.

In 2015, the company conducted Bitgaram Communication Exploration(May-June) to reinforce communication as employees at business sites visit the headquarters. We will also support energetic work life by providing various programs such as 'Fathers' Camp' to expand and improve communication with family members, Happy Farm for experience in connection with local farm areas, and Healing Camp to help heal employees' bodies and refresh their souls. Our company carries out reasonable welfare suitable for management conditions to enhance employees' work satisfaction. We also strive to meet various welfare needs by continuously finding partnerships with external professional service companies.

Labor-management Culture for Win-win Growth

KEPCO operates the Union Shop system through which employees acquire qualification as labor union members upon joining the company in accordance with the relevant laws and collective agreement. We also guarantee legal and fair labor union activities within the extent permitted by the labor union law, collective agreement, and labor-management agreement for the work time exemption system(time-off). As of late 2014, the number of labor union members is 14,999, and the ratio of employees that have joined the labor union is 74.2%.

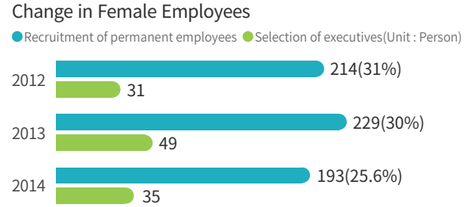
To ensure smooth labor-management communication and proactively share current management issues, KEPCO operates the Labor-Management Joint Committee and continues cooperative labor-management relations. In 2014, the company discussed various management issues by holding labor-management meetings at the headquarters and business sites 1,020 times and presentations for current management issues 402 times. We have also completed construction projects for transmission lines such as the project in Miryang through labor-management joint efforts and realized stable electricity supply and demand.

Bitgaram communication exploration event

Event to mark the relocation of the headquarters (CEO and labor union chairperson)

Gender Equality and Family-friendly Culture

KEPCO conducts reward and promotion without any discrimination between men and women. As a result of proactive efforts to train female leaders, the number of female managers has continuously increased from a total of seven before 2000 to 214 female leaders as of April 2015. Through systematic childbirth and childcare support systems and various programs for enhancing family relations, KEPCO supports employees to help them achieve a practical balance between work and life. To encourage employees to start families, we provide various leaves, such as leaves for fetal examinations, parental leave for spouses, and leave for treating infertility. In 2008, we established the company's nursery facility(KEPCO Bitsarang Daycare Center) and are providing childcare services for 80 children of employees. As our company launched the flexible work system, such as commute at different times and time-based work, we established and operated the 'pool system for alternative personnel' for retirees and regular applicants to induce smooth operation of parental leave and childcare leave.



Workshop for female managers

Education for Preventing Sexual Harassment

To prevent sexual harassment, KEPCO operates both a secret report system for sexual harassment and center for handling complaints regarding sexual harassment in the HR management department at the headquarters and business offices. A total of 504 representatives for handling complaints on sexual harassment; the number of male and female representatives is equal. We also raise efficiency in consulting complaints by newly launching professional entrusted education for representatives and an intensive course for handling complaints. In 2014, the company conducted e-learning education for preventing sexual harassment for all employees four times.

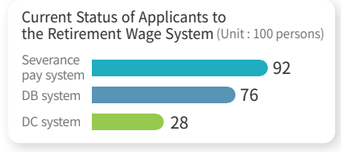
Assessment and Reward

Performance-oriented Human Resources Management(MBO)

KEPCO's performance assessment system is composed of achievement assessment by MBO and capability assessment estimating the capability level. All employees are under the assessment with the same procedure and methods. Assessment results are reflected to scores that are used in promotion considerations and utilized as materials for personnel management, such as calculating the ratio of providing incentives and selecting trainers.

Fair and Reasonable Remuneration System

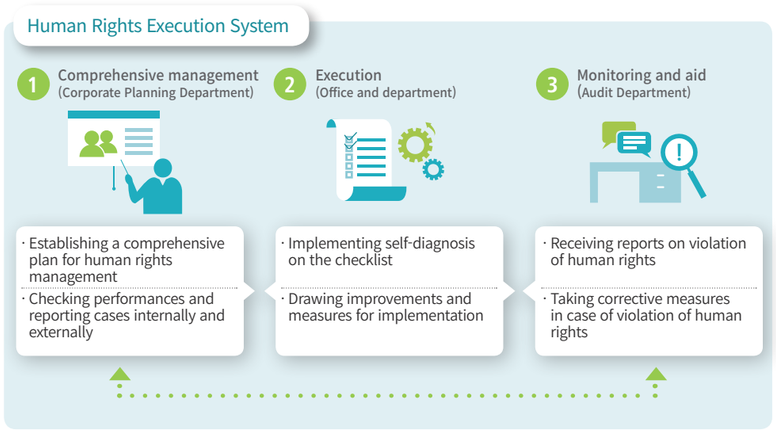
KEPCO's remuneration system is composed of a basic annual income, job salary, incentive for annual income, and performance-based annual income. Based on the result of the MBO personnel assessment and organizational assessment, basic annual income and performance-based annual income are handled differently. To reinforce the fair remuneration system based on employees' performance, the ratio of incentives based on annual performance assessment was increased(23%), and the power incentive and spot bonus system was improved. In preparation of aging in our society, our company operates a retirement system to help employees achieve stable living during their retirement. As of late 2014, the number of applicants for personal retirement pension accounts is 1,194, and the total amount of funds is KRW 109.1 billion.



Human Rights Management

Proclamation of Policy on Human Rights Management

KEPCO recognizes the importance of human rights and implements policies to respect the human rights of all the executives, employees, and stakeholders. In 1996, our company clarified the principles of respecting human rights and prohibiting discrimination by enacting and announcing the Code of Ethics by KEPCO. We signed up for the UN Global Compact in 2005—a first for a Korean company—to comply with its principles on human rights and submit the report for complying with the ten major UNGC principles every year. In 2015, we conducted self-diagnosis in accordance with the guideline on human rights management by the National Human Rights Commission to secure responsible leadership for human rights management, announced our company's will to realize human rights management internally and externally by proclaiming policy on human rights management by the CEO, and established the human rights management system by checking the current status of execution on a regular basis.



Compliance with Ten Major Principles

KEPCO does not discriminate employees due to race, religion, disability, gender, place of birth, and political opinions in recruiting employees. The company permits employees to freely organize a labor union. While we prohibit forced labor and child labor in any form, the company makes appropriate compensation for accidents and diseases caused in the workplace. The company respects the human rights of all stakeholders by pursuing balanced growth in harmony with local communities in business and minimizing environmental impact.

Operating the Code of Conduct for Suppliers

KEPCO requires all suppliers to comply with the 'Code of Conduct for Suppliers' to spread human rights management. The Code of Conduct for Suppliers is the ethical, social, and environmental standard for all suppliers in trade with KEPCO, and suppliers are only allowed to participate in bidding when they pledge to comply with this code of conduct.

Industrial Safety and Health

Introduction of Safety and Health Management System

KEPCO has introduced our safety and health management system to all business sites and 587 suppliers, and we acquired and maintained accredited certification. Our company has fostered professional personnel such as certification reviewers and internal reviewers to operate the system effectively. By 2014, we have implemented education for training 88 certification reviewers and 103 internal reviewers. Among them, 47 applicants acquired the qualification for certification reviewer. KEPCO organizes the safety management committee, which is composed of five external experts from academic and safety management institutions and five team leaders from KEPCO. Our company operates the committee on a quarterly basis to review and give advice on the company's important safety-related issues, such as the policy and system on safety and responses to safety accidents.

Diagnosing safety in facilities

Spreading Safety Culture

To spread and support safety culture, KEPCO publishes Safety-Zine, operates a safety accident forecast and warning system for each cycle, provides a safety calendar and traffic lights on a daily basis, conducts self-diagnosis for web-utilizing safety guards, and implements e-learning safety education. During summer when the safety level is vulnerable, the labor union and management jointly operate a period of emphasizing industrial safety and health(June and July each year) to carry out special activities for preventing safety accidents and achieve a zero-accident environment. We also strive to settle an autonomous culture through enhancing safety awareness and exchanging safety information by holding an annual company-wide meeting for safety and health managers. To prevent electric shock accidents caused by touching electricity lines, KEPCO selects various types of electric shock accidents based on the themes of the causes : electricity accidents when transporting or moving, outdoor activities from March to May, flooding during typhoon and monsoon season, and electric shocks at construction sites from June to September. Under these themes, we are implementing various promotion activities for safety by using various media(broadcast, newspaper, SNS, etc.).

Change in Safety Accidents

Category	2012	2013	2014
Total(case)	166(12)	153(10)	126(17)
Reduction rate(%)	10.16	8.93	17.65

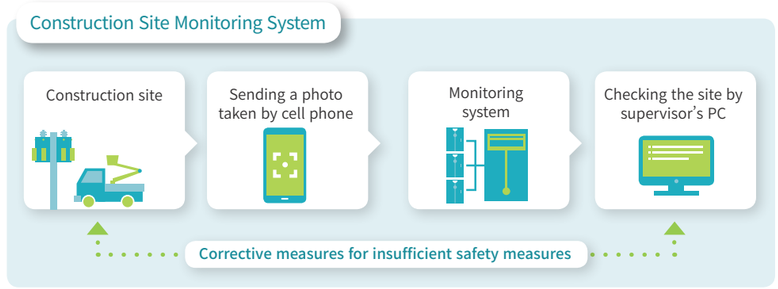
*Numbers inside() are the fatalities.

Safety Promotion for the People

Category	Target	Number/Period
Broadcasting	9 companies such as YTN, etc.	937 times
Newspaper	12 companies such as Seoul Economic Daily	19 times
Signboard	10 sites in the country	For one month

Operating the System for Preventing Safety Accidents in Construction Sites

Considering that safety accidents at construction sites for suppliers' employees such as falling and electric shock(accounting for 40% of the entire safety accidents) and personnel for safety management on nationwide construction sites(300,000 cases a year) still occur, KEPCO has established the real-time monitoring system for construction sites and operates the Safety Patrol to prevent safety accidents by randomly checking construction sites. The results of this check are comprehensively assessed once or more times each quarter, reported to the management, and shared with all business sites. In 2014, the examination was conducted a total of 49,134 times.



Health Management Program for Executives and Employees

To support the health of executives and employees, KEPCO conducts special check-ups every two years in addition to the regular check-ups and examines their health conditions more closely. From 2014, the company has implemented special health check-ups for employees working the nightshift and expanded the number of business sites with over 300 employees, over 50 employees, and under 50 employees consecutively each year. For business sites with over 300 employees, health managers were stationed at sites in charge of managing employees' health and conducting health-related jobs. As for business sites with over 50 employees, employees' health conditions are examined on a regular basis through health agency institutions as well as conducting health consultations. In connection with local health centers, we operate various health promotion programs such as smoking cessation clinic, health consultation on insulin resistance syndrome, and consultation on mental health to reinforce employees' health management.

SPECIAL

Major declarations for sustainable management

Charter of Electricity Service
Enacted in 1999

Provide the standard for the implementation of electricity service to stably supply high-quality electricity, maintain inexpensive electricity bills based on cost principles for customers, and handle customer requests swiftly and accurately.

Our Resolution for Social Contribution
Enacted in 2005

Promote sharing and participation and realizing a bright and warm-hearted society through social contribution activities with love and sharing.

Quality Management Policy
Enacted in 1995

Strive to create value for future growth, reinforcing capability through strengthening quality capability and operating the quality system.

Declaration of Human Rights Management
Enacted in 2015

Fulfill corporate social responsibility and pursuing sustainable development with the country and local communities by conducting human rights management that emphasizes human dignity and value in management activities.

Code of Ethics for KEPCO Employees
Enacted in 1996

Present a standard for right practices and decision on value for executives and employees by recognizing that it is imperative to establish a fair and transparent ethical culture.

Green Management Policy
Enacted in 2005

Fulfill corporate social responsibility through eco-friendly management by establishing and implementing goals and detailed plans for green management.

Code of Conduct for Suppliers
Enacted in 2012

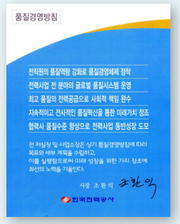
Suggest compliance with the Code of Conduct with ethical, social, and environmental standards for all suppliers trading with KEPCO.

Charter of Electricity Service

Code of Ethics for KEPCO Employees

Our Resolution for Social Contribution

Green Management Policy



Quality Management Policy

Code of Conduct for Suppliers

Declaration of Human Rights Management

Performance Data

Economy

Financial Information

Consolidated financial statements

(Unit : KRW 100 million)

Item	54th(As of December 31, 2014)	53rd(As of December 31, 2013)	52nd(As of December 31, 2012)
1. Current assets	168,199	152,691	139,335
(1) Trade receivables and other bonds	76,979	75,263	71,846
(2) Cash and cash equivalents	17,963	22,323	19,550
(3) Others	73,257	55,105	47,939
2. Non-current assets	1,468,884	1,402,582	1,322,193
(1) Property, plant and equipment	1,358,125	1,296,376	1,223,761
(2) Intangible assets	8,236	8,132	8,838
(3) Investments in associates, etc.	55,087	52,308	48,909
(4) Other non-current assets	47,436	45,766	40,685
Total assets	**1,637,083**	**1,555,273**	**1,461,528**
1. Paid-in capital	216,001	202,138	188,171
2. Non-current liabilities	872,832	838,628	762,715
Total liabilities	**1,088,833**	**1,040,766**	**950,886**
1. Paid-in capital	40,536	40,536	40,536
2. Retained earnings	353,036	327,661	325,643
3. Other capital components	142,441	134,400	132,709
4. Non-controlling equity	12,237	11,910	11,754
Total capitals	**548,250**	**514,507**	**510,642**
Total liabilities and capitals	**1,637,083**	**1,555,273**	**1,461,528**

Consolidated(Comprehensive) income statement

(Unit : KRW 100 million)

Item	54th(January 1 – December 31, 2014)	53rd(January 1 – December 31, 2013)	52nd(January 1 – December 31, 2012)
1. Sales	574,749	540,378	494,215
2. Cost of sales / Other sales and management expenses	516,873	525,188	502,394
3. Operating loss/profit	57,876	15,190	-8,179
4. Other revenues	4,023	4,002	3,740
5. Other expenses	882	998	746
6. Other loss/profi	1,074	1,285	-17,819
7. Financial profit	8,853	6,295	11,284
8. Financial cost	31,400	29,316	30,683
9. Gain and loss in equity method	2,749	-423	1,770
10. Pre-tax margin	42,293	-3,965	-40,633
11. Income tax expenses	14,303	-5,708	-9,854
12. Net income	27,990	1,743	-30,779
- Net income from controlling interests	26,869	600	-31,666
- Net income from non-controlling interests	1,121	1,143	887

Creating economic value(Separate standard)

Category	2012	2013	2014
Sales volume(GWh)	466,592	474,849	477,592
Sales(KRW 100 million)	493,349	536,924	573,344
Operating profit(KRW 100 million)	- 26,938	2,630	16,737
Net income(KRW 100 million)	- 32,266	2,383	10,388
Cash flow(KRW 100 million)	7,702	44,899	62,716

* Turning into surplus in 2013 for the first time in six years from 2007

Corporate Value(Based on closings in the year)

Category	2012	2013	2014
Stock price(KRW)	30,450	34,750	42,700
Market price(KRW 100 million)	189,714	223,083	274,119
Credit rating(Moody's)	A1 Stable	A1 Stable	Aa3 Stable
Domestic ranking in market capitalization	7th	9th	4th

Distributing economic value

(Unit : KRW 100 million)

Shareholders(Dividend)

Category	2012	2013	2014
Government	-	122	680
General	-	302	1,606
Foreigners	-	137	924
Total	-	561	3,210
Dividend rate(%)	-	1.8	10.0

Government(national tax)

Year	2012	2013	2014
Total	-1,643	1,746	3,786

GENCOs(Purchased electricity cost)

Year	2012	2013	2014
Total	440,591	452,228	467,547

Local communities(Local tax and utility bills)

Year	2012	2013	2014
Total	457	512	510

Donation

Year	2012	2013	2014
Total	133	140	161

Executives and Employees

Category	2012	2013	2014
Wage	13,741	12,996	13,415
Retirement wage	2,073	2,063	145*
Welfare benefits	1,745	1,660	1,420

*Rapid reduction in retirement wage was caused by excluding incentive severance pay for government management assessment(about KRW 120 billion) and decreased accumulated amount of retirement wage allowances(about KRW 60 billion) due to the introduction of the retirement pension system.

Social contribution

Year	2012	2013	2014
Total	349	278	317

Amount of purchase of SME products

Year	2012	2013	2014
Total	42,201	42,565	50,288

Creditors(interests expense)

Year	2012	2013	2014
Total	16,036	15,252	13,941

Suppliers

Year	2012	2013	2014
Total	18	19	21

Environment

Total amount of material use

(Unit : Ton)

Category	2012	2013	2014
Concrete	464,161	455,026	453,498
Metal	56,846	54,410	67,368
Earthenware	2,069	1,727	2,552
Wire	27,594	36,088	31,127
Others	4,529	6,118	8,423
Total	555,199	553,369	560,538

Generation of waste by type and amount of recycling

Category	2012			2013			2014		
	Generated amount(Ton)	Amount of recycling(Ton)	Recycling rate(%)	Generated amount(Ton)	Amount of recycling(Ton)	Recycling rate(%)	Generated amount(Ton)	Amount of recycling(Ton)	Recycling rate(%)
Concrete	181,397	181,397	100	190,226	190,226	100	215,565	215,565	100
Metal	32,985	32,985	100	40,195	40,195	100	39,710	39,710	100
Earthenware	7,350	7,350	100	6,367	6,367	100	8,777	8,777	100
Wire	21,992	21,992	100	23,628	23,628	100	13,484	13,484	100
Others	1,881	1,881	100	809	809	100	898	898	100
Total	245,605	245,605	100	261,225	261,225	100	277,894	277,894	100

Change in the ratio of eco-friendly vehicles for business use

Category	2012	2013	2014
Vehicles for business(car)	1,821	1,775	1,775
Eco-friendly vehicles(car)	1,472	1,460	1,488
Compact cars	1,402	1,383	1,357
Hybrid cars	60	67	91
Electric cars	10	10	40
Ratio of eco-friendly vehicles(%)	80.8	82.3	83.8

* Amount of fuel used in owned vehicles in 2014 : 6,311,000l, Fuel efficiency : 7.24km/l

Amount and ratio of green product purchase

(Unit : KRW 1 million, %)

2012			2013			2014		
Total	Green	Ratio	Total	Green	Ratio	Total	Green	Ratio
7,496	7,058	94.2	19,414	18,819	96.9	8,326	7,868	94.5

Performance for implementing the national greenhouse gas target management system

(Unit : 10,000 ton CO_2eq)

Category	Based year (Average in 2007-2009)	2012	2013	2014
National permitted amount	259	255	221	182
Amount of emissions	259	126	140	138
Amount of reduction exceeding the permitted amount	-	129	81	44

Categorization of GHG emissions by KEPCO

Scope 1(Direct emission)

SF_6 gas for insulation in transformation and distribution facilities

Scope 2(Indirect emission)

Electricity and heating steam usage in buildings owned by KEPCO

Scope 3(Indirect emission)

Emissions from employees' business trips, commuting, and products purchased or sold

Scope 1, 2(2012-2014)

(Unit : 10,000 ton CO_2eq)

Category	Scope 1	Scope 2	Notes
2014	128	14	Major greenhouse gas SF_6, CO_2, CH_4, N_2O
2013	130	13	
2012	117	13	

* Emission factors : Basic emission factors in the 2006 IPCC national inventory guidelines
* Methodology : Adopting the methodology for collecting data on activity(Article 44) in the guideline for the national operation of management for goals of greenhouse gas energy
* All business branches including small-sized offices

Scope 3(2014)

(Unit : 10,000 ton CO_2eq)

Category	Amount of purchased electricity	Amount of sold electricity	Commuting by employees	Business trips
Emission	22,216	21,969	0.2	5.3

* Emission factors Purchased products(purchased electricity) and electricity for sales : Corporate Value Chain(scope 3), Commuting and business trips by employees : LCI DB and data by Statistics Korea
* Methodology(common) : Adopting the Accounting and Reporting Standard

Intensity of GHG emissions

Category	Scope 1	Scope 2
Emission(10,000 ton CO_2eq)	128	14
Intensity(ton/KRW 100 million)	2.23	0.25
Total emission intensity (ton CO_2eq/KRW 100 million)		2.48

* Sales in 2014 : KRW 57 trillion and 474.9 billion

Environmental investments

Category	Cost(KRW 100 million)	Percentage(%)
Eco-friendly power facilities	34,293	91.65
Prior prevention	1,609	4.35
Post-processing activities	644	1.75
Legal response, etc.	850	2.25
Total	37,396	100

* Calculation method : Environmental Accounting System at KEPCO

Society

Domestic performance for new recruitment

(Unit : Person)

Category	2012		2013		2014	
	Total employees	Newly recruited employees	Total employees	Newly recruited employees	Total employees	Newly recruited employees
	19,278	683	19,644	819	19,899	753
High school graduates	8,693	197	8,609	238	8,484	190
Local talented workers	11,658	303	11,743	350	11,739	321
Female workers	2,967	214	3151	229	3,310	193
Disabled	508	10	519	17	509	6
Workers who majored in the natural science and engineering	11,991	362	12,263	400	12,434	395

Number of employees for annual education

(Unit : Person)

Category	2012	2013	2014
High-ranking executives	1,884	1,969	2,223
Entry-level executives	6,270	5,991	5,680
Employees	14,954	12,517	15,618

Performance on operating various maternity protection systems

(Unit : Person, %)

Category	2012	2013	2014
Leave before and after childbirth	187	151	138
Parental leave(male employees)	217(14)	197(14)	185(15)
Leave for difficulty in pregnancy	6	10	10
Employees with shortened work for childcare	3	12	10
Rate of return after parental leave(Female/Male)	97/100	99.2/100	99.3/100

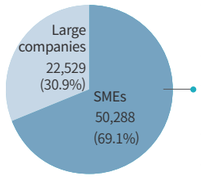
Performance on operating the flexible work system (Unit : Person)

Category	2012	2013	2014	Notes
Commute with different time	21	2,241	1,215	Trial operation in summer of 2013
Time-based work	41	44	94	Including recruitment type and shifting type

* Self-business trip Smart Work center has been established and utilized in four business sites including Seoul and Sejong(since January 2015)

Performance on purchasing SME products in 2014

(Unit : KRW 100 million)



Category	Purchase performance
Female companies	6,029
Companies by the disabled, Social enterprises	217
Products produced by veterans and patriots	197
Others	43,765

* Increasing performance on purchasing SME products by KRW 772.3 billion compared to 2013

Current status of suppliers of equipment

(Basis date : January 2015)

Category	Number of registered items	Number of registered companies	Notes
Transmission and transformation	235	626	Net number of companies : 184 companies Large companies : 11 companies SMEs : 173 companies
Distribution	212	1,052	
Information communications	43	8	
Total	450	1,686	

Current status of accident rate in ordered construction

Category	2012	2013	2014
Accident rate(%)[1]	2.42	0.97	0.72
Rate of death in industrial accidents(‰)[2]	10.61	7.43	5.27

1) Accident rate(%) = [(Death toll + Number of the injured) / Number of regular employees] x 100
2) Rate of death in industrial accidents(‰) =(Death toll / Number of regular employees) x 10,000

Others

GENCOs

Korea Hydro & Nuclear Power Co., ltd.(KHNP)
Equity share 100%
Address : 125, Hwarang-ro, Gyeongju, Gyeongbuk
Employees : 9,816
Paid-in capital: KRW 1 trillion and 212.2 billion
Website : www.khnp.co.kr
KHNP is Korea's only company that operates nuclear power plants as well as hydropower and pumped storage power plants. KHNP is operating nuclear power plants as base load and hydroelectric plants as peak load. KHNP has a total capacity of 26,039MW at 79 units, including 23 nuclear units(20,716MW), 34 hydroelectric units(606MW), 16 pumped storage power generation units(4,700MW), and six renewable energy units(17MW). KHNP accounts for about 27.9% of total domestic generation facilities with 93,216MW(excluding self-facilities).

Korea South-East Power Co., Ltd. (KOSEP)
Equity share 100%
Address : 32, 123beon-gil, Sadeul-ro, Jinju, Gyeongsangnam-do
Employees : 2,000
Paid-in capital: KRW 290.1 billion
Website : www.kosep.co.kr
KOSEP is operating the Samcheonpo Thermal Power Plant and Yeongheung Thermal Power Plant as base load. KOSEP has an installed capacity of 9,976MW in total, which includes 8,648MW from 13 bituminous coal units(87.0%), 922MW from 10 gas combined cycle units(9.2%), and 325MW from anthracite units(3.3%). Under the long-term power supply plan, Yeongheung Thermal Power Plant Units 5&6 are under construction with an installed capacity of 1,740MW. The Yeosu Power Plant Unit 1(350MW), which is shut down, is being replaced with thermal power plant.

Korea Midland Power Co., Ltd. (KOMIPO)
Equity share 100%
Address : 160, Boryeongbuk-ro, Boryeong, Chungcheongnam-do
Employees : 2,194
Paid-in capital: KRW 137.3 billion
Website : www.komipo.co.kr
KOMIPO is operating the Boryeong Thermal Power Plant and the Seocheon Thermal Power Plant as base load. KOMIPO has an installed capacity of 8,434MW in total, which breaks down as 4,000MW of eight bituminous coal units(47.4%), 3,731MW of 23 gas combined cycle units(44.2%), 400MW of two anthracite units(4.7%), and 285MW of four oil units(3.4%). Under the long-term power supply plan, KOMIPO is building Sinboryeong Units 1&2(2,000MW) and Seoul combined cycle Units 1&2(800MW).

Korea Western Power Co., Ltd. (WP)
Equity share 100%
Address : 152 Taeheran St. Gangnamgu, Seoul
Employees : 2,046
Paid-in capital : KRW 158.9 billion
Website : www.westempower.co.kr
WP is operating the Taean Thermal Power Plant as base load. The WP has an installed capacity of 9,305MW in total, which includes 4,000MW of eight bituminous coal units(43%), 3,867MW of 27 gas combined cycle units(41.6%), and 1,400MW of four oil units(15.0%). Under the long-term power supply plan, WP is building Taean thermal plant Units 9&10(2,100MW).

Korea Southern Power Co., Ltd.
Equity share 100%
Address : 40, Munhyeongeumyung-ro, Nam-gu, Busan
Employees : 1,993
Paid-in capital: KRW 228.8 billion
Website : www.kospo.co.kr
KOSPO is operating the Hadong Thermal Power Plant as base load. KOSPO has an installed capacity of 9,217MW in total, which breaks down as 4,000MW of eight bituminous coal units(43.4%), 4,970MW of 33 gas combined cycle units(53.9%), 200MW of 2 oil units(2.2%), and 41MW of 19 wind units(1.3%). Under the long-term power supply plan, KOSPO is building Samcheok Green Power(2,044MW).

Korea East-West Power CO., Ltd.
Equity share 100%
Address : 395, Jongga-ro, Jung-gu, Ulsan
Employees : 2,112
Paid-in capital : KRW 282.9 billion
Website : www.ewp.co.kr
EWP is operating the Dangjin Thermal Power Plant and Honam Thermal Power Plant as base load. EWP has an installed capacity of 9,137MW, which includes 4,500MW of 10 bituminous coal units(49.3%), 2,972MW for 20 LNG combined cycle units(32.3%), 1,200MW of three oil units(13.1%), and 400MW of two anthracite units(4.4%). Under the long-term power supply plan, EWP is building Dangjin 9th and 10th units of thermal plants(2,040MW).

KEPCO Group Companies and Companies with Equity Investment

KEPCO Engineering & Construction Company, Inc.
Equity share 66.3%
Address : 260, Hyeoksin-ro, Gimcheon, Gyeongbuk
Employees : 2,221
Paid-in capital : KRW 7.6
Website : www.kepco-enc.com
As an engineering company related to power generators and plants, KEPCO Engineering & Construction Company, Inc. has conducted the design of nuclear power plants and hydro-thermal plants, O&M for generation facilities, plant construction business, and PM/CM business since its foundation in 1975. The company implemented Korea-style standardization of the design of nuclear power plants with 1,000MW and developed the next-generation nuclear power plant design. With this design applied, the company is implementing design for 3rd, 4th, 5th, and 6th units of Shin-Kori, 1st and 2nd of Shin-Hanul, and UAE Barakah nuclear power plant.

KEPCO KPS Co., Ltd.
Equity share 52.5%
Address : 211, Munhwa-ro, Naju, Jeonnam
Employees : 5,069
Paid-in capital : KRW 9 billion
Website : www.kps.co.kr
KEPCO Plant Service & Engineering(KPS) is a comprehensive plant service company and provides high-quality maintenance services for power plants(nuclear, thermal, hydroelectric), transmission and 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.

KEPCO Nuclear Fuel Co., Ltd.
Equity share 96.4%
Address : 989-242 Daedeokdaero, Yuseong-gu, Daejeon City
Employees : 1,033
Paid-in capital : KRW 93.2 billion
Website : www.knfc.co.kr
KEPCO Nuclear Fuel is the only nuclear fuel design and manufacturing company that was established to localize nuclear fuel and achieve technological self-reliance. KEPCO Nuclear Fuel is providing nuclear fuel for all light and heavy water reactors in Korea and will supply fuel to the UAE nuclear power plant. As it completed development of two types of high-performance nuclear fuel, KEPCO Nuclear Fuel has secured competitiveness for exporting domestic nuclear fuel.

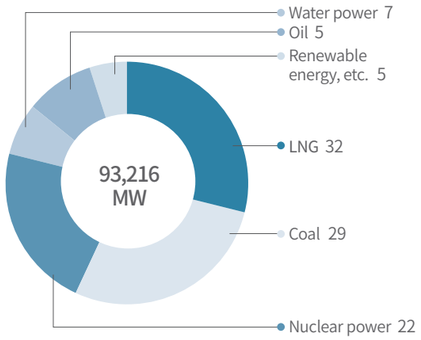
KEPCO KDN Co., Ltd.
Equity share 100%
Address : 161, Bitgaram-ro, Naju, Jeonnam
Employees : 1,230
Paid-in capital : KRW 64 billion
Website : www.kdn.com
Since KEPCO Knowledge, Data & Network(KEPCO KDN) was founded as the IT provider of KEPCO, KDN has offered total IT services, growing into a global electric power IT company. KEPCO KDN has been mainly engaged in the development/operation of information systems, electric power IT service, the development and maintenance of IT infrastructure, smart distribution system, and information security. KEPCO KDN is now striving to enhance PLC AMI and smart distribution system to realize the smart grid.

Others

Current Status of Generation Facilities (As of December 31, 2014)

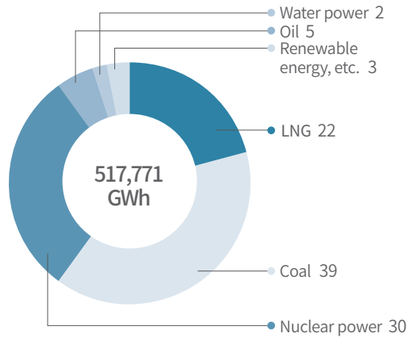
Capacity of facilities

(Unit : %)



Nuclear power

(Unit : %)



Capacity of facilities in each company

(Unit : %)

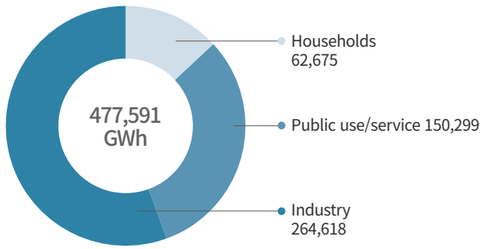
KHNP	KOSEP	KOMIPO	WP	KOSPO	EWP	Others
28	11	9	10	10	10	22

* Percentage of KEPCO GENCOs : 72,035MW(78%) based on facilities, 442,914GWh(85%) based on the amount of generation

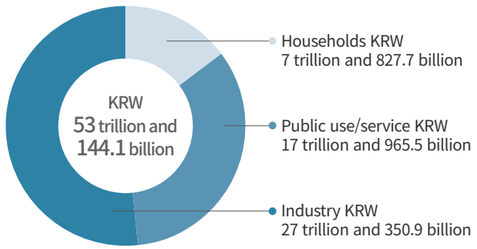
Current status of electricity sales (As of December 31, 2014)

Amount of electricity sales

(Unit : GWh)



Electric Energy Sales Revenue



Awards and Initiatives

Engagement in Major Initiatives

Contents	Period
Transparent Society Pact signed among CEOs of 18 public corporations and Korea Independent Commission Against Corruption	June 2005
Renewable Portfolio Agreement signed with the Ministry of Commerce, Energy, and Industry	July 2005
Agreement to comply with UN Global Compact and 10 principles	August 2005
Transparent Society Pact in the Electric Power Sector with 11 KEPCO Group companies and major electric power companies	September 2005
Integrity Pact between KEPCO and partner companies(1,519 companies, 18,135 persons)	January 2006
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)	June 2007
Second Renewable Portfolio Agreement signed with the Ministry of Knowledge and Economy	July 2009
Accession to UN Global Compact in Korea	December 2009
Sisterhood partnership with 36 traditional markets	August 2011
Joint Agreement on Integrity and Ethical Practices of KEPCO Group companies(10 companies)	June 2012
Cooperative Shared Growth Pact in the Power Equipment Sector	June 2012
Select 65 power industry SMEs as KEPCO Trusted Partners	July 2012
Contracts for transferring technology to SMEs for 27 patent cases owned by KEPCO	September 2013
Signed a contract for jointly fostering professional personnel among electricity group companies	October 2013
Signed a contract for mutual growth and fair transactions with 214 SMEs	December 2013
Held a forum for the new growth engine in the electricity industry and workshop for prospective technology by SMEs	March 2014
Announced strategy for supporting win-win growth with sustainable SMEs	March 2014

Current Status of Prizes Won in 2014

Award	Institution	Period
Best Prize in the service sector by Korean Reliability Society Awards	Korean Reliability Society	June 2014
Best Prize in the LACP Vision Awards	League of American Communication Professionals	July 2014
Gold Prize for one case and Silver Prize for one case by participating in the international invention exhibition	Taiwanese Industrial Property Office	September 2014
Presidential citation for eco-friendly merit in Korea 2014	Ministry of Environment	October 2014
Silver Prize in the Asian Utility Award	EEI(Edison Electric Institute)	October 2014
Best company in job invention 2014	Korean Industrial Property Office	October 2014
Best Prize in the public sector for Korea SNS Award	Korea Association for Social Content's Development	October 2014
Citation for merit in creating Ansim Village	Ministry of Public Safety and Security	December 2014
Citation for merit in fostering cooperatives and creating jobs	Ministry of Strategy and Finance	December 2014
Presidential citation for Korea Voluntary Work Awards	Ministry of Government Administration and Home Affairs	December 2014
Best Prize in the Energy Industry Award 2014	Korean Resource Economics Association	December 2014
CSV Porter Prize	Institute for Industrial Policy Studies	December 2014

Others

Current Status of Associations and International Organization Memberships

Society/Association name	Purpose for membership	Period
Korean Institute of Electrical Engineers	Promotion and development of academics and technology related to electrical engineering	1961
Korea Standard Association	Exchange of information on technological standards, including industrial standardization and quality management	1964
Korea Electric Association	Promotion and development of electric industry	1965
Korea Atomic Industrial Forum	Exchange of nuclear technology at home and abroad	1975
International Construction Association	Raising competitiveness by collecting and analyzing information on overseas construction	1976
Korea Management Association	Innovating management and providing consulting support	1981
Korean Society for Quality Management	Exchange of information among quality management organizations to improve quality management activities	1995
Korean Institute of Electrical and Electronic Material Engineers	Academic exchange and cooperation between industry and academia related to electrical and electronic material engineering	1996
AESIEAP[1)]	Cooperation among electric power companies & experts of East Asia and the Western Pacific	1998
Korea New & Renewable Energy Association	Promotion of new and renewable energy industry and information sharing	2004
EEI[2)]	Protection of the rights of U.S. electric power companies and provision of information on the electric power industry	2004
Korea Plant Industries Association	Exchanging information to raise competitiveness in the plant industry and expand export	2005
Korea Nuclear Society	Technology development and academic exchange with regard to nuclear power	2007
AEIC[3)]	Technological exchange among electric power companies in North America	2008
Energy & Mineral Resources Development of Korea	Mutual cooperation for overseas resources development industries and consultation on measures for joint engagement	2008
Korean Association for Industrial Technology Security	Developing policies and cooperation for the protection of industrial technology	2009
Korea Invention Promotion Association	Exchange of needs and trends of IPR market	2009
Korea Smart Grid Association	Smart grid information sharing and mutual cooperation	2009
Korea carbon Capture and Storage Association	Spread and support for providing CCS technology	2011
Korea Nuclear Association for International Cooperation	Export of Korean standard nuclear power plant, analysis of overseas nuclear trends, mutual cooperation and information sharing in the nuclear industry	2011
World Nuclear Export Company Group	Pursuing non-proliferation of nuclear power and safety in nuclear facilities	2011
Future Energy Forum	Review current affairs and policies in the energy sector	2013
Korea Photovoltaic Industry Association	Market research, participate in proposing policies, collect information on new technology	2013
Korea Wind Energy Association	Market research, participate in proposing policies, collect information on new technology	2014

1) AESIEAP : Association of the Electricity Supply Industry of East Asia and the Western Pacific)
2) EEI : Edison Electric Institute
3) AEIC : Association of Edison Illuminating Companies

Overview of 12 Major Strategic Technologies

1. **IGCC-SNG(Integrated Gasification Combined Cycle)** Eco-friendly combined plant to produce electricity(IGCC) and synthetic natural gas(SNG) by using low-grade coals
2. **CCUS(Carbon Capture, Use and Storage)** Technology to compress, store, and utilize high purity carbon dioxide(CO_2)
3. **Offshore wind power** Technology to supply generation electricity through economic development of marine and offshore energy and stable grid connection
4. **Marine energy** Generation technology using physical/chemical marine energy such as tidal current, tidal energy, wave energy, difference in temperature, and generation by difference in salinity
5. **HVDC** Transmission technology with high-voltage direct current for transmission grid handling massive amounts, long-distance electricity transport, and connecting renewable power complex
6. **Superconductivity** Technology to transport and change high-efficiency and stable electricity based on superconductivity characteristics
7. **Microgrid** System for producing, storing, and consuming electricity by the optimal organization composition of dispersed resources in small regions.
8. **Smart Grid** Next-generation electricity grid technology optimizing energy efficiency by connecting ICT technology to the existing electricity grid
9. **DR&EE Apps.(Demand Response & Efficiency Enhancement)** Technology based on business advancement by change in policy on energy (supply → demand, government-led → market-focused)
10. **Electricity ICT solution** Technology to create new business opportunities by finding out core information in Cloud-based Big Data
11. **CO_2 generation(Carbon dioxide generation)** High-efficiency generation technology producing electricity by using CO_2 in the supercritical state through working fluid instead of steam, which is regularly used
12. **ESS(Energy Storage System)** Technology for the management system in generation facilities to stabilize output of renewable energy with instability and deal with the peak load

Appendices

Independent Assurance Statement for ‘KEPCO Sustainability Report 2015’

To KEPCO’s stakeholders

Korea Electric Power Corporation(KEPCO) commissioned the Korea Productivity Center(the ‘Assurer’) to provide an independent assurance of its Sustainability Report 2015(the ‘Report’).

Responsibility and Integrity

Korea Electric Power Corporation(KEPCO) is responsible for the reliability and accuracy of all information and opinions presented in this ‘Report’. The Assurer holds the responsibility that lies solely in providing third party verification of the content in the ‘Report’. As an independent assurance agency, the Assurer was neither involved in the process of preparing this ‘Report’ with Korea Electric Power Corporation(KEPCO) nor in any conflicts of interest that may undermine our independence.

Assurance Standards

The independent verification process was planned and performed in accordance with the AA1000AS(2008) Assurance Standard to provide Type 1 moderate level of assurance. This is achieved through the evaluation of the organization’s adherence to the AA1000APS Accountability Principles(2008) of Inclusivity, Materiality, and Responsiveness. Additionally, the assurance was performed to ascertain the organization’s adherence to the Global Reporting Initiative(GRI) G4 Guidelines.

Assurance Limitations

Based on the aforementioned assurance standards, the Assurer performed verification of the organization’s sustainability performance and credibility during 2014. As for some environmental data such as greenhouse gas emissions and amount of water usage, we deliberated on materials which were submitted to the government. As for economic data such as financial data, financial statements, which was audited by auditing institutions, the data on ALIO were checked. In terms of social data, we checked the moderate level of the verification by using Type 1 and sampling. Site inspection was performed at the head office in Naju. Therefore, the Assurer clearly states that any additional verification conducted in the future may issue varied results.

Assurance Methodology

The assurance was undertaken by following the methodology specified below.

1. Verified compliance with the requirements for Core Options in the GRI G4 Guidelines.
2. Verified consistency with the principles dictating the content and quality of sustainability reports based on the GRI G4 Guidelines.
3. Verified the appropriateness of identifying key issues and the responsiveness to the content presented in the Report by the material analysis methodology, media research, and benchmarking.
4. Verified the appropriateness of the report content with other sources and searched for incorrect information through comparative analysis.
5. On-site verification at the head office and plant has been conducted to confirm evidence for key data and information as well as internal processes.

Findings and Conclusions

It is the Assurer’s opinion that the Report fairly and accurately presents the sustainability efforts and performance of Korea Electric Power Corporation(KEPCO). It is also verified that the Report complies with the requirements for Core Options in the GRI G4 Guidelines. In terms of General Standard Disclosures, the Report is found to comply with the requirements for Core Options. For Specific Standard Disclosures, Disclosure on Management Approach(DMA) and indicators for material issues drawn by the decision process, the items for the Report are as follows.

Contents	Material Aspect	DMA & Indicators
Ethical Management	· Anti-corruption	DMA, SO4, SO5
Respecting Customers	· Availability & Reliability · Demand-Side Management	DMA, EU6, EU10 DMA, EU7
Adding Technology	· Research & Development · Products and Services	DMA, EU8 DMA, EN27
Preserving the Environment	· Energy · Emissions	DMA, EN3, EN4, EN5, EN6 DMA, EN15, EN16, EN17, EN18
Together with Everyone	· Anti-competitive Behavior · Local Communities	DMA, SO7 DMA, SO1, SO2
Thinking of People	· Employment · Occupational Health and Safety · Training and Education	DMA, LA1, LA2, EU14, EU15, EU16 DMA, LA6, LA7 DMA, LA9, LA10, LA11

1. Inclusivity : Stakeholder Engagement

The principle of inclusivity articulates that organizations should include stakeholders in developing and achieving an accountable and strategic response to sustainability. To comply with the inclusivity principle, KEPCO defines its major stakeholders in eight groups such as people, customers, shareholders and investors, government and relevant institutions, domestic partners, overseas partners, and executives and employees. As the company introduces communication methods with each group and its efforts to deal with issues, it was identified that KEPCO proactively collects stakeholders’ opinions through active communication. It is analyzed that the company’s efforts to heighten the information disclosure level and diversify communication channels utilizing SNS(Social Networking Service) are remarkable.

2. Materiality : Selecting and Reporting Major Issues

The principle of materiality articulates that organizations should focus on issues relevant and material to both the organization and its major stakeholders. KEPCO organizes its sustainable management issues by considering not only internal economic, environmental, and social activities and performances, but also the external environment based on various analysis and research results. It was checked that the company selected 12 major issues by conducting the materiality process based on the influence on stakeholders and significance for sustainable management. Finally, it was confirmed that major issues were organized into five themes, and major activities and performances are reflected in the Report based on management principles(DMA) reflecting the background, performance, and plan.

3. Responsiveness : Responding to Issues by the Organization

The principle of responsiveness articulates that organizations should be responsive to issues that may have impacts on stakeholders’ performance. KEPCO organizes the composition of the Report under five themes and faithfully discloses its efforts in each theme by reporting environmental analysis, response process, strategy, and performance in detail. Through this Report, it is expected that stakeholders can check the characteristics of the electricity industry and KEPCO’s current performance and future direction.

Recommendations

The Assurer commends Korea Electric Power Corporation for carrying out a variety of efforts to improve sustainability and resulting performances, and presents the following recommendations to enhance future sustainability reports and sustainable management.

1. It is recommended to strictly manage data regarding sustainable management by setting the standard and scope of collection and management department. It needs to establish the scope of report by KEPCO for GENCOs, group companies, and mutual investment companies and collect data by establishing the process of collecting and managing official data. It is also recommended to improve the system by checking data regularly by the relevant departments in charge to present data in accordance with the same standard in the entire Report.
2. Global advanced companies strive to report performances by connecting non-financial performance with financial performance for differentiation. It is recommended to review sustainable management performances on a regular basis and draw environmental and social performance to connect with financial performance. As this is required in various sustainable management assessments, this is a condition for achieving good assessment results and will serve as the basis for becoming an advanced company.

June 2015
Hong Sun-jik
Chairman, Korea Productivity Center

Kim Dong-su, Director of Sustainability Management Center
Park Tae-ho, Team Leader
Mun Seon-yeong, Expert advisor
Yu Jeong-a, Researcher

kpc KOREA PRODUCTIVITY CENTER

The Sustainability Management Center of the Korea Productivity Center is an assurance agency officially certified by Accountability, established AA1000, the international standards for Stakeholder engagement and verification, and has qualifications to perform independent assurance engagements. Our Assurance Committee is also comprised of competent experts who have in-depth experience in sustainability management consulting and assurance and completed the relevant professional training.

AA1000 Licensed Assurance Provider 000-81

* AA1000AS(2008) : Enacted by Accountability, the AA1000 Assurance Standard(2008) is a global standard for verification and provides methods for reporting issues on sustainable management by assessing the operation of organization for management performance, compliance with principles, and credibility of information on performance
* AA1000APS(2008) : Enacted by Accountability, the AA1000 Accountability Principles Standard(2008) is a global standard for verification and provides the principles for the foundation of the AA1000 standard.

GRI G4 Index

General Standard Disclosure

●: Full ◐: Partial N/A: Not Applicable

G4 Indicator		ISO 26000	Coverage	Page / Direct Answer	3rd Party Assurance
Strategy and Analysis					
G4-1	Statement from the Most Senior Decision-maker of the Organization(such as CEO, chair, or equivalent senior position) about the Relevance of Sustainability to the Organization and the Organization's Strategy for Addressing Sustainability	4.7 6.2 7.4.2	●	p. 7	●
G4-2	Description of Key Impacts, Risks, and Opportunities		●	p. 7	●
Organizational Profile					
G4-3	Name of the Organization		●	p. 8	●
G4-4	Primary Brands, Products, and Services	6.3.10 6.4.1-6.4.2	●	p. 8	●
G4-5	Location of the Organization's Headquarters	6.4.3 6.4.4 6.4.5	●	p. 85	●
G4-6	Number of Countries Where the Organization Operates, and Names of Countries Where Either the Organization has Significant Operations or That are Specifically Relevant to the Sustainability Topics Covered in the Report	6.8.5 7.8	●	p. 8	●
G4-7	Nature of Ownership and Legal Form		●	p. 8	●
G4-8	Markets Served(including geographic breakdown, sectors served, and types of customers and beneficiaries)		●	p. 8	●
G4-9	Scale of the Organization		●	p. 8	●
G4-10	Total Number of Employees		●	p. 8, 72	●
EU1	Installed Capacity, Broken down by Primary Energy Source and by Regulatory Regime		●	p. 74	●
EU2	Net Energy Output Broken down by Primary Energy Source and by Regulatory Regime		●	p. 74	●
EU4	Length of above and Underground Transmission and Distribution Lines by Regulatory Regime		●	p. 28	●
EU5	Allocation of CO_2Emissions Allowances or Equivalent, Broken down by Carbon Trading Framework		●	p. 45	●
G4-11	Percentage of Total Employees Covered by Collective Bargaining Agreements		●	p. 62	●
G4-12	Organization's Supply Chain		●	p. 8, 72	●
G4-13	Any Significant Changes during the Reporting Period Regarding the Organization's Size, Structure, Ownership, or its Supply Chain		●	p. 85	●
G4-14	Precautionary Approach or Principle Addressed by the Organization		●	p. 16~17	●
G4-15	List of Externally Developed Economic, Environmental and Social Charters, Principles, or Other Initiatives to Which the Organization Subscribes or Which It Endorses		●	p. 75	●
G4-16	Memberships of Associations(such as industry associations) and National or International Advocacy Organizations		●	p. 76	●
Identified Material Aspects and Boundaries					
G4-17	Entities Included in the Organization's Consolidated Financial Statements or Equivalent Documents or Not Covered by the Report	5.2 7.3.2 7.3.4	●	p. 84	●
G4-18	Process for Defining the Report Content and the Aspect Boundaries and How the Organization Has Implemented the Reporting Principles for Defining Report Content		●	p. 22~23	●
G4-19	List of All the Material Aspects Identified in the Process for Defining Report Content		●	p. 23	●
G4-20	Aspect Boundary within the Organization for Each Material Aspect		●	p. 23	●
G4-21	Aspect Boundary outside the Organization for Each Material Aspect		●	p. 23	●
G4-22	Effects of Any Restatements of Information Provided in Previous Reports, and the Reasons for Such Restatements		●	Revised parts compared to the last year are marked with footnote	●
G4-23	Significant Changes from Previous Reporting Periods in the Scope and Aspect Boundaries		●	No significant changes	●
Stakeholder Engagement					
G4-24	List of Stakeholder Groups Engaged by the Organization	5.3	●	p. 21	●
G4-25	Basis for Identification and Selection of Stakeholders with Whom to Engage		◐	p. 21	●
G4-26	Organization's Approach to Stakeholder Engagement, Including Frequency of Engagement by Type and by Stakeholder Group, and an Indication of Whether Any of the Engagement was Undertaken Specifically as Part of the Report Preparation Process		●	p. 21	●
G4-27	Key Topics and Concerns that Have Been Raised through Stakeholders Engagement, and How the Organization Has Responded to Those Key Topics and Concerns, Including through Its Reporting. Stakeholder Groups that Raised Each of the Key Topics and Concerns		●	p. 21	●
Report Profile					
G4-28	Period Such as Fiscal or Calendar year for Information Provided	7.5.3 7.6.2	●	p. 85	●
G4-29	Date of Most Recent Previous Report(if any)		●	p. 85	●
G4-30	Reporting Cycle(such as annual, biennial)		●	p. 85	●
G4-31	Contact Point for Questions Regarding the Report or Its Contents		●	p. 85	●
G4-32	'In Accordance' Option the Organization Has Chosen and the GRI Content Index for the Chosen Option		●	p. 80~83	●
G4-33	Organization's Policy and Current Practice with Regard to Seeking External Assurance for the Report, Scope and Basis of Any External Assurance Provided, Relationship between the Organization and the Assurance Providers, Whether the Highest Governance Body or Senior Executives are Involved in Seeking Assurance for the Organization's Sustainability Report		●	p. 78~79	●

G4 Indicator		ISO 26000	Coverage	Page / Direct Answer	3rd Party Assurance
Governance					
G4-34	Governance Structure of the Organization, Including Committees of the Highest Governance Body, and Any Committees Responsible for Decision-making on Economic, Environmental and Social Impacts	6.2 7.4.3 7.7.5	●	p. 12	●
G4-38	Composition of the Highest Governance Body and Its Committees		●	p. 15	●
G4-39	Whether the Chair of the Highest Governance Body is Also an Executive Officer		●	p. 14	●
G4-40	Nomination and Selection Processes for the Highest Governance Body and Its Committees, and the Criteria Used for Nomination and Selecting Highest Governance Body Members		●	p. 15	●
G4-44	Processes for Evaluation of the Highest Governance Body's Performance with Respect to Governance of Economic, Environmental and Social Topics		◐	p. 15	●
G4-45	Highest Governance Body's Role in the Identification and Management of Economic, Environmental and Social Impacts, Risks, and Opportunities(Including the Highest Governance Body's Role in the Implementation of Due Diligence Process) and Whether Stakeholder Consultation is Used to Support the Highest Governance Body's Identification and Management of Economic, Environmental and Social Impacts, Risks, and Opportunities		◐	p. 15	●
Ethics and Integrity					
G4-56	Organization's Values, Principles, Standards and Norms of Behavior Such as Codes of Conduct and Codes of Ethics	4.4 6.6.3	●	p. 18	●
G4-57	Internal and External Mechanisms for Seeking Advice on Ethical and Lawful Behavior, and Matters Related to Organizational Integrity, Such as Help Lines or Advice Lines		●	p. 19	●
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines		●	p. 19	●

Specific Standard Disclosure

●: Full ◐: Partial N/A: Not Applicable

Aspect	G4 Indicator		ISO 26000	Coverage	Page / Direct Answer	3rd Party Assurance
Economic						
Economic Performance	EC1	Direct Economic Value Generated and Distributed	6.8.1-6.8.2 6.8.3 6.8.7 6.8.9	●	p. 68~69	●
	EC2	Financial Implications and Other Risks and Opportunities for the Organization's Activities Due to Climate Change	6.5.5	●	p. 38~39	●
	EC3	Coverage of the Organization's Defined Benefit Plan Obligations	6.8.7	●	p. 63, 69	●
Market Presence	EC6	Proportion of Senior Management Hired from the Local communities at Significant Locations of Operation	6.4.3 6.8.1-6.8.2 6.8.5 6.8.7	●	p. 72	●
Indirect Economic Impacts	EC7	Development and Impact of Infrastructure Investments and Services Supported	6.3.9 6.8.1-6.8.2 6.8.7 6.8.9	◐	p. 52~55	●
	EC8	Significant Indirect Economic Impacts, Including the Extent of Impacts	6.3.9 6.6.6 6.6.7 6.7.8 6.8.1-6.8.2 6.8.5 6.8.7 6.8.9	◐	p. 49~51	●
Procurement Practices	EC9	Proportion of Spending on Local Suppliers at Significant Locations of Operation	6.4.3 6.6.6 6.8.1-6.8.2 6.8.7	◐	p. 72	●
Availability & Reliability	G4-DMA	Management Approach		●	p. 26	●
	EU6	Management Approach to Ensure Shore and Long-term electricity Availability and Reliability	6.3.3 6.5.3 6.5.4 6.5.5 6.5.6 6.7.8 6.8.3 6.8.6	●	p. 28	●
	EU10	Planned Capacity Against Projected Electricity Demand over the Long Term, Broken down by Energy Source and Regulatory Regime	6.3.3 6.7.5	●	p. 28~29	●
Demand-Side Management	G4-DMA	Management Approach		●	p. 26	●
	EU7	Demand-side Management Programs Including Residential, Commercial, Institutional and Industrial Programs	6.3.3 6.5.3 6.5.4 6.5.5 6.7.5 6.7.8 6.8.6	●	p. 30~31	●
Research & Development	G4-DMA	Management Approach		●	p. 32	●
	EU8	Research and Development Activity and Expenditure Aimed at Providing Reliable Electricity and Promoting Sustainable Development	6.8.6	●	p. 36~37	●
System Efficiency	EU11	Average Generation Efficiency of Thermal Plants by Energy Source and by Regulatory Regime		●	p. 81	●
	EU12	Transmission and Distribution Losses as a Percentage of Total Energy		●	p. 28, 43	●

GRI G4 Index

Specific Standard Disclosure

●: Full ◐: Partial N/A: Not Applicable

Aspect	G4 Indicator		ISO 26000	Coverage	Page / Direct Answer	3rd Party Assurance
Environmental						
Materials	EN1	Materials Used by Weight or Volume	6.5.4	●	p. 70	●
Energy	G4-DMA	Management Approach		●	p. 40	●
	EN3	Energy Consumption within the Organization	6.5.4	●	p. 46	●
	EN5	Energy Consumption outside of the Organization		●	p. 46	●
	EN6	Reduction of Energy Consumption	6.5.4 6.5.5	●	p. 46	●
	EN7	Reductions in Energy Requirements of Products and Services		◐	p. 43	●
Water	EN8	Total Water Withdrawal by Source	6.5.6	●	p. 46	●
	EN9	Water Sources Significantly Affected by Withdrawal of Water	6.5.7	N/A	Domestic business sites have no water sources that are significantly affected by withdrawal of water	●
Biodiversity	EN11	Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value outside Protected Areas	6.5.6	◐	p. 42	●
	EN12	Description of Significant Impacts of Activities, Products, and Services on Biodiversity in Protected Areas and Areas of High Biodiversity Value outside Protected Areas		◐	p. 42	●
Emissions	G4-DMA	Management Approach		●	p. 40, 44	●
	EN15	Direct Greenhouse Gas(GHG) Emissions(Scope 1)	6.5.5	●	p. 71	●
	EN16	Energy Indirect Greenhouse Gas(GHG) Emissions(Scope 2)		●	p. 71	●
	EN17	Other Indirect Greenhouse Gas(GHG) Emissions(Scope 3)		●	p. 71	●
	EN18	Greenhouse Gas(GHG) Emissions Intensity		●	p. 71	●
	EN19	Reduction of Greenhouse Gas(GHG) Emissions		◐	p. 45, 71	●
	EN21	NOx, SOx, and Other Significant Air Emissions	6.5.3	●	p. 41	●
Effluents and Waste	EN23	Total Weight of Waste by Type and Disposal Method	6.5.3	●	p. 43, 60	●
Products and Services	G4-DMA	Management Approach		●	p. 32	●
	EN27	Extent of Impact Mitigation of Environmental Impacts of Products and Services	6.5.3 6.5.4 6.5.5 6.7.5	●	p. 38~39, 47	●
	EN28	Percentage of Products Sold and their Packaging Materials that are Reclaimed by Category		N/A		●
Overall	EN31	Total Environmental Protection Expenditures and Investments by Type	6.5.1-6.5.2	●	p. 41, 71	●
Supplier Environmental Assessment	EN33	Significant Actual and Potential Negative Environmental Impacts in the Supply Chain and Actions taken	6.3.5 6.6.6 7.3.1	◐	p. 41	●
Social						
Employment	G4-DMA	Management Approach		●	p. 58	●
	EU14	Programs and Processes to Ensure the Availability of a Skilled Workforce	6.4.7	●	p. 60	●
	EU16	Policies and Requirements Regarding Health and Safety of Employees and Employees of Contractors and Subcontractors	6.3.3 6.3.5 6.4.6 6.6.6	●	p. 64~65	●
	LA1	Total Number & Rates of New Employee Hires & Employee Turnover by Age Group, Gender & Region	6.4.1-6.4.2	●	p. 72	●
	LA3	Return to Work and Retention Rates after Parental Leave, by Gender	6.4.4	●	p. 72	●
	EU18	Percentage of Contractor and Subcontractor Employees that Have Undergone Relevant Health and Safety Training	6.3.3 6.3.5 6.4.6 6.6.6	◐	p. 65	●
Occupational Health and Safety	G4-DMA	Management Approach		●	p. 58	●
	LA5	Percentage of Total Workforce Represented in Formal Joint Management-worker Health and Safety Committees that Help Monitor and Advise on Occupational Health and Safety Programs	6.4.6	◐	p. 64	●
	LA6	Type of Injury and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Total Number of Work-related Fatalities, by Region and by Gender	6.4.6 6.8.8	●	p. 65, 72	●
	LA7	Workers with High Incidence or High Risk of Diseases Related to their Occupation		◐	p. 65	●
	LA8	Health and Safety Topics Covered in Formal Agreements with Trade Unions	6.4.6	◐	p. 64	●
Training and Education	G4-DMA	Management Approach		●	p. 58	●
	LA9	Average Hours of Training Per Year Per Employee by Gender, and by Employee Category	6.4.7	●	p. 61	●
	LA10	Programs for Skills Management and Lifelong Learning that Support the Continued Employability of Employees and Assist them in Managing Career Endings	6.4.7 6.8.5	●	p. 61	●
	LA11	Percentage of Employees Receiving Regular Performance and Career Development Reviews, by Gender and by Employee Category	6.4.7	◐	p. 63	●
Diversity and Equal Opportunity	LA12	Composition of Governance Bodies and Breakdown of Employees Per Employee Category According to Gender, Age Group, Minority Group Membership, and Other Indicators of Diversity	6.2.3 6.3.7 6.3.10 6.4.3	●	p. 63, 72	●
Supplier Assessment for Labor Practices	LA15	Significant Actual and Potential Negative Impacts for labor practices in the Supply Chain and Actions taken	6.3.5 6.4.3 6.6.6 7.3.1	●	p. 64, 66	●
Investment	HR2	Total Hours of Employee Training on Human Rights Policies or Procedures Concerning Aspects of Human Rights That Relevant to Operations, Including the Percentage of Employees Trained	6.3.5	●	p. 63	●
Freedom of Association and Collective Bargaining	HR4	Operations and Suppliers Identified in Which the Right to Exercise Freedom of Association and Collective Bargaining may be Violated or at Significant Risk, and Measures Taken to Support these Rights	6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.5 6.6.6	●	p. 62	●
Child Labor	HR5	Operations and Suppliers Identified as Having Significant Risk for Incidents of Child Labor, and Measures Taken to Contribute to the Effective Abolition of Child Labor	6.3.3 6.3.4 6.3.5 6.3.7 6.3.10 6.6.6 6.8.4	●	No violation	●
Forced of Compulsory Labor	HR6	Operations and Suppliers Identified as Having Significant Risk for Incidents of Forced or Compulsory Labor, and Measures to Contribute to the Elimination of All Forms of Forced or Compulsory Labor	6.3.3 6.3.4 6.3.5 6.3.10 6.6.6	●	No violation	●
Supplier Human Rights Assessment	HR11	Significant Actual and Potential Negative Human Rights Impacts in the Supply Chain and Actions taken	6.3.3 6.3.4 6.3.5 6.6.6	●	p. 62, 64	●
Local Communities	G4-DMA	Management Approach		●	p. 48, 52	●
	SO1	Percentage of Operations with Implemented Local communities Engagement, Impact Assessments, and Development Programs	6.3.9 6.5.1-6.5.2 6.5.3 6.8	◐	p. 52~55	●
	EU19	Stakeholders Participation in Decision Making Processes Related to Energy Planning and Infrastructure Development	6.8 6.8.3	◐	p. 29, 42	●
Anti-corruption	G4-DMA	Management Approach		●	p. 18	●
	SO4	Communication and Training on Anti-corruption Policies and Procedures	6.6.1-6.6.2 6.6.3 6.6.6	●	p. 18~19	●
	SO5	Confirmed Incidents of Corruption and Actions Taken	6.6.1-6.6.2 6.6.3	●	p. 19	●
Public Policy	SO6	Total Value of Political Contributions by Country and Recipient/Beneficiary	6.6.1-6.6.2 6.6.4	●	Law observance	●
Anti-competitive Behavior	G4-DMA	Management Approach		●	p. 18	●
	SO7	Total Number of Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices and Their Outcomes	6.6.1-6.6.2 6.6.5 6.6.7	●	p. 19	●
Supplier Assessment for Impacts on Society	SO10	Significant Actual and Potential Negative Impacts on Society in the Supply Chain and Actions taken	6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1	●	p. 64, 66	●
Disaster/Emergency Planning & Response	EU21	Contingency Planning Measures, Disaster/Emergency Management Plan and Training Programs, and Recovery/Restoration Plans		●	p. 17	●
Customer Health and Safety	PR1	Percentage of Significant Product and Service Categories for Which Health and Safety Impacts are Assessed for Improvement	6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	◐	p. 65	●
Product and Service Labeling	PR5	Result of Surveys Measuring Customer Satisfaction	6.7.1-6.7.2 6.7.6	●	p. 27	●
Customer Privacy	PR8	Total Number of Substantiated Complaints Regarding Breaches of Customer Privacy and Losses of Customer Data	6.7.1-6.7.2 6.7.7	◐	p. 27	●
Access	EU23	Programs, Including Those in Partnership with Government, to Improve or Maintain Access to Electricity and Customer Support Services	6.7.8 6.7.1-6.7.2 6.7.6	●	p. 28	●
	EU26	Percentage of Population Unserved in Licensed Distribution or Service Areas	6.7.8	◐	p. 28	●
	EU30	Average Plant Availability Factor by Energy Source and by Regulatory Regime		●	p. 74	●
Provision of Information	EU24	Practices to Address Language, Cultural, Low literacy and Disability Related Barriers to Accessing and Safely Using Electricity and Customer Support Services	6.3.7 6.7.8	●	p. 52	●

Additional Information on the Report

All Sustainability Reports(issued from 2005), including this one and the Annual Reports, are available for download on the KEPCO website. Additional information about KEPCO's management is available on the websites below. Expressions such as forecast and estimate are used to describe an analysis of the future as of today. Therefore, for specific risks or uncertainties, please refer to Form 20-F.

Category	Website	Address
Business Report	Financial Supervisory Service's DART(data analysis, retrieval and transfer system) / company overview	dart.fss.or.kr
Form 20-F	U.S. Securities and Exchange Commission	www.sec.gov
Annual Report	KEPCO website / Investor Relations / Financial Information	www.kepco.co.kr
Social contribution	KEPCO website / Sustainability	www.kepco.co.kr

https://twitter.com/iamkepco https://www.facebook.com/iamkepco http://blog.kepco.co.kr https://story.kakao.com/ch/kepco
https://instagram.com/iamkepco

Staff Members for Making the Report

Overall Supervision of Production

- **Director of Corporate Planning Department**
  Hyeon Sang-gwon
- **Strategy Planning Team of Corporate Planning Department**
  Kim Yu-sang, Kim Jung-hyun

Research & Review

- **Strategy Planning Team of Corporate Planning Department**
  Kim Tae-geun, Jeong Yeong-jin, Ju Yun-jeong, Kim Do-hyeong, Shin Myeong-seop

Sustainable Management

- **Corporate Planning Department**
  Park Jae-gun
- **Safety Management Department**
  Kim Wang-chun
- **Management Improvement Department**
  Choi Se-yeong
- **Audit Department**
  Song Chang-yeong

Sharing Five Major Issues

1. Respecting Customers

- **Sales Department**
  Gwon In-cheol, Won Hyeon-jeong
- **Distribution Operation Department**
  Kim Hui-seok
- **Transmission and Transformation Operation Department**
  Kim Gyeong-in
- **Electricity Grid Planning Department**
  Lim Yeong-seong
- **Electricity Supply and Demand Department**
  Kim Hyeong-seop

2. Adding Technology

- **Overseas Business Development Department**
  Kim Song-hwan
- **Overseas Business Operation Department**
  Kim Hyeon-do
- **Overseas Nuclear Plant Development Department**
  Lee Seung-hui
- **Technology Planning Department**
  Kim Jae-yong
- **SG & New Business Department**
  Jeon Seong-nam

3. Preserving Environment

- **Quality Management Department**
  Park Jin-hong
- **Transmission and Transformation Construction Department**
  Lim Seong-min
- **Materials Department**
  Kim Yeong-su
- **Technology Planning Department**
  Choi Wi-gyeong, Lee Ji-suk
- **Electricity Supply and Demand Department**
  Jang Seong-eun, Park Ho-ik
- **Asset Management Department**
  Kim Seong-man

4. Joining Humanity

- **Mutual Cooperation Department**
  Lee Gyu-taek, Ahn Hui-beom, Ahn Hyung-wook
- **Electricity Market Department**
  Kim Bo-yeon

5. Caring People

- **Human Resources Management Department**
  Choi Chang-min, Shin Deok-cheon, Park Jeong-hui, Park Se-wun
- **Labor Affairs Department**
  Choi Jeong-gyu
- **Safety Management Department**
  Kim Wu-yong
- **Work Support Department**
  Choi Yeong-hyeon

Design Reddot Branding Ltd.

Reporting Standards

The Sustainability Report for 2015 is based on the G4 Guideline of GRI(Global Reporting Initiative), ISO 26000, and the principles of the UN Global Compact. The reporting standards and definitions of financial data are in accordance with the IFRS(International Financial Reporting Standards).

Reporting Period

This report contains quantitative performance data from January 1 to December 31, 2014, it also includes some activities and achievements of great importance that were performed by the first half of 2015. There were significant changes in the reporting period for the Sustainability Report for 2015.

Reporting Scope

This report targets KEPCO's performance for sustainable management. In regard to eco-friendliness in the supply chain(expenses for environmental investment, pollutants in air quality and water quality), data on six GENCOs whose shares are 100% 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) was reported.

Report Verification

Disclosed information was included after being written by relevant departments and the facts were verified. To secure credibility in the reporting content, the report was verified by Korea Productivity Center, an independent assessment institution. Assessment standards are included in the assessment report.

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CDP DRIVING SUSTAINABLE ECONOMIES

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM