KOSPO
KOREA SOUTHERN POWER CO.,LTD.

Great Change & Challenge for the Better World

Sustainability Report 2010

KOSPO - With our competitive edge, we aim at a Global Energy Company

Contents

Dear Stakeholders and Partners

"First, KOSPO will seek a new-concept green generation system for sustainable development. Second, KOSPO will focus resource on energy saving and technology development to reduce greenhouse gas emissions in response to ecological preservation and climate change. Third, KOSPO will take a leadership role in fulfilling social responsibilities including human respect, fair competition and social contribution."

Dear Stakeholders!

Ten years has already passed since KOSPO was established as a spin-off from KEPCO. For the past 10 years, KOSPO has been able to maintain the No. 1 position in the Korean power generation market, which was possible because of your support and encouragement toward KOSPO. I would like to take this opportunity to express my gratitude to you all. I am also pleased to share with you our sustainability management of 2009 and 2010 through this report.

Under the business motto of "Think Different," we were devoted to management innovation in 2010. As a result, we became Korea's first thermal power generation company to exceed the annual sales of KRW 5 trillion. Moreover, we were ranked top among 711 public organizations in the Anti Corruption & Civil Rights Commission's "Integrity Survey." Indeed, 2010 was a meaningful year as the standing and value of KOSPO was raised to a higher level.

"Contributing to the Society by Respecting Customers and Innovating Technologies" is KOSPO's corporate mission for sustainable development. With this in mind, we will faithfully implement the below mid- to long-term management strategies to strike a balance between economic, environmental, and social performances:

First, KOSPO will seek a new-concept green generation system for sustainable development.

We will significantly expand new renewable power generation facilities, especially for wind power generation at which we are best. This will help us to meet our RPS quota set by the government at an earlier date and generate a new growth engine for the future. By 2022, we will raise the portion of new renewable power generation to 15.7% of our total power generation, based on which we will vigorously push forward with overseas wind power projects. In addition, we will intensify our efforts to enhance reliability of existing facilities and reduce costs in order to remain top in the Korean power generation market. Furthermore, we will apply "ATP-1000", a new concept eco-friendly and low-cost coal-fired power generation model to the construction of Samcheok Green Power and with which we will make inroads into overseas markets starting from 2015.

Second, KOSPO will focus resource on energy saving and technology development to reduce greenhouse gas emissions in response to ecological preservation and climate change.

We will dispose of hazardous substances and various kinds of waste materials in accordance with Korean and foreign laws and regulations. We will keep expanding emission reduction facilities and increase the recycling rate in a bid to minimize waste. In particular, the energy target system will be pursued to reduce CO2 emissions by 30% from the 2000 level by 2020. Besides, we will develop and commercialize new CO2 capture and reuse technology by 2015.

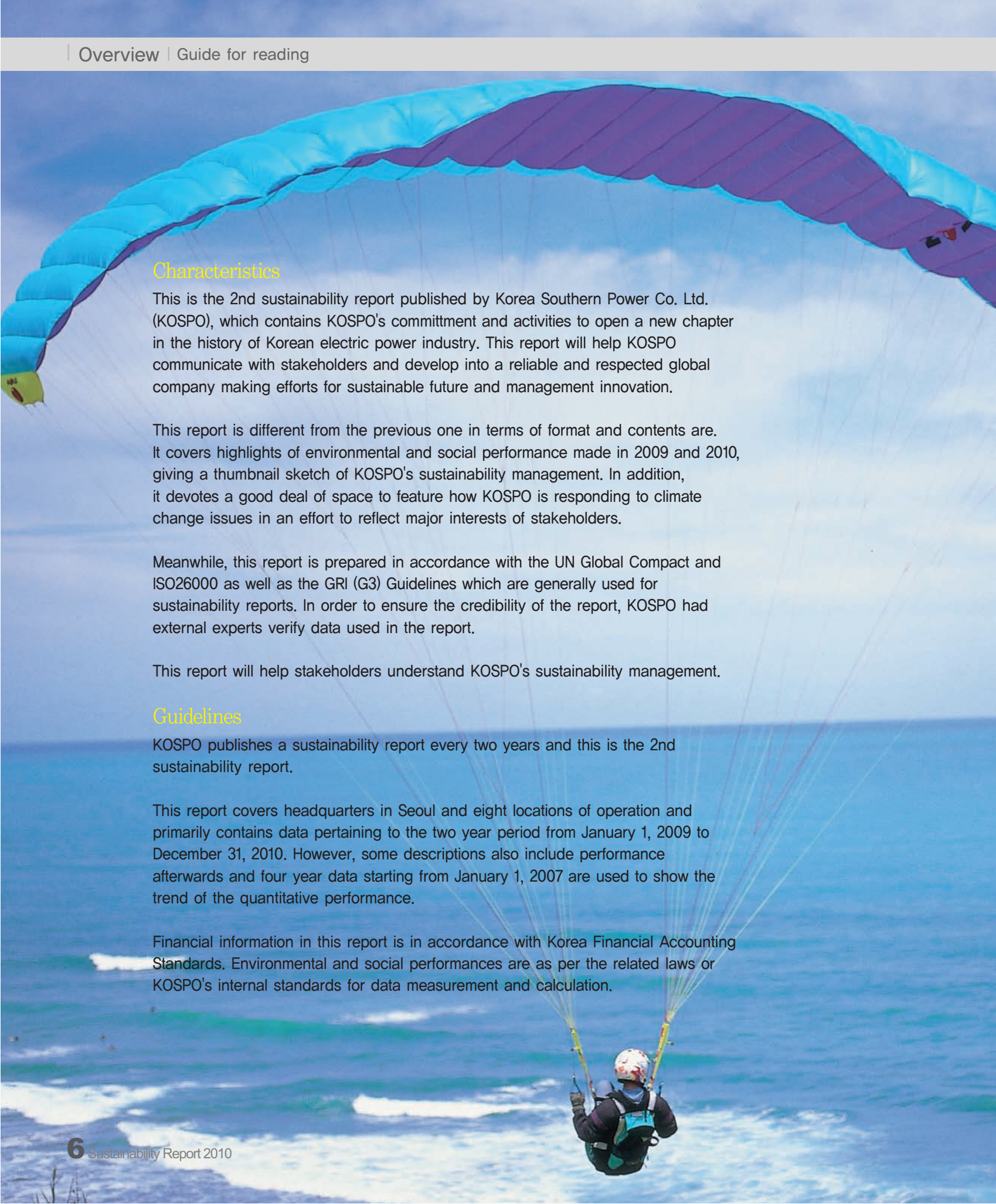
Third, KOSPO will take a leadership role in fulfilling social responsibilities including human respect, fair competition and social contribution.

We will abide by the UN Global Compact and laws and regulations at home and abroad as well as our Code of Ethics. At the same time, we will pursue joint growth opportunities with small- and medium-size enterprises (SMEs) and push ahead with policies for the socially vulnerable. A variety of social contribution activities will be carried out as well in collaboration with local communities in order to realize a "Society where All Members Unite Together".

We promise that employees at KOSPO will make concerted efforts to implement the above sustainability management strategies in a faithful manner, through which to enhance our standing as one of the most respected companies. In addition, we will continue to share with you our sustainability performance through this report.

I would like to ask for your continuous support and encouragement toward KOSPO's sustainable development. If you have any opinions on substantiality management, please let us know through communication channels. We highly value your opinions and make the best efforts to reflect them in our business operations.

April 2011
KOREA SOUTHERN POWER CO.,LTD CEO Ho-Ki Nam Ho Ki Nam



Characteristics

This is the 2nd sustainability report published by Korea Southern Power Co. Ltd. (KOSPO), which contains KOSPO's committment and activities to open a new chapter in the history of Korean electric power industry. This report will help KOSPO communicate with stakeholders and develop into a reliable and respected global company making efforts for sustainable future and management innovation.

This report is different from the previous one in terms of format and contents are. It covers highlights of environmental and social performance made in 2009 and 2010, giving a thumbnail sketch of KOSPO's sustainability management. In addition, it devotes a good deal of space to feature how KOSPO is responding to climate change issues in an effort to reflect major interests of stakeholders.

Meanwhile, this report is prepared in accordance with the UN Global Compact and ISO26000 as well as the GRI (G3) Guidelines which are generally used for sustainability reports. In order to ensure the credibility of the report, KOSPO had external experts verify data used in the report.

This report will help stakeholders understand KOSPO's sustainability management.

Guidelines

KOSPO publishes a sustainability report every two years and this is the 2nd sustainability report.

This report covers headquarters in Seoul and eight locations of operation and primarily contains data pertaining to the two year period from January 1, 2009 to December 31, 2010. However, some descriptions also include performance afterwards and four year data starting from January 1, 2007 are used to show the trend of the quantitative performance.

Financial information in this report is in accordance with Korea Financial Accounting Standards. Environmental and social performances are as per the related laws or KOSPO's internal standards for data measurement and calculation.

Core Subjects in ISO26000

KOSPO strives to become a sound and ethical player in the society. As ISO26000 was published on November 1, 2010, core subjects in ISO26000 together with stakeholder recognition & involvement are reflected in this report. For more detailed information on ISO 26000, please refer to the pages below.

Core Subjects in ISO26000

Core Subjects	Page No.
Stakeholder Recognition & Involvement	Stakeholder Involvement & Materiality Test (10p)
Organizational Governance	Governance (22p)
Human Rights	Human Rights Protection (50p)
Labor Practices	Cooperative Labor Relations (52p)
The Environment	Environmental Performance (34p)
Fair Operating Practices	Ethical Management (54p)
Consumer issues	Customer Satisfaction (11p)
Community Involvement & Development	Community Involvement (60p)

For more detailed information on this report, please contact us at :

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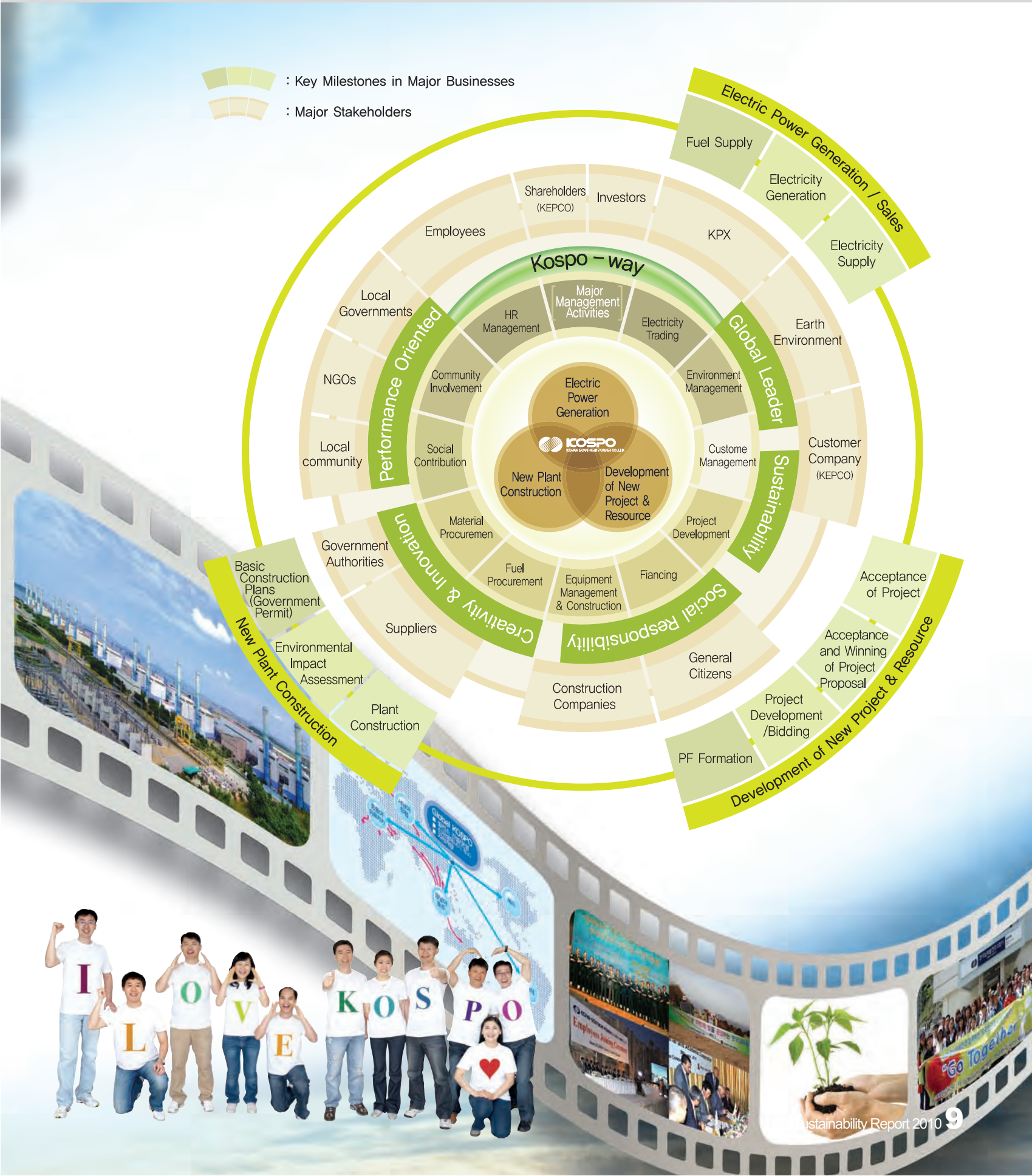
KOSPO is in pursuit of five core values: Global Leader, Sustainability, Social Responsibility, Creativity & Innovationand Performance-oriented. Based on a creative and challenging spirit, we continue to make innovations, growing into a leading energy company in Korea. We also attempt to develop into a global green energy company. To this end, we are diversifying our business portfolios into green growth business, Korean power generation business, overseas business, and other power generation-related businesses in the mid- to long-term.

Sustainability management is a foundation for every business that KOSPO is involved. As a producer of electricity which is a driving force behind industrial development. KOSPO has been committed to managing quality and cost to ensure a stable and efficient power supply. As a result, KOSPO became Korea's first thermal power generation company to exceed the annual sales of KRW 5 trillion in 2010. In addition, we achieved higher net income than in 2009 despite a recent rise in fuel cost. One step further, we are positioning ourselves as an eco-friendly energy company, as we achieve a stable energy supply and expand our business into new renewable energy and low carbon markets.

It is very significant for KOSPO to communicate with stakeholders through diverse channels. We will strive to develop ourselves together with suppliers and local communities, giving heed to the voices of stakeholders.


: Key Milestones in Major Businesses
: Major Stakeholders
Electric Power Generation / Sales
Fuel Supply
Electricity Generation
Electricity Supply
Development of New Project & Resource
Acceptance of Project
Acceptance and Winning of Project Proposal
Project Development /Bidding
PF Formation
New Plant Construction
Basic Construction Plans (Government Permit)
Environmental Impact Assessment
Plant Construction
Shareholders (KEPCO)
Investors
KPX
Employees
Kospo – way
Major Management Activities
HR Management
Electricity Trading
Local Governments
Earth Environment
NGOs
Community Involvement
Environment Management
Local community
Social Contribution
Custome Management
Customer Company (KEPCO)
Electric Power Generation
New Plant Construction
Development of New Project & Resource
KOSPO
Performance Oriented
Global Leader
Sustainability
Social Responsibility
Creativity & Innovation
Material Procuremen
Project Development
Government Authorities
Fuel Procurement
Equipment Management & Construction
Fiancing
Suppliers
General Citizens
Construction Companies
I LOVE KOSPO
Go Together

Stakeholder Involvement & Materiality Test

Stakeholder Recognition & Communication

In the diversified modern society, sustainability management takes on more importance when environmental and social responsibilities are fulfilled as well as when economic value is improved. Therefore, it is significant for businesses to reflect stakeholders' voices in business management through diverse communication channels. Communication with stakeholders will enable businesses to enhance their reliability and value.

KOSPO's stakeholders are those who have direct or indirect impact on business activities. In this context, stakeholders identified are employees, suppliers, NGOs, local governments, the central government, investors, Korea Electric Power Corporation (KEPCO; a shareholder & electric power buyer), Korea Power Exchange (KPX). Diverse opinions from stakeholders are collected through general meetings of shareholders, policy seminars, ombudsman activities and meetings of variety, and reflected in the process of formulating management strategies.

Communication Channels and Key Issues

Stakeholder	Communication Channel	Key Issue
Employee	CEO Meetings, CEO Letters, Management Presentations, Junior Board, Joint Labor-Management Council, Dealing with Employee Grievances, Company Newsletters, Welfare System, Satisfaction Surveys, Social Contribution Activities	Welfare Promotion, Self-realization, Job Security
KEPCO (Shareholder)	General Meetings of Shareholders, Board of Directors (BOD), Top Management Meetings of KEPCO Group companies	Shareholder Value Maximization
Investor	IR Activities, Electronic Disclosure System	Information Disclosure
Government/ Regulatory Body	Policy Consultative Body, Various Government Guidelines (Table of Organization, Budgets, etc.)	Public Interests, Management Innovation, Corruption Prevention, Audit, Tax
KPX	KPX BOD, General Meetings, Various Committees (Cost Evaluation, Regulation Revision, Information Disclosure, Grid Operation Support), Policy Seminars	Smooth Electric Power Trading
Supplier	Regular Meetings, Project Review Meetings, CEO Letters, SME Policies, Satisfaction Surveys, Consultation Body	Management Transparency, Fairness
Community, NGO	Regular Resident Meetings, Ombudsman, Community Support Project Committee, Heads of Local Organizations Meeting, Sponsorship for Social Contribution Activities, Opinion Collection, Hot Line, etc.	Contribution to Local Economy, Environmental Preservation, Social Contribution

Materiality Test

KOSPO conducted a materiality test to analyze and prioritize interests of stakeholders, especially of internal stakeholders regarding sustainability management activities. In particular, a questionnaire survey of stakeholders served as a useful tool to clearly understand our current state and future directions for improvements.

We have selected key issues after taking into consideration stakeholders' interest in sustainability management issues and their impact on business. Based on these issues, KOSPO releases concerned policies and activities here in this report.

Customer Satisfaction

KOSPO is making efforts to communicate with customers that account for a large portion of stakeholders. As part of this effort, we carry out customer satisfaction activities by identifying and reflecting customer demands in the policy and decision making process.

Structure of Electric Power Market/Definition of Customers

It is stipulated in the Electric Business Act that electric power generation & sales operators should trade electric power in electric power markets. KOSPO sells all the electricity produced to KEPCO through KPX. KEPCO is KOSPO's largest shareholder and customer. Defined as customers are stakeholders involved in the power production process including internal employees, suppliers, NGOs, local residents, and KPX that serves as an intermediary.

Customer Demands

KOSPO is all ears to customers to reflect their voice in the policy and decision making process.

Customer	Channel to Identify Demands	Major Demand
KEPCO, KPX	General Meetings of Shareholders, Directors' Meetings, Management Pacts, Power Supply Order, etc.	Stable Power Supply at Low Rates
End Users (Consumers)	Consumer Groups, Consumer Complaints, Media Coverage	High Quality, Low Rates
Governments	Business Reports, Decision on Table of Organization and Budget, Satisfaction Surveys	Stable Supply, Management Efficiency, Low Compliance
Suppliers	Regular Meetings, Satisfaction Surveys	Fair Trading, Ethics Management
Local Residents	Regular Meetings, Ombudsman, Heads of Local Organizations Meeting, Satisfaction Surveys	Environmental Preservation, Contribution to Local Communities
Internal Employees	Labor-Management Meetings, Self-Reporting, Employee Grievance System	Salary Increase, Welfare Improvement, Self-Development Opportunities

Customer Safety

Under the current power trading system, KOSPO is committed to maintaining rated frequency and ensuring a stable power supply in an immediate response to the supply order from KPX. Thanks to our efforts, we have maintained the highest performance in facility operation in Korea without any event affecting customer safety such as blackout or any violation of regulations and rules concerning product service information/labeling.

Customer Satisfaction Survey

We conduct surveys on external customer satisfaction such as a survey of suppliers on customer service & integrity and contract work and a survey of local residents. We also carry out Employee Satisfaction Survey on welfare, salary and other working conditions once a year.

Marketing & Privacy Protection

KOSPO is raising the level of social acceptance by providing accurate information on energy development and generation history in an attempt to establish a corporate image as a social-friendly company. In addition, KOSPO complies with laws and regulations on advertising strictly and refrains from exaggerated promotion.

Sustainability Management

2009 | 2010 Highlights

• July 2009–Completion Ceremony for Hadong Thermal Power Plants Units 1–8

KOSPO held a completion ceremony for Hadong Power Plant Units 1 – 8 at the site in Keumsung-myeon, Hadong-gun, Kyungsangnam-do on July 2, 2009, with the participation of over 300 people. The Hadong Thermal Power Plants plants are expected to be recognized as an exemplary model for new coal-fired power plants that significantly contribute to a stable power supply in Korea and lead the era of Low Carbon Green Growth.

• November 2009 – Signing Ceremony for Social Contribution Project 'CO2 Pepero'

A signing ceremony was held on November 11, 2009 for the 'CO2 Pepero' project. This project encourages KOSPO employees to participate in energy saving campaigns and donate saved money in order to improve electric installations and housing conditions for those in need. Through this project, KOSPO can reduce energy consumption and CO2 emissions as well as practice sharing management.

• November, 2009–Declaration Ceremony for a Realization of Korea's First Carbon Free Power Plants

A ceremony was held to declare 'Realization of Carbon Free Power Plants', at the site of the Namjeju Thermal Power Plant on November 23, 2009. Carbon free power plants, which would be the first of its kind in Korea, are to be built in pursuit of 3G (Green Wind Farm, Green Technology, Green Lighting) to achieve the goal of 'Zero CO2 emissions' by 2020. This ceremony helped KOSPO enhance its standing as a leading company in the green development of Korea.

• November, 2009–KOSPO's Family-Friendly Management, 'Healthy Workplace, Happy Home', Accredited by the Government

KOSPO has made efforts to have family-friendly management fully in place under the motto, "Healthy Workplace, Happy Home". In particular, we have the health management system, along with health & welfare policies to improve the health of employees and their families. The Ministry of Health & Welfare highly valued such efforts and policies, giving KOSPO a 'AA rating', highest rating available.

March 2010–Signboard Hanging Ceremony for KOSPO/Jordan L.L.C., First Overseas Branch

On September 8, 2009, 'Korea Southern Power Co., Ltd./Jordan L.L.C.' was established in Amman, Jordan. On March 4, 2010, a signboard hanging ceremony for the first overseas branch was held in Jordan. Once the power plant is completed in August, 2011, KOSPO will be in charge of operation and maintenance of power generation facilities for 25 years. With the signboard ceremony, KOSPO began to embark on the O&M project in Jordan.

April 2010–Opening 'Samcheok Green Power Technical Course'

On April 7, 2010, KOSPO opened Samcheok Green Power Technical in Samcheok Electronic Tech High School. Young job seekers will be nurtured into skillful human resources at the school and be offered jobs related to the Samcheok Green Power Plant Project. The school was set up in a joint effort with Samcheok city and local universities as part of our projects for local community development.

June 2010–Global Community Service 'Sharing Love' in Indonesia in Collaboration with Namseoul University

KOSPO launched an industry–academia community service group with Namseoul University which was Korea's first industry–academia overseas community service. KOSPO combined 'KOSPO Safety & Welfare Service, its unique community service program with voluntary medical service by Namseoul University so as to maximize the synergy effects of community service. The global community service also served as an opportunity to create a friendly image of Korea and KOSPO in the local community.

August 2010–Embarking on the Development of New Technology to Manufacture Formic Acid by Using CO_2 Emissions from Power Plants

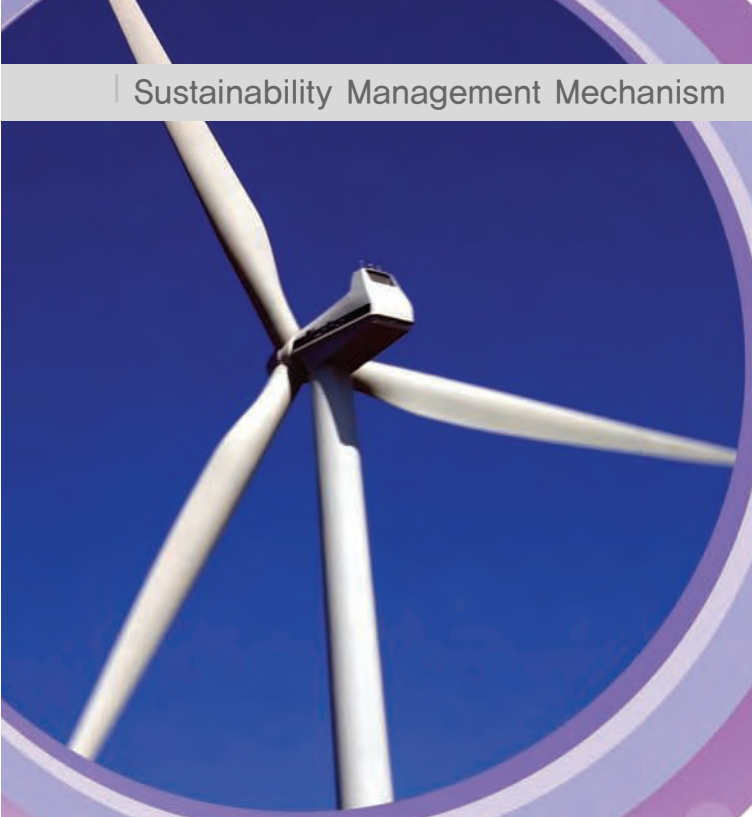
On August 10, 2010, KOSPO signed an agreement with Mantra, the Canadian company, and KC Cottrell, the Korean environmental company to embark on developing ERC technology to make formic acid by using CO_2 emissions from power plants. Currently, the world's first largest-scale dry-type CO_2 capture plant with a 0.5 MW capacity is in pilot operation at the Hadong Thermal Power Site. Staring from August, this year, a 10 MW capacity plant will be built to complete the development of the technology.

December 2010–Ranked Top in the 2010 Integrity Survey by ACRC

On December 9, 2010, the Anti-Corruption & Civil Rights Commission (ACRC) announced the results of the "2010 Integrity Survey of Public Organizations" that they conducted for a total of 711 public organizations. With 9.56 points in integrity index, KOSPO ranked first among the 231 organizations that belong to the category of public service-related organizations. Such an outstanding result indicates that KOSPO made efforts to overcome the previous year's poor results from KEPCO's Integrity Survey of 10 group companies.

December 2010–Korea's First Thermal Power Company that Achieved KRW 5 trillion in Annual Sales

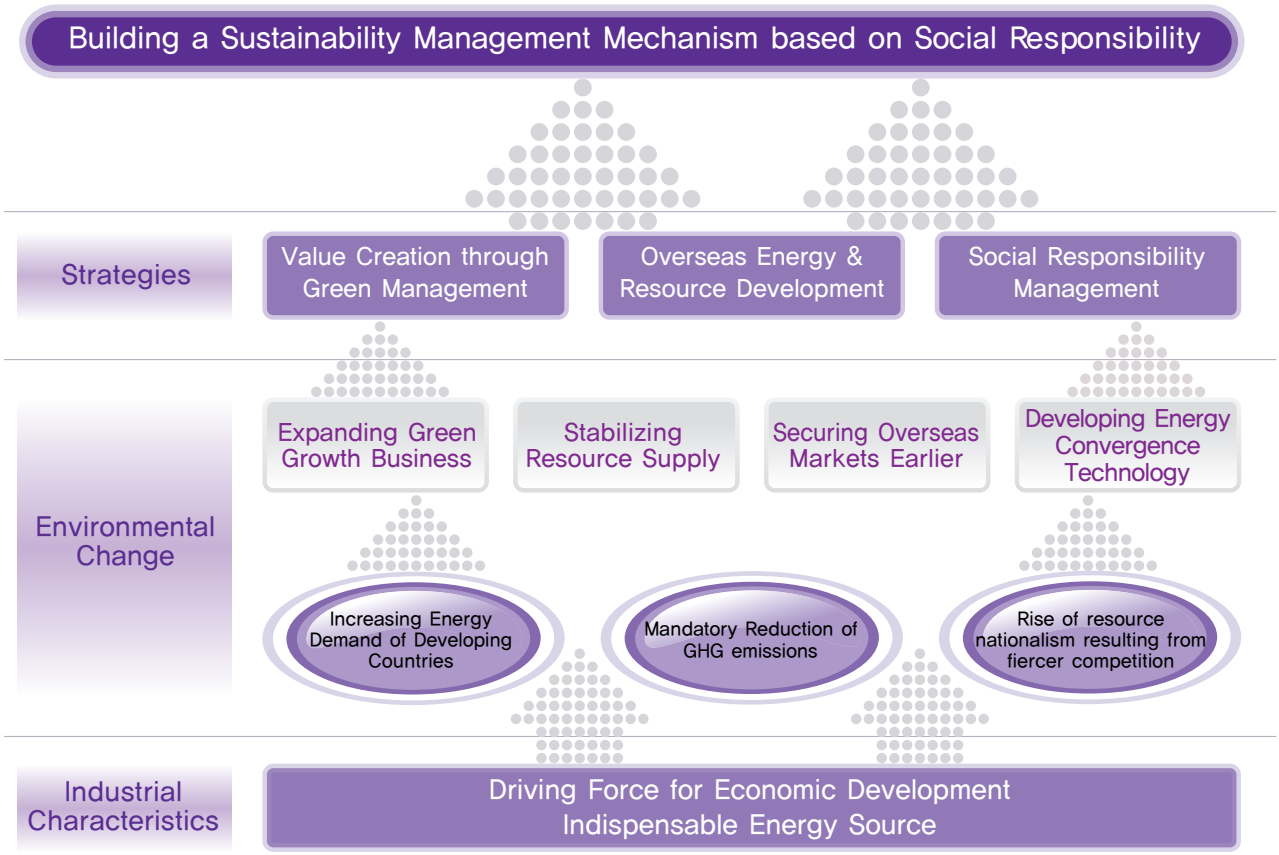
In just ten years after its establishment, KOSPO achieved KRW 5 trillion in annual sales for the first time among the five domestic thermal power companies, which enabled KOSPO to solidify the No. 1 position in the Korean power generation market. This performance was possible because of concerted efforts made by employees for stable operation of power generation facilities, earlier completion of plant constructions, competitive fuel procurement and cost reduction.



KOSPO will grow into a leading company in the global power generation industry by realizing KOSPO-way : 5 Core Values which are Global Leader, Sustainability, Social Responsibility, Creativity & Innovation, and Performance Oriented.

Sustainability Management Mechanism

Backgrounds



〈Overview of Sustainability Management Mechanism〉

Status of Korean Electric Power Industry

Electricity is a driving force behind economic development and a source of energy indispensable to our daily lives. Electricity is neither stored nor reused. In particular it is not replaceable with other sources of energy. The power generation industry is closely related to economic growth. It is generally noted that electricity sales grows faster than the economy, while declining slower in economic recessions. The instant peak demand for electricity occurs in summer season due to cooling demand, however, recently electricity consumption in winter season is on a sharp increase with the increasing demand for heating.

On April 2, 2001, six power generation companies (GENCOs) including KOSPO were separated from KEPCO, the Korea's sole electricity provider. KOSPO is now competing not only with the other five GENCOs, but also private power generation companies to sell electricity in the market. We are making every effort to manage cost and quality to supply electric power in an efficient and stable manner.

KOSPO's Business and Sustainability Management Issues

With the development of economy, the demand for high quality energy including electricity and gas is continuously growing so that it is required to construct power generation facilities at the right time to ensure a stable power supply. As Korea will be obliged to reduce green house gas (GHG) emissions under the Convention on Climate Change, the Korean government is introducing Renewable Portfolio Standard (RPS), energy savings, Emissions Trading System (ETS), and carbon tax, which will intensify competition in the low-carbon, green power generation business.

As it is inevitable to build a GHG reduction mechanism, reduce energy consumption and lower dependency on fossil fuel around the world, it is necessary to develop new renewable energy and expand low-carbon, green power generation. Moreover the convergence between ICT and energy technologies will bring a significant change to the structure of the electric power industry.

With the rapid development of emerging markets such as China and India, international commodity prices are going up and resource nationalism is raising its head. This exacerbates national competition for natural resources, which in turn, raise the price of oil and coal. With the growing demand for high quality energy, the demand for electricity will have to stay strong.
KOSPO produces electricity by firing bituminous coal, LNG, heavy oil, and heating oil, and among which, bituminous coal is imported 100% while other fuels are purchased from Korean companies.

Competitive Advantage through Green Management

In this 21st century, companies cannot grow sustainably without taking into account the environment. As the power generation business is directly related to energy resource issues as well as environmental issues, KOSPO is fully committed to new value creation through green management. In line with national efforts to pursue a low carbon economy as new growth engine, we are striving to commercialize new renewable energy and low carbon technologies with a belief that the success of commercialization is crucial not only to the sustainable growth of KOSPO but also the sustainable development of society.

As part of environmental management, we have put great effort to reduce and manage effectively environmental load of our divers businesses so as to be positioned as an environmentally friendly company.

Joint Growth based on Social Responsibility

It is important for KOSPO to play a key role in the development of national economy, by executing growth strategies through green management and equally important is to create a sustainable society through cooperation and joint growth with all stakeholders involved. As such, we have conducted people-valued management in which the personal life of employees is respected, while implemented communication-valued management to meet the expectations of shareholders, investors, and customers externally. In addition, we have improved our VOC (Voice of Customers) system and established a strong anti-corruption system to pursue joint-development with suppliers. One step further from the primary role of stable power supply, we have engaged in a variety of social contribution activities such as community services for local residents and the socially underprivileged, and participations of environmental protection campaign, cultural events, natural disaster relief and recovery efforts with an intention to realize a "Bight and Warm Welfare Society."

Corporate Mission & Sustainability Management Strategy

KOSPO promotes sustainable development in pursuit of the corporate mission of "Contributing to the Society by Respecting Customers and Innovating Technologies." This mission is based on the management philosophy of "Reinforce Specialized Competencies," "Conduct Cost-Valued Management," "Pursue Green Growth," and "Build Trust between Labor and Management."

Directions for Sustainability Management

KOSPO has laid out the directions for substantiality management which serve as the principles for employees to follow in order to realize the corporate vision of becoming a Global Top 10 Power Company.

- KOSPO will be a respectable company.

Our existence value lies on customer respect. We respect the personal life of employees internally, while making efforts to meet the expectations of shareholders, investors and customers externally.

- KOSPO will be a sound company.

The sustainable growth and stable future of businesses depend on their technological power. With this in mind, we spare no efforts to achieve management and technological innovations. We will remain committed to taking the lead in technological development.

- KOSPO will be a proactive company.

We should raise our competitiveness which makes ourselves stand out from competitors in order to turn a vision for tomorrow into a reality of today. At this moment, all employees of KOSPO endeavor to make changes ahead of others. We should not allow complacency to dull our appetite for innovation. First of all, we will secure competitive power generation capacity, sales and technological power so as to enjoy a front runner's advantage edge in the global electric power market. Then we will develop into a global power generation company armed with world-class profitability, efficiency, accountability, environmental friendliness and globally competitive corporate culture so as to take the lead in creating market standards.

- KOSPO will be a value-oriented company.

We will become a reliable company that realizes customer value, technological value and social value. We will always take care of local communities, our nation, the international community and the global environment. We aspire to be a responsible company that acts on corporate ethics.

Vision & Strategy for Sustainability Management

KOSPO declared a new vision of becoming a "Global Top 10 Power Company" in 2011. As we reached the limit of strategic mechanism for the existing vision, a "Clean Company Leading the Global Energy Market," we came up with new strategic goals which are quantitative and target-oriented, not value-oriented as we did in the past. In order to achieve strategic goals, we will keep expanding management infrastructure, thereby living up to the expectations of all stakeholders.

〈Mechanism for Sustainability Management Strategy〉

Corporate Mission

Contribute to the Society by Respecting Customers and Innovating Technologies.

2020 VISION

Global Top 10 Power Company

Corporate Philosophy

Grow into a Global Energy Company

- Reinforce Specialized Competencies
- Conduct Cost-Valued Management
- Pursue Green Growth
- Build Trust between Labor and Management

Strategic Goals

Financial Targets		Business Structure		Technology
Revenues KRW	14 trillion	Domestic Power Generation Business	50%	World's best Operation Technology
Operating Income KRW	1 trillion	Green Growth Business	22%	World's Best Power Plant Construction Technology
ROIC	6.5~8%	Overseas Business	22%	World's Best Green Power Generation Technology
Asset	KRW 9 trillion	Power Generation-Related Business	6%	World's Best Low Carbon Technology

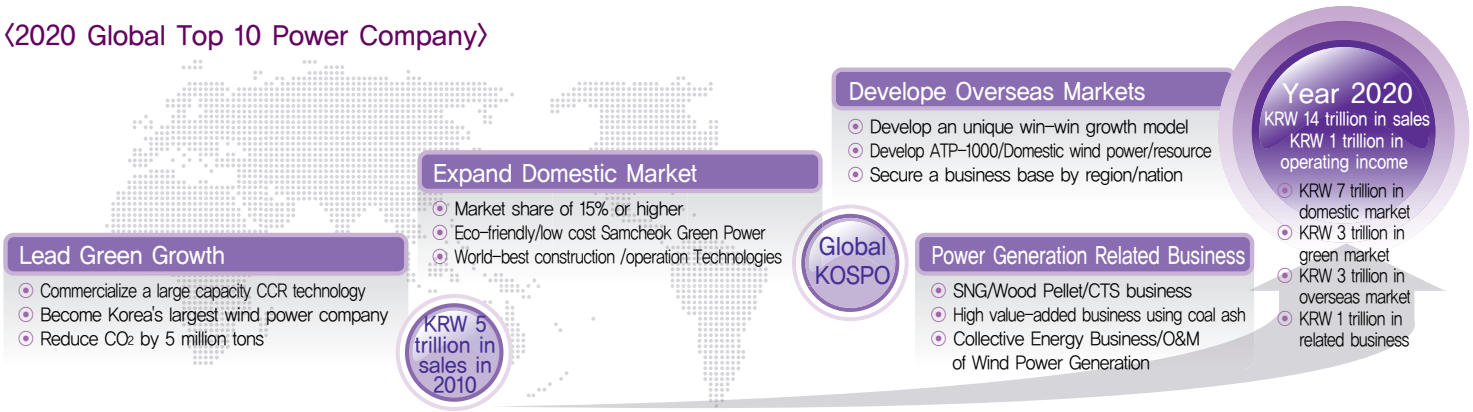
Strategic Directions

- World oriented
- Green Growth
- Technological Innovation
- Social Responsibility

Action Plans

Management System Expansion	Organization/Human Resources	Redesign Business-centered Organization / Cultivate Talents who can develop and execute business
	System	Expand Advanced Management System (ERP / ERM / BSC / R&D)
Organizational Culture Innovation	KOSPO way	Internalize KOSPO Way Core Values / Convert into a Creative & Innovative Organizational Culture
	Stable Labor-Management Relations	Execute Labor-Management Advancement Strategies / Secure Organizational Stability and Cohesion through a balance between principles and dialogues
	Ethical Culture	Practice Anti-Corruption Integrity Culture / Disclose Information to Satisfy Customer's Right to Know
	Safety & Health Activities	Establish Safety-First Principle / Improve Employees' Health & Vitality
Fulfill Social Responsibilities	Joint Growth	Pursue Joint Growth with SMEs / Build a Win-Win System with Local Communities
	Fair Society	Pursue Policies for the Socially Vulnerable / Contribute to Realizing a Welfare Society

〈2020 Global Top 10 Power Company〉



A. Core Values

The KOSPO-way is an augmentation of core values to reinforce our commitment to growing into a global leader: Global leader, Sustainability, Social Responsibility, Creativity & Innovation, and Performance Oriented. The KOSPO-way serves as a foundation for achieving the corporate vision and strategic goals, and innovating corporate culture. It also serves as the set of principles upon which all employees base their thinking and behaviour.

〈KOSPO-way To Global KOSPO〉

Global Leade : Lay human, physical and technological foundations for developing into a global energy company, and motivate employees and organizations to innovate value mechanism and advance into overseas markets aggressively.

Sustainability : Transform into a business structure that enables sustainable growth and internalize the spirit of challenge without being complacent with what has been achieved in the Korean markets.

Social Responsibility : Play a leading role to upgrade the economic & ethical level of the entire society and raise the awareness of members of society, without being satisfied with the primary role of contributing to the national economy thorough profit & job creation.

Creativity & Innovation : Lead the development of world-class power generation/green growth technologies through creative ideas and technological innovations made based on participation of employees as a foundation for corporate value improvement.

Performance Oriented : Establish a dynamic corporate culture based on performance and competency, and give a strong motivation for joint development of company and individuals.

B. Management Innovation

The business environment surrounding KOSPO is summarized as a state of economic emergency resulting from a prolonged global economic crisis, environmental regulations defined under the Convention on Climate Change, declining profit due to stagnant electricity demand, and advanced management of public enterprise. This challenging environment has prompted KOSPO to innovate itself to take a leadership role in the areas of cost reduction, technology development and future growth engines and advanced management of public enterprises. Against this backdrop, KOSPO is seeking a Vision-Oriented Innovation, a Site-Oriented Innovation and a Creative Corporate Culture with "JUMP 2015", "MIT (Management Innovation Tower)," and "Creative Management" as action plans under the goal of being a model for global power generation companies.

〈CEO's Innovation Philosophy〉

〈Innovation Mechanism〉

KPIs for Sustainability Management

Area	Performance Indicator	2007	2008	2009	2010
Economics	Power Generation (GWh)	52,337	49,733	53,950	59,626
	Total Sales (Unit: KRW 100 mil.)	37,281	46,454	46,125	51,534
	Bituminous coal Self-Sufficiency (%)	–	6.4	5.2	28
	Unplanned Shutdown (No. of cases/Unit)	0.19	0.12	0.18	0.11
	On-site Power Consumption Rate (%)	3.42	3.45	3.67	3.53
	Thermal Efficiency (%)	43.63	43.53	42.29	42.74
	Labor Productivity (KRW 100 mil./Person)	22.6	28.2	26.8	29.3
	Total Asset Turnover Ratio (%)	0.90	0.98	0.98	1.03
	Debt-to-Equity Ratio (%)	61.6	100.4	86.5	90.6
	Int'l Credit Rating (Moody's)	A1	A1	A2	A1
Environment	CO_2 Emissions (g/kWh)	0.611	0.627	0.694	0.651
	CCS Installed Capacity (MW)	–	–	–	0.5
	Water Usage (g/kWh)	98.2	113.0	113.1	112.2
	Coal Ash Reuse (%)	56.8	50.1	51.0	91.0
	Renewable Energy Generation (%)	0.04	0.10	0.14	0.14
Society	Integrity Index (Points)	8.76	9.80	7.17	10.0((Full marks)
	Safety Culture Index (Points)	4.6	4.6	4.6	4.6
	Employment of Disabled Persons (%)	2.0	2.3	2.3	2.4
	Electronic Bidding (%)	90.0	93.0	98.0	99.9
	Community Service Hour (h/Person)	9.8	14.6	17.0	16.0

Economic Performance : In 2010, KOSPO ranked 2nd among Korean thermal power generation companies in terms of electricity sales and capacity factor, however, ranked 1st in terms of total sales, thermal efficiency and on-site power consumption. In particular, KOSPO became Korea's first thermal power generation company to exceed the annual sales of KRW 5 trillion.

CEnvironmental Performance : In 2010, the water intensity went down by 0.8% due to the increasing reuse of waste water and the reuse of coal ash went up by 70%p compared to the previous year.

Social Performance : KOSPO ranked 1st in the 2010 Integrity Survey by ACRC. In addition, we achieved full marks (10.0) in KEPCO's Integrity Survey of 9 group companies.

Governance

Decision-Making Mechanism

KOSPO forms and operates the Board of Directors (BOD) in accordance with commercial law. The BOD consists of the CEO, 1 Auditor, 2 standing directors and 4 outside, non-standing directors. The auditor may attend the BOD and state his/her opinions. There is the BOD Secretariat in place to deal with BOD-related affairs. The auditor and directors are appointed at the general meeting of shareholders. The CEO is appointed at the general meeting of shareholders among the nominees referred by the CEO Nomination Committee which consists of non-standing directors and non-government members appointed by the BOD.

〈Members of the BOD〉

Classification	Name	Job Title
Standing Director	Ho-Ki Nam	CEO
	Yong-Tae Lee	Head of Planning & Management Division
	Sang-Ho Lee	Head of Technology Division
Non-Standing Director	Ou-Sang Kwon	Director of the Kouk Sun-Do Federation (present)
	Jin-Yong Jung	Member of the Regulatory Reform Committee (present)
	Kyung-Rok Im	Member of the Press Arbitration Commission (present)
	Woo-Kyum Kim	Vice President of KEPCO (present)
Auditor	Hyung-Wook Yoo	Chairman of the 6th Gyeonggi Provincial Council (previously)

Operation & Major Activities of the BOD

At KOSPO, the BOD is the highest decision-making body which deliberates and decides on significant policy agenda ranging from business plans & targets, budget & settlement, to CEO management pact. In order to deliberate and decide on agenda in the BOD substantially, concerned teams brief the board on agenda at least 7 days prior to the BOD meeting. In addition, non-standing directors are authorized to access the internal documentation system (Intranet) that provides business information in real time.

KOSPO has set up a Innovation Ethics Committee(Sustainability Management Committee) which includes members of the BOD tasked with formulating, executing and evaluating sustainability management strategies. This committee is part of KOSPO'S decision-marking mechanism at a corporate level. Since 2009, the committee has decided on overseas business strategy, new project plan, action plans against the results of KEPCO Group integrity survey, mid-to long-term road map for environmental/climate change response, reasonable remuneration system, etc. As ISO26000 came into effect in the late 2010, A work

is under way to look into how to apply issues related ISO26000 core subjects to the entire business process and how to identify areas for improvement. Based on the results, the committee will finally decide on major CSR improvement projects to be executed from 2011 gradually.

Reinforced Roles of Non-Standing Directors

KOSPO provides institutional support to non-standing directors in order to lead their activities to business performance. We reinforced the planning role of the BOD by operating a BOD assessment system. We also strengthened management activities of non-standing directors significantly in order to make the most of their experties. As a result, in 2010, KOSPO reduced KRW 20 billion in budget compared to 2009, while making 30 intuitional and business improvements.

Fair Performance Evaluation & Remuneration

The CEO and standing directors are paid in relation to the outcome of their performance evaluation, which is aimed at encouraging responsible management. The CEO signs a management pact with KEPCO, which includes management objectives, roles and responsibilities, performance bonus in a bid to improve management performance. A management pact is also signed internally between the CEO and standing directors, and based on performance, standing directors are evaluated and remunerated. For outside directors, allowances are paid in accordance with the regulations of the BOD.

Risk Management

KOSPO has put in place contingency plans against possible crisis that may have negative impact on sustainability management. When detecting any sign of risks, we can take preventive measures. In case of unexpected situations, we also take effective countermeasures to minimize damage.

Risk Management System

At KOSPO, the CEO is the final decision maker for risk management. Major risk-related policies are deliberated and decided in the BOD. The Risk Management Committee consisting of top management and heads of departments (offices), reports the outcome of their activities to the BOD and matters of importance are decided on in the BOD.

Financial Risks

The Guidelines for Managing Foreign Exchange Risk have been prepared to minimize losses from exchange rate fluctuations in case of foreign exchange transactions concerning procurement of fuels and materials, overseas businesses, and foreign currency borrowings. Under the guidelines, KOSPO has formed the Foreign Exchange Management Committee in which currency forecasts are made and measures against foreign exchange risks are devised.

Fuel Risks

Our annual spending on fuels amounted to KRW 4.838 trillion in 2010, accounting for 83.4% of total budget. This indicates that fuels have tremendous impact on business operation. We rely on overseas markets 100% for fuels, which makes us vulnerable to changes in overseas procurement environment. Against this backdrop, we are seeking strategies to minimize risks, especially for coal that we directly procure from overseas. The strategies include creating a portfolio of import sources, diversifying exporting countries/suppliers, raising the ratio of long-term contracts to 70% or higher, increasing the self-sufficiency ratio up to 70% by exploring overseas mines by 2020, all of which is to supply coal in a stable and economic manner. When it comes to large-scale overseas resource exploration projects, we are in a strategic alliance with other KEPCO group companies in order to reduce risks.

Facility Operation Risks

KOSPO has a comprehensive power generation facility management systems in operation to prevent unplanned shutdowns that undermine a stable supply of electric power and incur operating losses. The management system enables KOSPO to prevent failures proactively and raise equipment reliability. Moreover, we operate the IT-based high-tech predictive diagnosis system which is aimed at vulnerable or failure-prone equipment.

Disaster Preparedness & Management System

Emergency operating procedures have been prepared for each scenario in order to minimize damage resulting from disasters and accidents of variety. We carry out scenario-based drills to ensure speedy and systematic response in case of emergency.

In an attempt to prevent large-scale disasters, power generation equipment and facilities are put under special management, and safety inspections and precise diagnosis are conducted on a regular basis in accordance with laws and regulations. In addition, an advanced safety management system is established to prevent safety accidents which cause casualties. Under the system, safety managers manage and supervise the entire work process ranging from preparation to competition such as conducting pre-job risk assessment, reviewing operating procedures, issuing safety cautions and approving component manipulation. Especially for high temperature and/or, high voltage electricity accidents which possibly cause bodily or equipment damage, we are operating a Key Lock system to manage safety in real-time.

No. of Accident-Free Days	Hadong	Shinincheon	Busan	Youngnam	Namjeju	Hallim	Yeongwol
	259	3,556	2,720	4,880	10,567	7,529	-

※ Each location of operation has their own manuals in place to respond to various types of disasters including typhoon, torrential rain, earthquake, fire, and contaminant leakage.

※ All locations of operation acquired the KOSHA 18000 certificate (Safety & Health Management System).

We will create energy value based new concept through the 'Think Different' innovation in order to make a better world.

Economic Performance

Management Performance

In order to achieve the 2020 vision of 'a Global Top 10 Power Company,' KOSPO endeavor to maintain the No. 1 position in the Korean power generation market, expand its presence in overseas markets, lead low-carbon green growth and diversify business areas.

KOSPO competes with other 5 GENCOs and private power generation companies to sell electricity in the power market and is fully committed to cost & quality management in order to supply electric power in an efficient and stable manner. In addition, we have an ERP system in operation to enhance management transparency and promote efficiency. In particular, we are adopting the International Financial Reporting Standards (IFRS) to secure transparency in accounting. As of 2010 (Jan.1 to Dec.31), Our market share was 12.7% in installed capacity, 13.1% in electricity sold, 16.0% in sales amount.

2010 Key Performance in Four Business Areas

Strengthen Competitiveness of Korean Business

- Proceed the Samcheok Construction smoothly(ATP-1000)
  - Develop an new eco-friendly construction method for a win-win situation with local residents
  - Secure the foundation for exporting a low-calorie coal fired plant

Advance into Overseas Markets

- Win a US$ 250 million O&M contract from Jordan and establish a local subsidiary
  - Build a business model for shared-growth with host country (Nurture/hire local workforce, contribute to local development)

Realize a Low-Carbon Green Growth

- Solidify the standing as a wind power leader
  - Large capacity wind power
  - 100 units including offshore units around Jeju/Busan
- Validation test of World's largest dry-type CCR commercial facility
  - Install a 0.5 MW facility at Hadong for validation
  - Join forces with Canada-based Mentra for joint-development of CCR technology

Diversify Power Generation-related Businesses

- Diversify power generation-related businesses
  - Self-sufficiency ratio (28%) of bituminous coal, Direct import of LNG
- Embark on a coal ash reuse project (Mining hazard prevention/lightweight aggregate)
  - Review high value-adding technology for coal ash

Construct an Eco-Friendly Coal-Fired Power Plant based on New Model ATP-1000

Model: ATP-1000

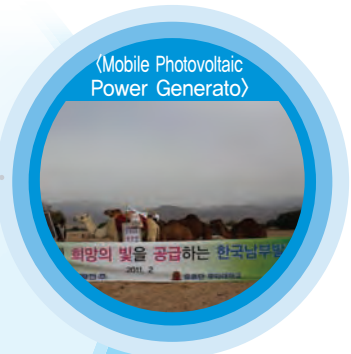
- A 30% reduction in construction & operating cost
  - A pier with two-sided berthing, facilities arranged in tiers, multi-unit building using a stack
  - A coal-drying equipment, a fluidized-bed combustion boiler, an integrated management of clean and waste water
- Low calorie coal (4,000 kcal) fired power plant (with the combination of 2 boilers and one trubin)
- Eco-friendly plant with no ash pond, no water discharge, and no outdoor coal storage yard

Construction of Samcheok Green Power Plant

- **Period:** Sep. 2009 to Dec. 2015
- **Capacity:** 2,000 MW (1,000MW×2 units)
- **Cost:** KRW 3.2 trillion

New Concept Design through Paradigm Shift

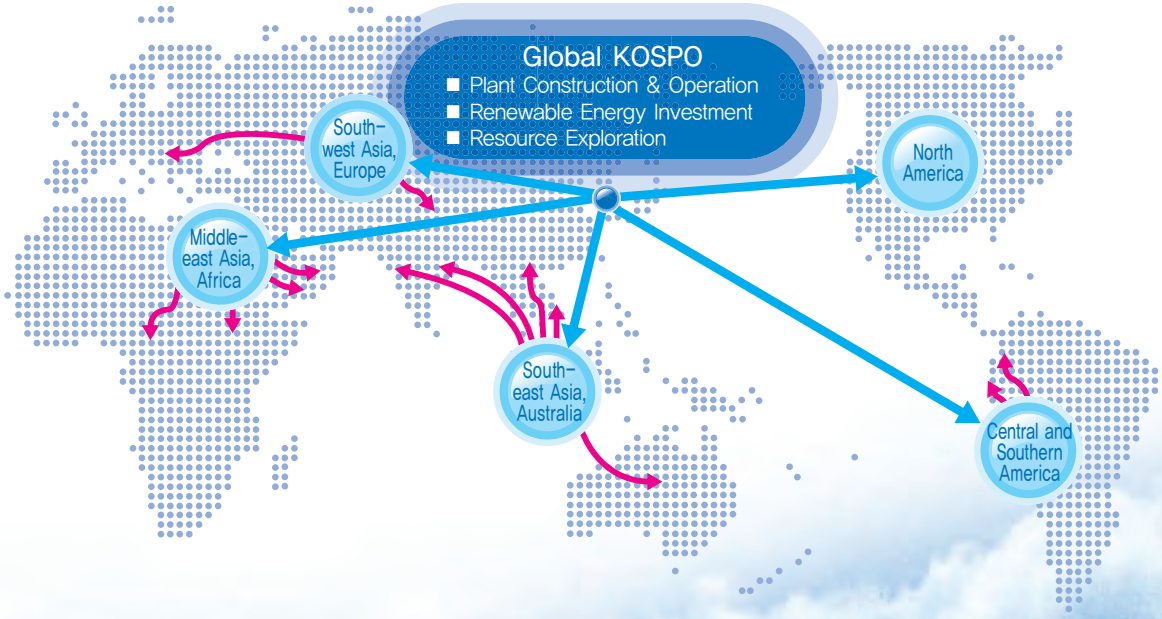
Secure Overseas Business Bases Joint Growth Strategy



⊙ Conducted a community support project
- Installed and donated a mobile photovoltaic power generation facility for the Bedu, tribal nomads

⊙ KOSPO signed the industry-academia agreement with a local university to cultivate local talents in Jun. 2010

⊙ Hired 43 local force and held a joining ceremony attended by their families



Solidify Our Standing as a Wind Power Leader

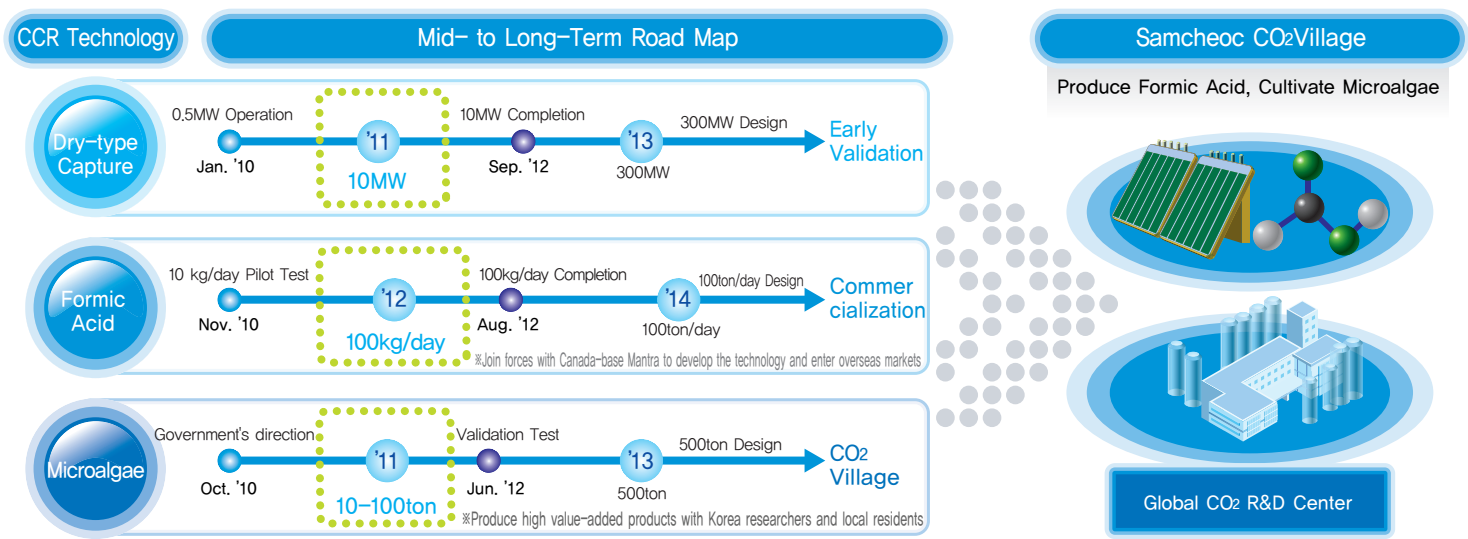
● Vitalize the wind power generation industry through a project of building 100 Korean-made wind power units

– KOSPO plan to complete the 100 domestic wind power unit project by 2012 in an alliance with a domestic wind power generator manufacturer in order to meet our RPS quota and advance into the domestic and foreign wind power generation markets.

● 1,000 MW Offshore Wind Power Project to Meet the RPS quota

– In a bid to meet the RPS quota, KOSPO will create an offshore high-capacity wind power complex with a target of completion by 2018, based on which we will advance into overseas wind power markets.

World's Largest Dry-Type Carbon Capture & Reuse (CCR) Technology



Increase a Self-Sufficiency Ratio for Bituminous Coal by Exploring Overseas Resource Aggressively

Power Plant Operation Performance

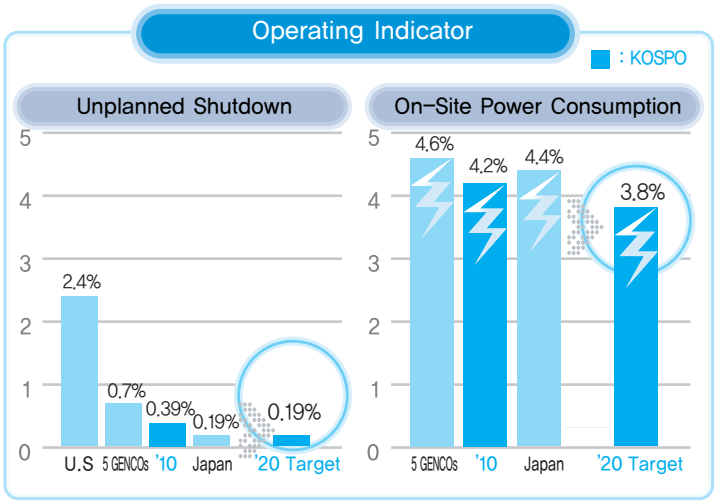
Increased equipment Reliability

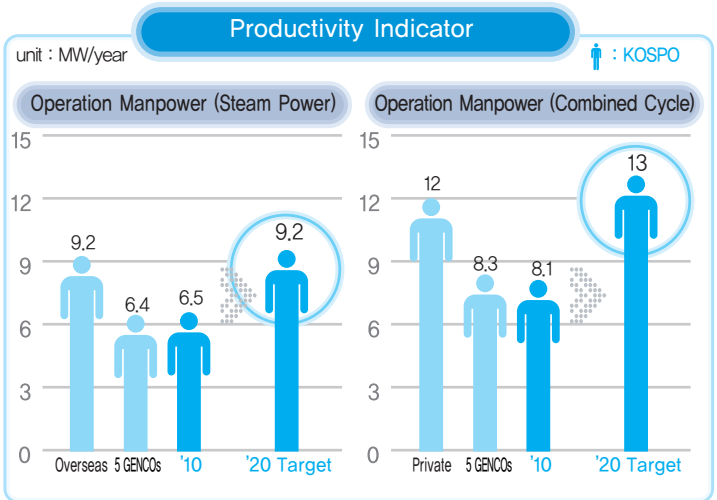
– In 2010, KOSPO recorded the lowest unplanned shutdown rate among the Korea thermal power companies. This was thanks to the establishment of the power generation equipment management system, which made it possible to prevent equipment failure, enhance vulnerable equipment at the right time and execute measures for reducing human errors made by operators.

Reduced On-Site Power Consumption

– KOSPO reduced on-site power consumption by 3.8% in 2010 compared to the previous year by installing energy-saving high-efficiency equipment and illumination, using a real-time power usage meter/monitoring system, and optimizing operation methods.

〈Secure World's Best Power Generation Operation Technology〉





Field-based MIT Innovation

MIT (Management Innovation Tower) is a control tower for management innovation for KOSPO to become an exemplary model for the world's power generation companies. It is a special task force to achieve the goal of 30% cost reduction and zero equipment failure and the development of new renewable energy in response to the RPS (Renewable Portfolio Standard). The assignment of selected projects of significance allows MIT to be dedicated, and members of MIT are rotated or replaced on a project by project basis in order to promote a consensus and develop ideas on innovation. In 2010, MIT conducted 163 projects in total, generating a profit of KRW 15.89 billion and reducing a cost of KRW 52.26 billion.

〈Status of MIT Projects〉

Period	No. of Projects	Completed	in Progress	Financial Performance (KRW 100 mil.)	
				Profit Generation	Cost Reduction
Period I (Jan.-Dec. '09)	92	89	3	13.0	240.6
Period II (Oct. '09-Feb.'10)	32	27	5	15.4	108.5
Period III (Mar. '10-Dec. '10)	39	11	28	130.5	173.5
Total	163	127	36	158.9	522.6

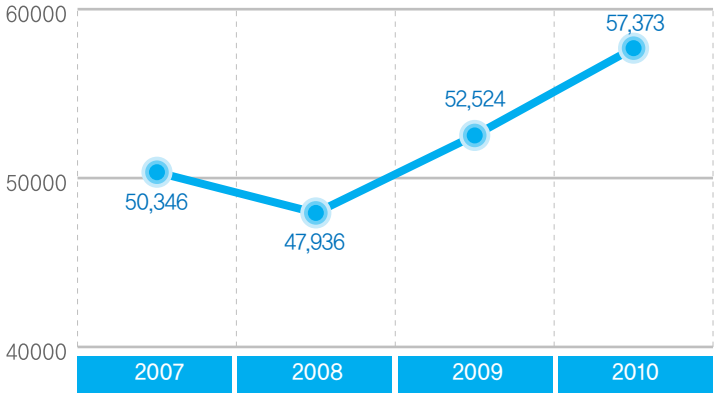
※ Financial Performance includes the estimates of profit generation / cost reduction for the future.

Economic Performance Data

Financial Performance

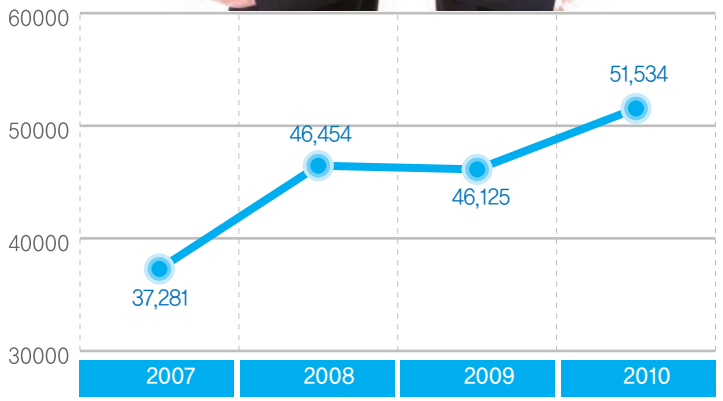
Electricity Sold

(unit : GWh)



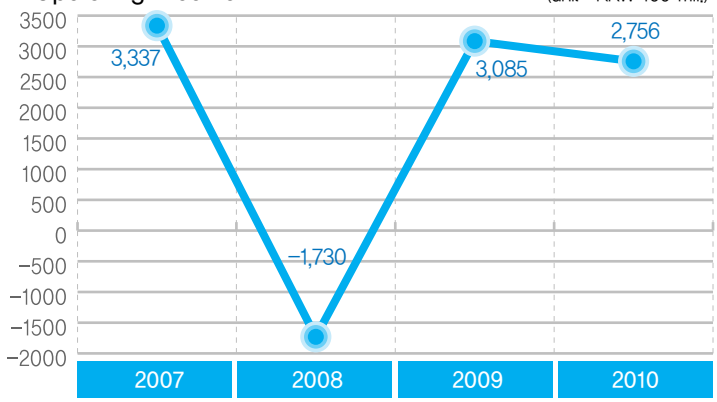
Sales Amount

(unit : KRW 100 mil.)



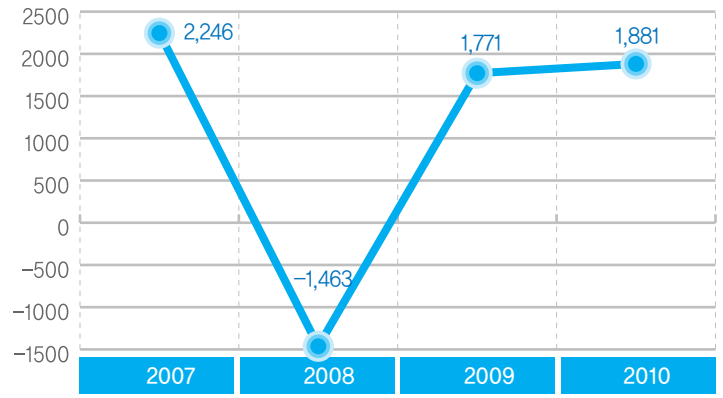
Operating Income

(unit : KRW 100 mil.)



Net Income

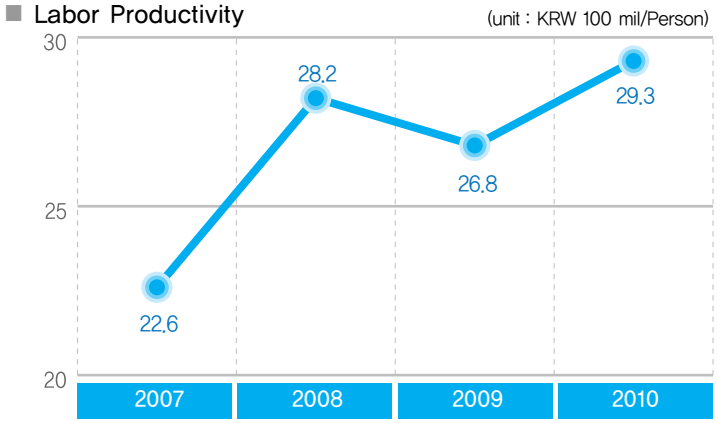
(unit : KRW 100 mil.)



※ Loss was unavoidable because sales price (which is under government control) was not raised despite a sharp increase in global energy prices in 2008

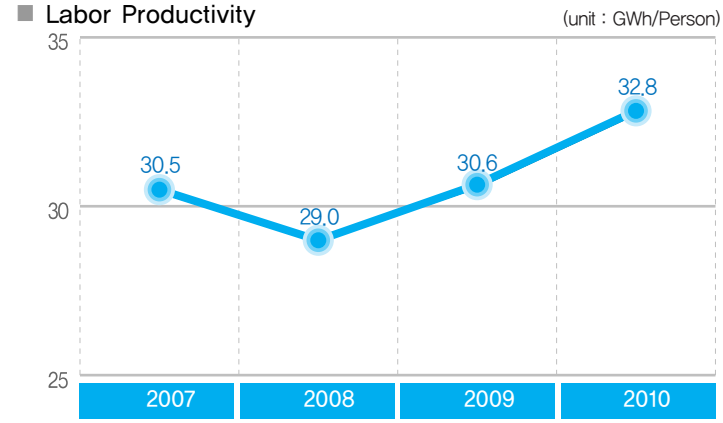
Labor Productivity

(unit : KRW 100 mil/Person)



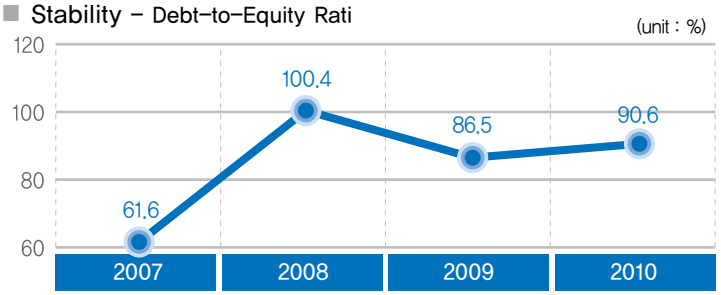
Labor Productivity

(unit : GWh/Person)

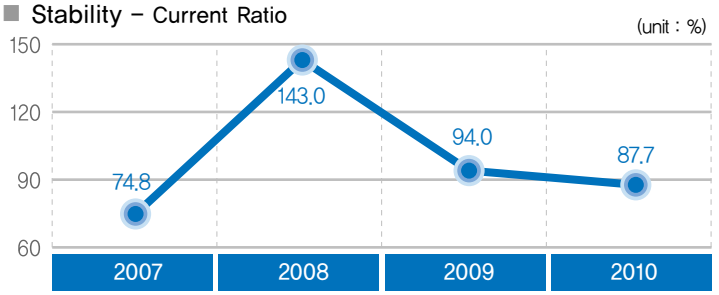


Financial Soundness

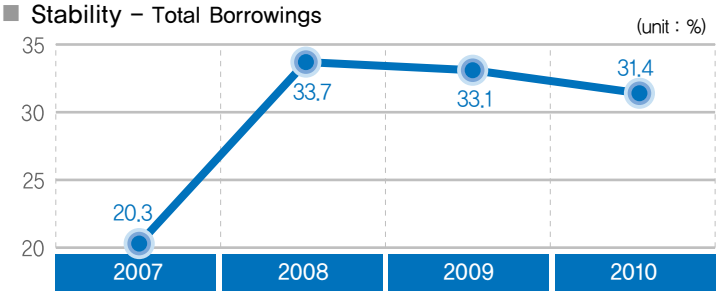
Stability – Debt-to-Equity Rati



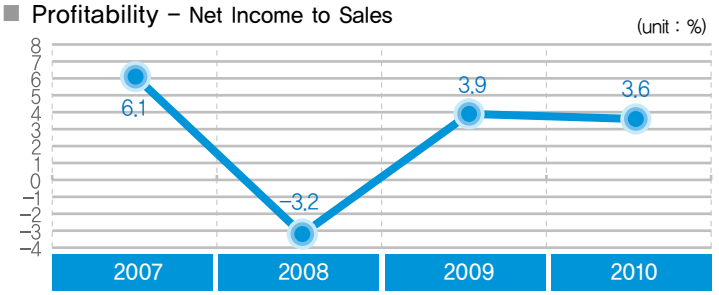
Stability – Current Ratio



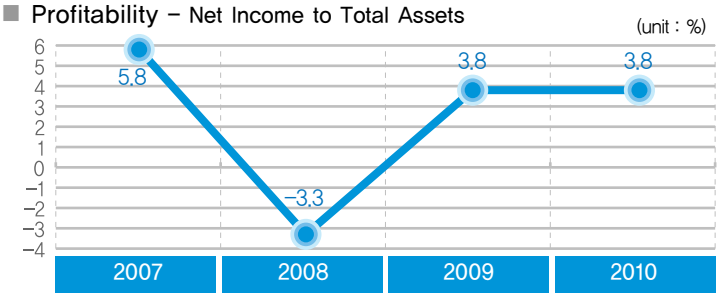
Stability – Total Borrowings



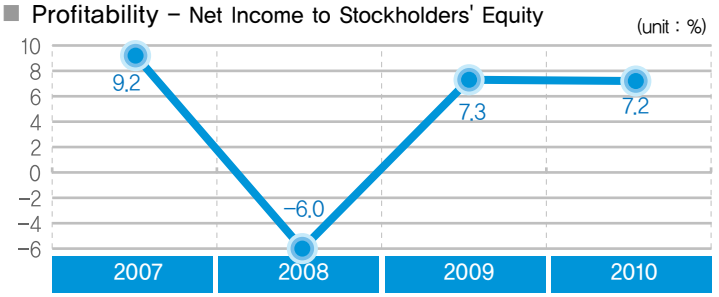
Profitability – Net Income to Sales



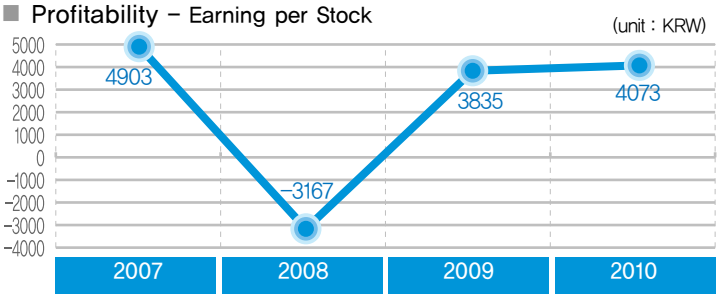
Profitability – Net Income to Total Assets



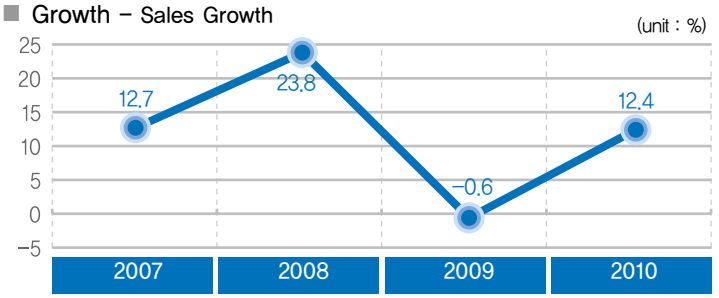
Profitability – Net Income to Stockholders' Equity



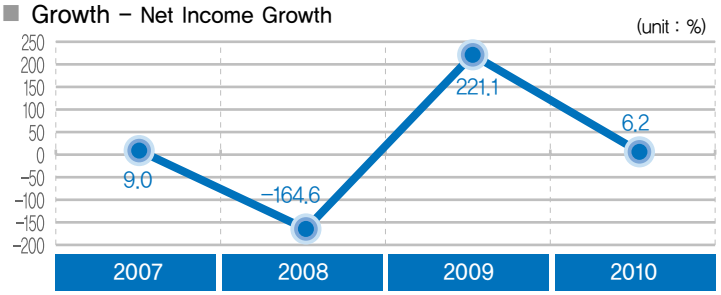
Profitability – Earning per Stock



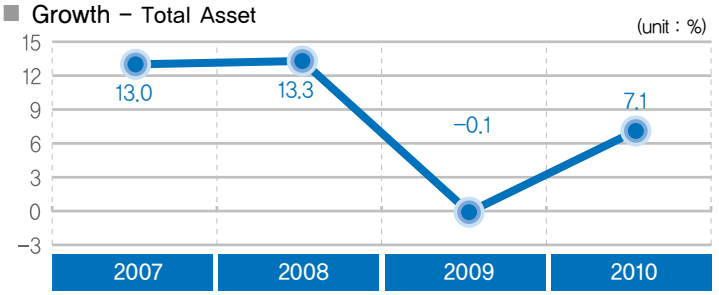
Growth – Sales Growth



Growth – Net Income Growth



Growth – Total Asset



Distribution of Economic Outcome

A. Internal Stakeholders – Wage & Welfare Benefit

(Unit : KRW 100 mil.)

Item	2007	2008	2009	2010
Wage	1,176	1,335	1,239	1,408
Welfare Expense	141	146	154	158

B. Shareholders – Dividends

(Unit : KRW 100 mil.)

Item	2007	2008	2009	2010
Dividends	906	0	531	564
Dividend Rate (%)	39.2	0	23.0	24.4
Dividend Payout	40.0	0	30.0	30.0

C. Society – Contribution

(Unit : KRW million)

Item	2007	2008	2009	2010
Contributions	850	962	1,085	1,313
Employees' Contribution and Others	84	97	121	130
Total	934	1,059	1,206	1,443

D. Government

(Unit : KRW million)

Item	2007	2008	2009	2010
Corporate Tax	92,803	41,753	4,969	2,393
VAT	6,801	–	34,133	41,725
Income Tax	9,204	9,958	8,392	7,596
Customs Duty	260	4,140	3,315	6,288
Comprehensive Real Estate Holding Tax	1,377	1,371	913	1,011
Local Tax	12,994	14,261	12,680	5,871
Total	123,439	71,483	64,402	64,884

※ As of payment date

Financial Statements

The followings are a summary of the financial data on fiscal years from 2007 to 2010, verified by Deloitte Anjin LLC..

※ For more details, visit the Financial Supervisory Service's electronic disclosure system (http://dart.fss.or.kr) or KOSPO's web site (http://www.kospo.co.kr), or contact our Accounting & Finance Team (Tel: 82-(0)70-7713-8242).

〈Balance Sheet〉

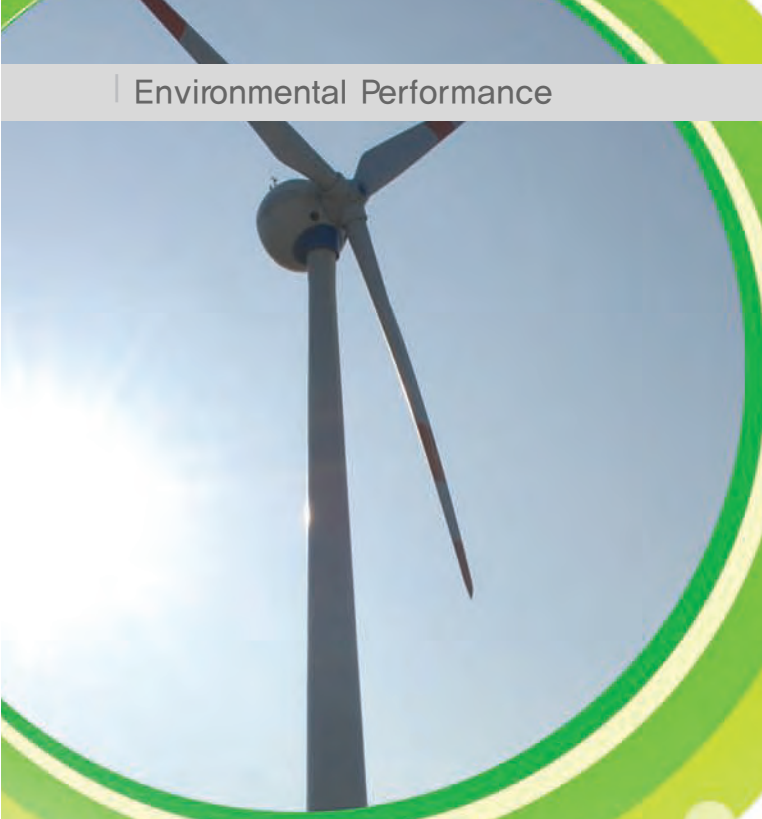
(Unit: KRW 100 mil.)

Item / Fiscal Year	2007	2008	2009	2010
1. Current Assets	5,833	8,480	6,761	9,234
(1) Quick Assets	4,706	6,198	4,819	7,709
(2) Inventory	1,127	2,282	1,942	1,525
2. Non-Current Assets	35,506	38,372	40,026	40,862
(1) Investment Assets	262	358	370	520
(2) Tangible Assets	33,863	34,583	36,934	38,103
(3) Intangible Assets	1,199	1,166	1,105	1,105
(4) Other Non-Current Assets	182	2,266	1,617	1,134
Total Assets	41,339	46,852	46,787	50,096
1. Current Liabilities	7,815	5,897	7,191	10,531
2. Non-Current Liabilities	8,074	17,570	14,510	13,287
Total Liabilities	15,889	23,467	21,701	23,818
1. Capital Stock	2,309	2,309	2,309	2,309
2. Capital Surplus	15,665	15,665	15,665	15,665
3. Accumulated Other Comprehensive Income (Loss)	26	330	259	101
4. Retained Earnings	7,450	5,082	6,853	8,203
Total Shareholders' Equity	25,450	23,385	25,086	26,278

〈Income Statement〉

(Unit: KRW 100 mil.)

Item / Fiscal Year	2007	2008	2009	2010
1. Operating Revenues	37,272	46,149	45,865	51,534
2. Operating Expenses	33,935	47,879	42,780	48,778
3. Operating Income	3,337	-1,730	3,085	2,756
4. Non-Operating Income	205	1,980	923	710
5. Non-Operating Expenses	525	2,241	1,609	1,120
6. Earnings Before Tax	3,017	-1,992	2,399	2,346
7. Income Tax Expenses	753	-529	628	465
8. Net Income	2,246	-1,463	1,771	1,881



Through a new concept energy, we will become an eco-friendly company which will pass down a better environment to the next generations.

Environmental Performance

Environmental Management Mechanism

Environmental Vision & Strategy

We step up efforts to reduce environmental pollutants generated in the power generation process. In order to reduce air pollutants, we have de-NOx, de-SOx and electric dust collecting facilities in operation. We are also operating waste water treatment facilities in each power plant to lower water pollutant concentrations and emissions. Our efforts to recycle a variety of waste materials generated in the process of operating power plants are in line with the government's policy of building a resource recycling-conscious society.

KOSPO pursues sustainable development by building a systematic environmental management mechanism and conducting environmental activities continuously. We are also working on developing a GHG reduction/treatment technology and improving equipment efficiency so as to respond proactively to the Convention on Climate Change.

Environmental Vision

Realizing an Environmentally-Clean Company that Leads Sustainability Management

Introduce and Disseminate Sustainability Management

Minimize Environmental Pollutant Emissions
- Install latest environmental facilities
- Enhance existing facilities at the right time

Strengthen Response to Climate Change Convention
- Expand clean energy facilities
- Develop new renewable energy projects

Pursue Resource-Recyclable Reuse
- Adopt policies to encourage or improve recycling
- Diversify the usage of recyclables

Bolster Partnership with Stakeholders
- Handle environmental complaints reasonably
- Step up PRs on environmental information

Lay a Foundation for Environmental Vision

Secure Core Engine for Sustainability Management
- Introduce & establish new environmental techniques
- Nurture core talents for environmental management

Maximize Corporate Value through Technological Innovation
- Develop environmental management new technologiess
- Focus on developing new renewable energy

Reinforce Environmental Risk Management System
- Build & reinforce environmental monitoring system
- Keep monitoring environmental impacts

Environmental Policy

KOSPO aspires to become a reliable company that expands the foundation of future growth and contributes to local communities in harmony with the surrounding environment of power plants. To this end, we defined Environmental Vision as 'Realizing an Environmentally-Clean Company that Leads Sustainability Management.' In order to realize the vision, we revised and announced the below environmental policy in August, 2010.

KOSPO is committed to generating environmentally-sound electric power, recognizing that the environment is the source of life and the foundation of daily lives. In order to establish eco-friendly conditions, we decare the Environmental Policy as follows:

1. The fundamental objective of environmental policy is to realize "Sustainable Development" for both environmental preservation and economic growth. We regularly conduct environmental impact assessments on all the process of our business activities and continue to make improvements.
2. We clarify roles and responsibilities of each organization to prevent environmental contamination, encouraging all employees to serve as guards for the environment through environmental awareness training.
3. Considering characteristics by power generation facility, we set targets stricter than the requirements defined in laws and regulations as well as agreements with local governments in an endeavor to minimize pollutant emissions.
4. We improve transparency and reliability by building an open environmental management system and disclosing environmental information.
5. We take the lead in building a resource-recyclable society by considering the recyclable factor of waste from the generation stage and maximizing the recycling or reuse of waste.

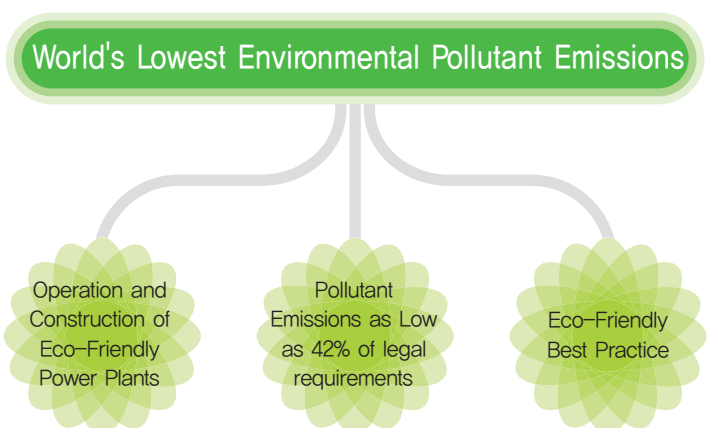
We keep in mind that this environmental policy can be achieved only when all our employees including the CEO, suppliers and contractors, put the policy into action with a strong sense of responsibility. We are committed to complying with this policy and taking the lead in creating a sustainable communities through community support projects.

August 2010
CEO of KOSPO

Environmental Management Goals

KOSPO will reduce SOx and NOx emissions from each location of operation by 10-33% and 10-50% respectively by 2012, compared to 2006. In accordance with the government's upcoming policy on GHG reduction, we will set mid- to long-term targets and come up with response measures. As for resource recycling, our goal is to achieve the legally-defined coal ash recycling rate and reuse 100% of the de-sulfurized gypsum generated. On August 27, 2010, we formulated the "Mid- to Long-Term Basic Plan for Environmental Management" in an effort to respond pro-actively to changes in the domestic and foreign environment and promote sustainable development. The plan includes step-by-step objectives to reduce pollutant emissions, recycle resources and develop new renewable energy.

〈World's Lowest Environmental Pollutant Emissions Eco - Action〉



Environmental Management System

KOSPO makes environmental improvement in a continuous and systematic manner based on the PDCA (Plan, Do, Check, Act) cycle. We establish a vision, policies and action plans for environmental management, under which detailed objectives are set up every year. In order to meet the objectives, our power plants strive to optimize the operation of eco-friendly facilities and conduct environment improvement activities.

Moreover, we conduct various environmental assessment programs every year such as audits, on-site inspection and internal evaluation in order to ensure the efficient operation of environmental management system and assess the adequacy of environmental management.

Thanks to such efforts, we reacquired the ISO 14001 certificate from a leading certification organization in December, 2009.

KOSPO carries out environmental impact surveys as per the "Act on Environmental Impact Assessment of Environment, Transportation, Disasters, etc." Survey outcomes are reported to the Ministry of Environment (MOE) and the Ministry of Knowledge Economy. Action plans are prepared by MOE and KOSPO.

※ Period of Environmental Impact Survey: From ground-breaking until 5 years after completion or the time agreed with MOE

〈PDCA for Environmental Management System〉

Self-Regulating Environmental Agreements

KOSPO made the best efforts to comply with environmental laws and regulations on air quality, water quality and waste. We signed a self-regulating environmental agreement with MOE for Hadong Thermal Power Site and Youngnam Thermal Power Plant. We also signed the agreement with the concerned local government for Shinincheon Combined Cycle Thermal Power Site. Under the agreements, we apply environmental pollutant emission standards stricter than defined in the law.

Environmental Accounting to Minimize Environmental Impact

We made a steady investment in installing eco-friendly facilities. In 2010, approximately KRW 56 billion was invested to install and run eco-friendly facilities. For instance, we improved de-NOx facilities of Hadong Thermal Power Units 1-8 and repaired yellow plume reduction facilities of Busan Combined Cycle Power Site. In the days to come, we will continue to make environmental investments.

〈Environmental Spending〉

Environmental Facility Installation	Costs related to installation/maintenance, environmental improvements, etc.
Environmental Facility Operation	Electricity, water, ash treatment, chemicals, labor, emission charge, waste treatment, maintenance of environmental measuring instruments, etc.
Environmental Technology Development	R&D, Study, Education, etc.

Environmental Management Activities

Air Pollutant Emission Reduction

Air pollutants such as SOx, NOx, and dust are emitted from the power generation process. As part of efforts to minimize emissions, KOSPO installed the most advanced flue-gas desulfurization and electric dust collection facilities in Hadong coal-fired power plants, Namjeju heavy-oil fired Power Plant Units 3 & 4 and Youngnam Thermal Power Plant. Shininchecon, Busan, and Yeongwol Combined Cycle Power Sites are operating LNG-fired power plants, whereas Namjeju Thermal Power plant is burning low-surfur heavy oil.

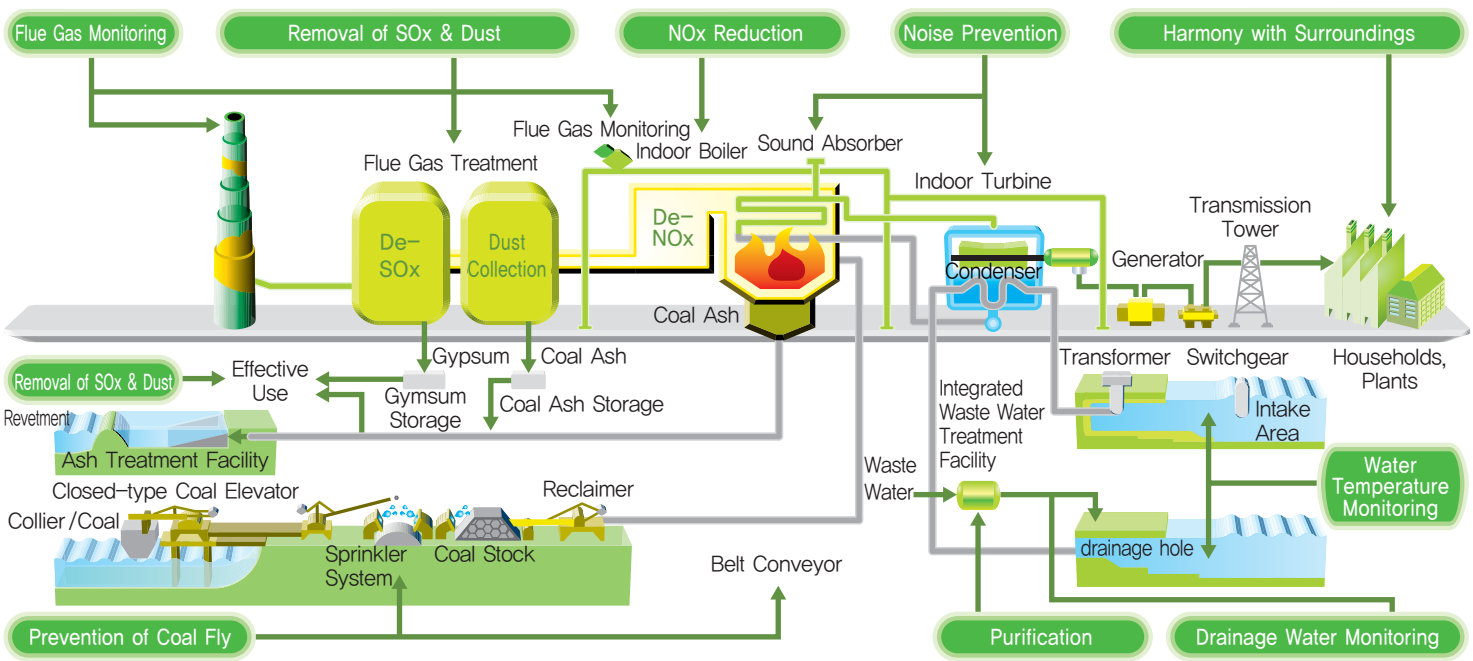
We are also operating the latest SCR flue-gas de-NOx facilities in Hadong Units 1-8, Youngnam Unit 2, Namjeju Internal Combustion Units 1-4, and Namjeju Steam Units 3 & 4. In the case of Shinincheon and Busan Combined Cycle Power Sites, the world's best Low-NOx burner is well in place.

Combined Cycle Power Plants, located in the downtown of big cities, emit yellow plume during the period of plant start-up and shutdown. This sparked local residents' complaints, undermining a stable operation of power generation facilities. To resolve the issue, we developed a yellow plume reduction technology, for the first time in the world. Currently, the SNCR yellow plume reduction facility is installed at all units of Busan and Shinincheon Combined Cycle Plants.

〈Flue-gas De-SOx Facility〉

〈Electric Dust Collector〉

〈Flow of Environmental Pollutant Treatment〉



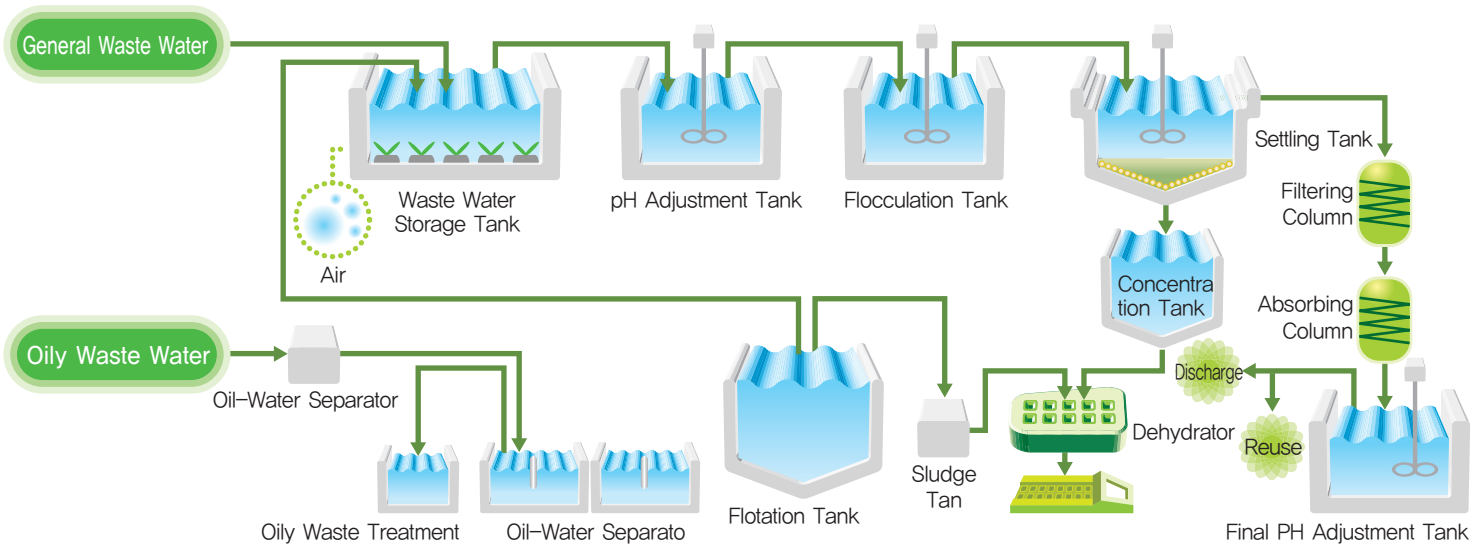
Water Pollution Management

A. Waste Water Treatment

Power plants generate waste water in the process of managing boiler water quality, producing electricity, and running de-SOx facilities. In order to treat waste water, KOSPO has both integrated and de-SOx waste water facilities in operation. Water discharged from the integrated treatment facilities is clean enough for several power plants to run a fish farm.

〈De-SOx Waste Water Treatment Facilities〉

〈Flow of Integrated Waste Water Treatment〉



B. Hot Waste Water Management

At power plants, steam at high temperature and high pressure is used to generate electricity and then condensed into water which is reused. Sea water is used as the coolant to condense steam. We are managing the amount of sea water used and the temperate gap between water intake and drainage areas.

Waste Treatment & Resource Recycling

A. Waste & By-product Recycling

About 30 kinds of waste materials are generated at power plants including coal ash from coal combustion, de-sulfurized gypsum from de-SOx facilities, waste oil, waste insulation material, and waste synthetic resin waste from the maintenance process. Currently, KOSPO recycles coal ash and de-sulfurized gypsum (12 kinds of waste) to turn the waste into resource, complying with laws and regulations. For by-products which are not recyclable (18 kinds) such as waste water sludge and waste insulation material, we rely on qualified waste treatment companies.

〈Major Waste Materials Generated by Power Plants〉

General Waste in Location of Operation	Domestic waste, sludge, heavy oil fly ash, de-sulfurized sludge, waste refactory, waste insulation material, waste synthetic rubber, waste synthetic resin, waste charcoal, waste concrete (construction waste), etc.
Designated Waste	Waste Oil (liquid & solid), waste paint, waste acid, waste organic solvent, etc.

B. PCBs Control

KOSPO has been striving to eliminate the use of PCBs (PolyChlorinated Biphenyls) by 2015 ever since signing a voluntary agreement on PCBs elimination in October, 2004. In particular, we contributed to establishing a PCBs treatment system in Korea as a member of the PCBs Safe Treatment Assessment Team led by the government. We performed a total of 9 PCBs-related research projects in joint efforts with MOE and KEPCO Group companies from 2005 to 2007. Currently, we are working on the research on the use of PCB-containing insulating oil (less than 2ppm) and the deployment of safety control system with the National Institute of Environmental Research.

C. Coal Ash & De-Sulfurized Gypsum Recycling

The coal ash generated at Hadong Thermal Power Site is reused for various purposes such as concrete compound, raw materials for cement, and materials for filling the ground. In a bid to further increase the recycling rate, we are endeavoring to broaden customer base. The gypsum generated from de-sulfurization facilities is recycled 100% as raw materials for cement and plaster board.

Chemical Substance Control

Power plants are using about 15 kinds of chemical substances to prevent equipment corrosion, produce demin water and treat waste water. Chemicals used in various water treatment processes are turned into harmless substances after going through the waste water treatment facilities. Efforts have also been made to use chemicals efficiently and minimize their environmental impacts, which include no injection of hydrazine, use of high efficiency flocculant, advanced methods of equipment malignance and the development of alternative substances.

〈Use of Chemical Substances〉

Substance	Place	Substance	Place
Hydrochloric Acid, Sodium Hydoxide	● Water treatment facility : Power generation water production ● Condensate polishing plant : Boiler water purification ● Waste water treatment facility : pH control	Hydrazine Ammonia Sodium Phosphate	● Boiler water treatment : corrosion prevention
Aid Coagulant Aluminum Sulfate	● Water treatment facility : Power generation water production ● Waste water treatment : turbid ingredient removal	Sodium Carbonate Sodium Bisulfate Sodium Hypochlorite	● De-SOx waste water treatment facility : Heavy metals & COD removal
Antifoamer	● Foam removal at discharging outlets	Ferrous Sulfate	● Seawater treatment for coolant : Corrosion prevention
Chlorine Dioxide	● Drinking water treatment : Sterilization	Microbial Inoculant	● Filthy water treatment : BOD removal

Noise & Soil Contamination Control

We worked to deal with the noise issue of power plants by installing a variety of equipment indoors and setting up silencers and sound-proof walls. In doing so, we have kept our noise level below the permissible requirement. In addition, we make sure to control soil contamination by carrying out a soil contamination inspection regularly at locations around the oil storage tank.

Climate Change Response

Foundation for Climate Change Response

Government Policy

Renewable Portfolio Standard

- **Goal** : Promote new renewable energy technology development, Foster related industries for export purpose
- **Objective** : New Renewable Power Generation 2.0% ('12) to 10.0% ('22)

GHG Inventory Management / Carbon Credit Trading

- **Goal** : Nurture climate-friendly business, Enhance quality of life and the environment, Lead international community's efforts
- **Objective** : 30% Reduction from BAU emissions ('20)

KOSPO's Quota

New Renewable Power Generation: ('22)

Year	'12	'15	'18	'22
Power Generation	987	2,025	4,333	7,618

GHG Reduction: ('20) 4.5 mil. ton – 10% from BAU emissions

Year	'05	'10	'15	'20
Reduction	(290)	(370)	330	450

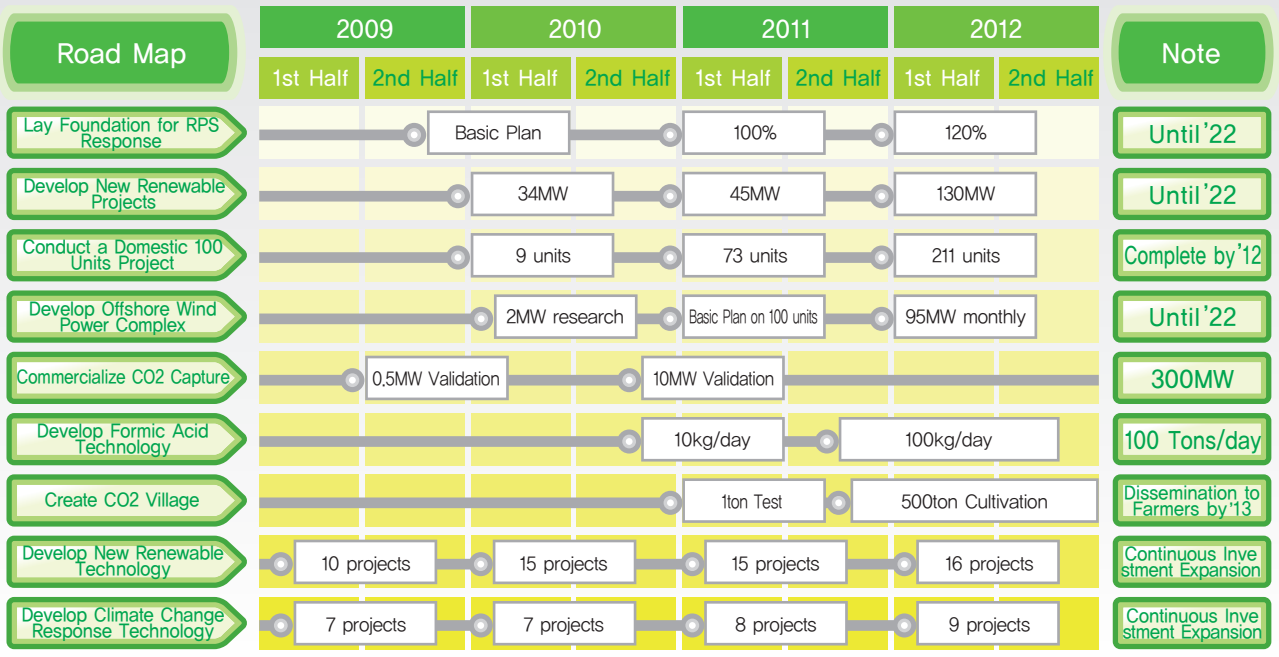
Green Growth Action Plans

New Renewable Energy Business Dev. Plan

Item	'12	'15	'18	'22
Power Generation (GWh)	737	2,044	4,723	8,145
Installed Capacity	328	942	1,900	3,400
Investment (KRW 100 Mil.)	3,300	6,400	12,800	22,900

GHG Reduction Plan

Item	'12	'15	'18	'20
New Renewable Power Generation (10,000 Ton)	20	120	290	390
Dry-type CO2 Capture (10,000 Ton)	0	80	190	200
Total Target (Including others)	20	200	480	590



※ RPS (Renewable Portfolio Standards): Regulation that requires the increased production of energy from renewable energy sources

GHG Monitoring System

KOSPO built the greenhouse gas inventory of the years from 2001 to 2007 for all locations of operation and had it verified by an internationally renowned organization in July, 2008. Referring to the inventory, we established the "GHG Monitoring System" along with a professional organization to monitor CO_2 emissions, obtain accurate statistical data and estimate potential CO_2 reduction. We also prepared the "Guidelines on GHG Inventory Management" and the "Guidelines on GHG Reduction Business".

KOSPO will make a reasonable investment in GHG reduction projects based on the analysis of potential CO_2 reduction amount for all locations of operation. We will also utilize the analytical data in response to policies related to the Convention on Climate Change such as the Obligatory Reduction Quota, Energy Target Management System and Emissions Trading System.

Road Map for the Convention on Climate Change

In December, 2008, KOSPO formulated the "Mid- to Long-Term Road Map to Respond to the Convention on Climate Change" to become a model company for low carbon green management. Under the motto of the "Clean & Green KOSPO 2020", we set CO_2 reduction target of 5,900,000tons by 2020. With this in mind, we are implementing 14 action plans across the company. Meanwhile, we are concentrating on developing new renewable energy. In July, 2009, the "New Renewable Energy Mid- to Long-Term Strategy" was devised as part of the follow-up policy to respond to climate change. In this strategy, we decided to pursue wind power generation as our specialized business, while diversifying energy sources to include photovoltaic power, IGCC, bio energy, and tidal power in response to the Renewable Portfolio Standard (RPS).

GHG Reduction & CDM Projects

In 2004, KOSPO set up four 1.5 MW wind power units in Hankyong-myun, Jeju-do, for the first time in Korea. This project was followed by a successful installation of five more 3MW units in December, 2007. These five units, in particular, were registered to the UNFCCC as a Clean Development Management (CDM) project in October, 2007 and they are expected to receive Certified Emissions Reduction (CER) credits for reducing 29,000 tones on an annual basis.

Afterwards, we built a 20MW Sungsan wind power unit completed in March 2010, as part of our strategy to pursue a CDM project. At the moment, the Sungsan unit is under deliberation in the CDM Executive Board of UNFCCC. Moreover, 1.4 MW photovoltaic power units installed inside the Hadong and Busan Power Sites were registered as CDM project in December, 2010. Currently we work to add wind power units in Taebaek (18MW) and Pyeongchang (26MW) to the list of CDM projects. If they are all combined, we will be able to secure 156,000 tons of CER credits annually, generating KRW 3 billion of profits from credit trading a year.

Meanwhile, the above-mentioned Hankyoung project and the supercharger replacement project for Namjeju's Unit 1 & 2 were registered as GHG reduction project to the Ministry of Knowledge Economy. With the registration, 12,000 tons of GHG reduction was certified. The credits gained will be used once the GHG Target Management System takes effect in 2012 as planned. Besides, Eco-Family Energy Saving Campaign has been conducted to make energy-saving part of employees' daily life even at home. The campaign encourages employees to monitor and record their consumption of electricity, gas and water at home every three months and calculate GHG emission reductions. Additionally, KOSPO has reduced its energy consumption by 3.5% on average a year due to wider use of high-efficiency energy equipment and appliances, reasonable use of electrical appliances and air conditioning equipment, and corporate energy saving campaign.

CO_2 Capture & Treatment Technology Development

KOSPO is developing a CCR (Carbon Capture & Reuse) technology for which the application of trademark has been already filed. The home grown technology will enable us to reuse CO_2 as a high value added resource with no need of storage. As part of the development, we work on a resource conversion technology, taking advantage of microalgae. As the 1st phase of the CO_2 Village project which starts from May 2011, we will embark on a validation test to cultivate microalgae and produce bio disel in a 3,000 pyeong farm using hot waste water and captured CO_2 of Hadong power plants. Based on which, we will move on to the 2nd phrase in which the farm is extended to 10,000 pyeong in order to develop strategies for disseminating the CO_2 technology to farmers and securing economic viability. This project will eventually be extended to a project to drive up income of rural households around Hadong Thermal Power Site and Samcheok Green Power.

Meanwhile, another technology development is underway to electrolyze CO_2 into formic acid (CHOOH). We already undertook the development of a ERC (Electrochemical Reduction of Carbon dioxide) system (10kg/day), upon an agreement with the Canadian company Mantra and the Korean company KC Cottrell in August, 2010. Furthermore, we are planning a validation test for a CO_2-using formic acid production facility (Capacity; 10kg/day) in cooperation with Seogang University who possess a theoretical technology regarding this. Once CCR technologies are completed, we can turn CO_2 into energy such as bio fuel or formic acid, thus creating a virtuous energy cycle. On top of this, we can expect a win-win situation with local residents through high value-creating CO2-using projects.

Environmental Performance Data

Environmental Impact Survey

The environment is seriously affected by large-scale development projects or urban planning. Taking this into consideration, we conduct an environmental impact survey prior to a development project. Characteristics of the local environment are surveyed and evaluated to prevent environmental contamination in a comprehensive manner. To date, it is found in the results of environmental impact assessment that no negative impact has been on agricultural land and the ecosystem within a 2-km radius of plants. Furthermore we have conducted a campaign entitled One Plant Cleans up One River/Sea/Mountain to maintain a clean natural environment.

Project	Location	Discussed with	Approved by	Survey Period
Hadong #7&8 Construction project	Ilwon, Kadoek-ri, Kumsung-myun, Hadong-gun, Kyungsangnamdo	MOE	Ministry of Commerce, Industry & Energy (MOCIE)	Nov. 2005~Dec. 2014
Hadong #7&8 Construction, Re-discussed project	Ilwon, Kadoek-ri, Kumsung-myun, Hadong-gun, Kyungsangnamdo	MOE	Ministry of Knowledge Economy (MOKE)	Mar. 2010~Jul. 2016
Hadong Ash Treatment Facility Extension project	Inside the power site, Kadoek-ri, Kumsung-myun, Hadong-gun, Kyungsangnamdo	MOE	MOE	Jan. 2000~Sep. 2012
Hadong Coastal road opening project	Kadoek-ri, Kumsung-myun – Norhang-ri, Kumnam-myun Hadong-gun, Kyungsangnamdo	Environment Agency	County Office	Nov. 2007~Apr. 2015
Yeongwol Construction project	702 Jungyang-ri, Yeongwol-up, Yeongwol-gun, Kangwondo	MOE	MOE	Jan. 2008~Feb. 2016
Namjeju #3&4 Construction project	610 Hwasoon-ri, Ahndeok-myun, Seogwipo-si, Jejudo	Jeju Local Government	MOE	Jun. 2004~Sep. 2012

Green Company Designation

Power Plant	Designated Date	Valid Period		Designated by
		First Designation	Re-Designation	
Hadong Thermal Power Site	Jan. 13, 2005	Jan. 13, 2005~Jan. 12, 2008	Jan. 23, 2008~Jan. 22, 2013	MOE
Shinincheon Combined Cycle Site	Feb. 10, 2003	Feb. 10, 2003~Feb. 9, 2008	Feb. 18, 2008~Feb. 17, 2013	MOE
Busan Combined Cycle Site	Dec. 27, 2006	Dec. 27, 2006~Dec. 26, 2009	Dec. 27, 2009~Dec. 26, 2014	MOE

Fuel Consumption

In 2010, fuel consumption went up as electricity generation increased by 13.1% compared to the previous year (excluding new renewable energy). Amid a rise in global oil prices, KOSPO is adopting byproduct fuel as well.

(Unit : Ton, ㎘, GWh)

Item	2007	2008	2009	2010
Bituminous Coal	9,048,081	9,818,001	12,239,299	13,099,642
Heavy Oil	584,087	395,577	537,243	490,264
Heating Oil	22,622	15,482	17,862	16,694
LNG	3,313,998	3,063,553	2,642,417	3,198,941
Byproduct Fuel	–	–	468	1,250
Consumption of Electric Power	1,790GWh	1,716GWh	1,980GWh	2,105GWh

SOx Emissions

Power Plant		Emission Standard (ppm)	Emission Concentration(ppm)				Emission Intensity(g/KWh)				Prevention Facility
			2007	2008	2009	2010	2007	2008	2009	2010	
Hadong	#1~#8	100	29	36	31	31	0.249	0.288	0.222	0.218	Flue-gas De-SOx Facility
Youngnam	#1,2	180	34	31	28	22	0.344	0.298	0.254	0.204	Flue-gas De-SOx Facility
Namjeju	Steam Power #3,4	70	18	18	20	19	0.158	0.171	0.166	0.167	Flue-gas De-SOx Facility
	Internal Combustion	270	129	117	133	148	1.088	1.064	1.156	1.432	Low-sulfur Heavy Oil
Hallim	#1,2	180	8	10	11	10	0.100	0.086	0.093	0.084	Heating Oil

※ Shinincheon, Busan, Yeongwol Combined Cycle Sites: not subject to SOx regulations
※ Namjeju Thermal Site (Steam) #3&4 Completed in Sep. 2006.9 and Mar. 2007.
※ Hadong Thermal Site #7&8 Completed in Dec. 2008 and Jun. 2009.

NOx Emissions

Plant		Emission Standard (ppm)	Emission Concentration(ppm)				Emission Intensity(g/KWh)				Prevention Facility
			2007	2008	2009	2010	2007	2008	2009	2010	
Hadong	#1~#8	150	45	60	62	61	0.270	0.342	0.344	0.327	De-NOx Facility
Shinincheon	#9~16	100	17	15	14	15	0.144	0.128	0.138	0.174	Water Injection
Busan	#1~8	100	10	10	9	9	0.065	0.066	0.058	0.081	SNCR
Yeongwol	#1~3	50	–	–	–	19	–	–	–	0.034	SNCR
Yongnam	# 1	250	175	173	159	170	1.226	1.136	1.037	1.091	LNA
	# 2	150	112	112	132	125	0.827	0.811	0.889	0.893	SCR
Namjenj	Steam Power #3,4	70	32	37	35	34	0.202	0.254	0.212	0.215	SCR
	Internal Combustion	600	404	465	427	428	5.084	6.251	5.635	8.594	SCR
Hallim	#1,2	400	224	231	233	185	4.145	4.168	4.038	4.049	Water Injection

※ Yeongwol Combined Cycle Plant #1~3 Completed in Oct. 2010
※ LNA: Low NOx Atomizer, SNCR: Selective Non Catalytic Reduction

Dust Emissions

Plant		Emission Standard (mg/Sm3)	Emission Concentration(mg/Sm3)				Emission Intensity(g/KWh)				Prevention Facility
			2007	2008	2009	2010	2007	2008	2009	2010	
Hadong	#1~#8	30	6	6	5	5	0.017	0.015	0.013	0.012	Electric Dust Collector
Yongnam	#1,2	40	2	2	3	2	0.008	0.008	0.008	0.008	Electric Dust Collector
Namjenj	Steam Power #3,4	20	2	2	3	3	0.006	0.009	0.009	0.009	Electric Dust Collector
	Internal Combustion	40	8	8	7	7	0.046	0.046	0.040	0.060	Electric Dust Collector
Hallim	#1,2	40	3	4	5	3	0.019	0.021	0.019	0.019	Heating Oil

※ Shinincheon, Busan, Yeongwol Combined Cycle Sites: not subject to dust regulations

Water Usage & Waste Water Treatment Amount

Boiler feed water, de-SOx water, cooling water and drinking water are in use at our power plants. Waste water is generated in the process of controling boiler water quality, generating electricity, and running de-SOx facilities. For waste water treatment, we run both integrated and de-SOx waste water facilities.

A. Water Usage & Water Reuse Amount

Location of Operation	Power Generation(MWh)	Water Usage(㎥)	Waste Water Amount(㎥)	WaterReuse(㎥)
Hadong (Water Source : Deokcheon River, Upstream of Chinyang Lake)	33,660,544	4,446,158	841,403	781,290
Youngnam (Water Source : Daeam Dam of Nakdong River)	708,935	365,381	38,195	37,793
Namjeju (Water Source : Underground Water)	1,370,796	388,045	92,266	92,269
Sininchecon Combined Cyle (CC) (Water Source : Tap Water)	9,903,845	81,841	82,169	51,850
Busan CC (Water Source : Tap Water)	12,730,263	206,035	261,582	261,582
Yeongwol CC (Water Source : South Han River)	1,313,073	1,181,263	157,279	157,706
Hallic CC (Water Source : Underground Water)	46,244	23,702	5,901	1,390
Total	59,733,700	6,692,425	1,478,795	1,383,880

B. General Waste Water Treatment Facility

Power Plant	pH			COD(mg/l)			SS(mg/l)		
	Standard	Concentration		Standard	Concentration		Standard	Concentration	
		Min.~Max.	Average		Max.	Average		Max.	Average
Shinincheon	5.8~8.6	6.7~7.4	7.0	90 or less	10.3	5.3	80 or less	7.9	3.8
Busan	5.8~8.6	6.3~7.4	6.9	130 or less	4.7	3.2	120 or less	2.3	2.1
Yeongwol	5.8~8.6	6.3~7.4	6.9	130 or less	4.7	3.2	120 or less	2.3	2.1
Youngnam	5.8~8.6	6.6~7.4	7.0	130 or less	12.7	4.1	120 or less	3.4	2.5
Nmjeju	5.8~8.6	6.7~7.5	7.0	50 or less	4.6	3.2	40 or less	2.7	0.8
Hallim	5.8~8.6	6.6~8.5	7.0	50 or less	3.8	2.6	40 or less	5.2	3.1

※ Hadong Thermal Power Site does not discharge waste water, with a discharge-free system in place.

Waste Treatment & Recycling

A. Waste Generation & Treatment

Item		Unit	2007	2008	2009	2010
Power Generation		GWh	52,338	50,597	52,806	59,734
Waste Generation	General Waste	Ton	3,312	2,497	2,905	3,815
	Designation	Ton	1,848	1,306	1,322	1,075
	Total	Ton	5,160	3,803	4,227	4,890
Recycling Amount		Ton	1,704	1,232	937	1,133
Recycling Rate		%	33.0	32.4	22.2	23.2
Waste Treated Internally/Externally		Ton	3,456	2,571	3,290	3,757

B. Coal Ash & De-Surfurized Gypsum Recycling

Item		Unit	2007	2008	2009	2010
Coal Ash	Generation	1,000 tons	831	956	1,209	1,426
	Recycling	1,000 tons	472	479	616	1,298
	Recycling Rate	%	56.8	50.1	51.0	91.0
De-Sulfurized Gypsum	Generation	1,000 tons	327	339	370	424
	Recycling	1,000 tons	322	347	366	422
	Recycling Rate	%	98.4	102.4	98.9	99.5

Environmental Spending

(Unit: KRW 100 mil.)

Item	2007	2008	2009	2010	Note
Environmental Facility Installation cost	351.4	500.0	19.4	8.8	Installation cost for De-NOx, De-SOx facilities
Operating cost	387.6	471.6	501.0	549.1	Operating cost
Environmental R&D	9.8	6.2	3.4	2.1	Environmental R&D
Total	748.8	977.8	523.8	560.0	

Annual Operation Cost & R&D Investment

(Unit: KRW 100 mil.)

Item		2007	2008	2009	2010
Operation Cost	Air	358.4	424.1	447.0	513.9
	Water Quality	29.2	47.5	54.0	35.2
	Sub Total	387.6	471.6	501.0	549.1
R&D Investment		9.8	6.2	3.4	2.1
Basic Charges		1.0	4.0	2.0	2.7
Total		398.4	481.8	506.4	553.9

CO_2 Emissions

Item	2007	2008	2009	2010
Power Generation(GWh)	52,338	50,597	52,806	59,734
Emission(천톤)	31,960	31,712	36,399	38,937
Emission Intensity(g/kWh)	0.611	0.627	0.694	0.651

※ KOSPO reduced GHG emissions of 60,000 tons and saved energy consumption of 24,582 TOE in 2010

We will take the lead in making a better world by realizing the slogan 'Together with Society, United with Neighbors.'

Social Performance

Human Rights Protection

Committment to Human Rights Protection

A. Overview of Labor Union

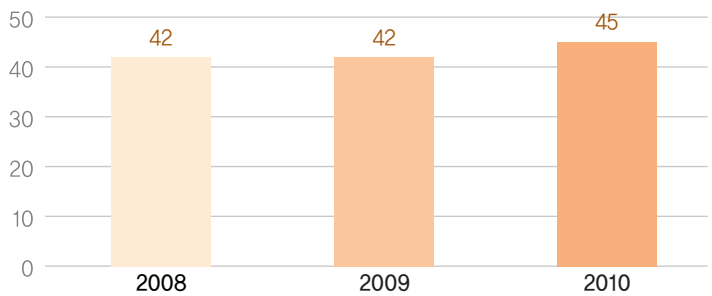
Established on July 24, 2001, the KOSPO labor union has a central office, five head offices, and 30 branch offices. As of December 31, 2010, 1,198 out of a total of 1,872 employees belonged to the union, showing 64% of membership rate.

B. Guarantee of Three Labor Rights

The labor union guarantees employees' rights to organize, bargain collectively, and act collectively. Under the union shop policy, new employees must join the labor union.

C. Increased Employment of the Disabled

As of the end of 2010, KOSPO hired 45 workers with disabilities, maintaining a 2.4% ratio of the disabled out the total employees. We have a quota for people with disabilities and give them additional points in the employment process. As a result, the ratio of workers with disabilities is on a steady rise.



D. Prevention of Child Labor

KOSPO prohibits hiring those who are under the age of 18. As strictly observing the laws, regulations, and the collective agreement which ban child labor, we have no record of child labor. However, there is neither the guidelines for suppliers nor a regulation limiting purchase of goods from companies with child labor practices. Thus, we will set up a system regarding child labor which meets the global standards as well as implement a variety of programs to change the awareness of employees.

E. Prevention of Forced Labor

We abide by the ILO Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour and the principles of the UN Global Compact in the Labor area. Labor-management equality in the negotiation process and labor conditions are clearly stipulated in the collective agreement of KOSPO. As a result, we have no record of forced labor.

F. Prevention of Discrimination

KOSPO prohibits discrimination on the grounds of gender, religion, and membership of political party or labor union for employment, promotion, placement, and wage determination. The same rate of base wage is applied to male and female workers. In addition, the eradication of gender discrimination and the protection of female workers are clearly announced as obligations and the ban on gender discrimination is stipulated in the collective agreement. Besides, we emphasize joint labor-management efforts to prevent sexual violence in the workplace.

Human Rights Education and Results

A. Human Rights Education

Female workers are a minority group in the workplace. KOSPO provides regular education on prevention of sexual harassment in the workplace to protect women as prescribed by Article 13 of the Equal Employment Act. All employees attend the education at least once a year. Education on human right protection is provided on a regular basis and additionally a 3-hour education on human right protection is provided for all employees every year as part of online integrity training.

B. Supplier Screening on Human Rights

In the process of selecting maintenance contractors, KOSPO takes into consideration financial soundness, credit rating, quality, delivery records, environmental & safety management level, respect for human rights and labor environment comprehensively. Especially in 2010 when selecting a contractor for Jordan O&M project and Subsidiary Building Construction Project, provisions on local workforce employment and development, contribution to local economy and respect for human rights were included in the contract.

C. Industrial Safety and Health Committee

KOSPO has established the Industrial Safety and Health Committee at every location of operations as the highest decision-making body concerning industrial safety and health in accordance with the collective agreement. The Committee consists of the same number of representatives from labor and management. It deliberates on the basic plan for industrial safety and health management, investigation and recurrence prevention measures of industrial safety accidents, the plan for improvement safety and health, and preventive measures against hazards and risks to workers. It also decides on matters regarding the drafting and alteration of regulations on industrial safety and health, the check and improvement of work environment, and employee health management including medical check-up. The committee is convened once a quarter and when necessary in order to address important

D. Support for Industrial Health and Safety of Suppliers

KOSPO together with maintenance contractors set up a safety management consultative body in an effort to prevent safety accidents or disasters which may occur to contractor workers. The consultative body gets rid of hazardous factors from the plant and conducts a joint inspection regularly, contributing to minimizing bodily injury and property damage. Besides, a safety monitoring group, composed of working-level safety managers from both KOSPO and contractors, walks down the entire area of plants. They point out any violation of safety rules, provide coaching and advice regarding safety and publish a safety violation report in order to prevent disaster and industrial safety.

E. Education for Improvement of Industrial Safety and Health

In accordance with the Industrial Safety and Health Act, KOSPO provides induction, job rotation, special safety educations and regular education to improve the industrial health and safety of employees and the general public

Type / Item	Regular			Induction	Job Rotation	Special Safety Education
Trainee	Clerical workers	Non-clerical workers	Managers & Supervisors	The Newly-Employed	The Newly Transferred	Workers Involved in Hazardous or Risky Jobs
Hours	1+ hour per month (3+ hours per quarter)	2+ hours per month (6+ hours per quarter)	2+ hours per month (6+ hours per quarter)	8+ hours (1 hour for day laborer)	2+ hours (1 hour for day laborer)	16+ hours (2 hours for day laborer)

F. Safety System for Customers

KOSPO is committed to protecting the life and property of general citizens visiting power plants as well as employees of KOSPO and contractors. Traffic accidents and general damages occurring to the general public inside the plants are covered by the property all risk insurance. This is a reflection of KOSPO's corporate philosophy to grow together with local communities and lead a global safety culture.

G. Outplacement Program

As part of efforts to cope with aging population, KOSPO has provided outplacement training for employees retired or slated for retirement to get assured practically and psychologically, and maintain their life after retirement as a member of society. The training consists of 5 programs that cover business startup, asset management and IT, attended by 139 employees retired or slated for retirement.

Cooperative Labor Relations

Mechanism for Advanced Labor Relations

KOSPO has set up a goal for advanced labor relations in order to build trust between labor and management, and further improve labor practices. To this end, we have identified and implemented four strategies and 12 tasks in a systematic manner. Especially when any issue which affects the status of labor union members arises, it is informed 90 days prior to event and addressed based on mutual consultation.

〈Mechanism for Advanced Labor Relations〉

Advanced Labor Relations

To advance labor relations, KOSPO is aggressively working to correct unreasonable labor practices, strengthen management capabilities through management leadership improvement programs, and better HR system including performance evaluation, and carry out joint labor-management programs. Hot line is installed between top management and union leaders in an attempt to maintain effective communication. Management endeavors to reflect voices from the field into business operations, while the labor union cooperates with and participates in the management through the sharing and understanding of management issues.

Advanced Management through Joint Programs

KOSPO has implemented various joint labor-management. programs. A total of 2,171 workers participated in 36 joint integrity pact signing ceremonies and resolution rallies. 5,116 workers in total attended a safety resolution rally which was held 69 times. 1,939 employees took part in joint equipment inspection which was conducted 47 times. The CEO met a total of 2,508 workers at a CEO meeting which was held 67 times, demonstrating his determination to facilitate communication with labor. This also prompted other top management to extend communication channels with labor such as 100 Minute Open Discussion.

As a result, KOSPO was ranked top in the integrity survey 2010 by the Anti-Corruption & Civil Rights Commission (ACRC) and given full marks in the KEPCO integrity survey which was the first time in its history. Furthermore, a corporate culture based on trust and respect between labor and management has taken root in our company.

〈100 Minute Open Discussion〉

Higher Employee Satisfaction based on Worker-friendly Environment

KOSPO is seeking harmonious labor-management relations and higher employee satisfaction by bringing a new atmosphere where workers trust and feel proud of the company. For this, we have been carrying out the "Trustworthy and Respected Company" campaign. It includes meetings at historic site and various cultural programs, operation of health promotion center and health management programs, winter ski camps and energy-saving summer camps for workers' families, external cultural events by employees, lectures on health and culture, and benchmarking of other locations of operation. In addition, KOSPO was certified as a family-friendly company by the Ministry for Health Welfare and Family Affairs for its family-oriented management practices, experience programs, and corporate culture and protection of female employees and motherhood

〈Winter Ski Camp〉

Reasonable Remuneration

KOSPO remains committed to improving unreasonable aspects of remuneration system and reducing employment cost through optimal management of human resource. We seek maximized efficiency in HR operation and lower labor cost. To this end, we downsized the workforce by merging similar job positions and assigning the surplus workforce to overseas or construction projects. We also introduced advanced remuneration systems such as annual wage system for those at a senior manager level, and differentiated wage system for those in management positions, and post-retirement service. Customized welfare plans and health management system were rolled out as part of proactive welfare system based on the life cycle of employees. In 2010, we deployed an ERP-based welfare management system where HR management, salary and welfare are all integrated, which enabled us to improve work efficiency significantly. A regular performance evaluation and a career development review have been conduced for all employees.

(6) Safety and Health Policy

We recognize employee safety and health as one of core values underpinning our drive for stable power supply and growth into the world's leading energy company. In this regard, we establish the safety and health policy to ensure that all tasks are performed in a safe and healthy manner.

Safety & Health Policy

KOSPO set the below safety and health as a core management value to provide quality electricity to citizens in a stable manner and grow into a world's leading energy company. All employees shall perform their jobs based on the safety and health management regulations, and relevant guidelines and procedures to achieve the goal of zero industrial accidents. This practice will help create a greate place based on safety culture respecting people and life.

KOSPO shall

1. Put the highest priority of management on employee safety and health to protect them from risks and ensure the happiness of family;
2. Build the best quality safety system to remove safety hazards and risks, and provide systems, resources, and training to make it possible;
3. Abide by relevant laws and regulations, take lessons from safety accidents including near miss accidents, reward best practices, and make it clear that there will be coaching and disciplines for any violation of safety rules; and
4. Evaluate major processes, identify areas for improvement and take action plans periodically to achieve the safety and health goals.

Employees shall

1. have the duties and responsibilities to follow this safety and health policy and make efforts to achieve the safety and health goals;
2. Abide by safety and health management regulations, guidelines, procedures, and safety rules; and
3. Participate in efforts to identify and improve safety hazards and risks

January 2, 2009

Nam Ho-Ki CEO of Korea Southern Power Co., Ltd.

Ethical Management

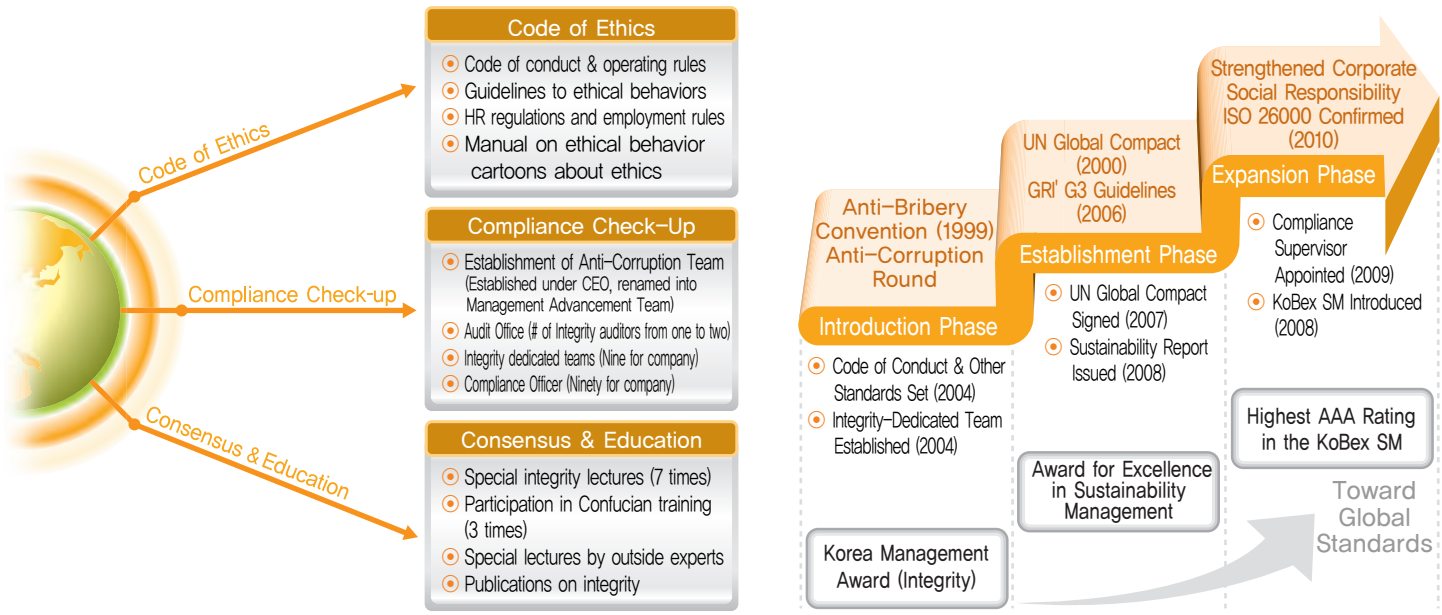
Ethical Management

KOSPO has implemented ethical management systematically to achieve the corporate vision of becoming 'Global Top 10 Power Company' by 2020. KOSPO's competitiveness comes from ethical management. We will remain committed to anti-corruption and integrity culture, joint growth with SMEs, and contracting transparency to become a more respected company.

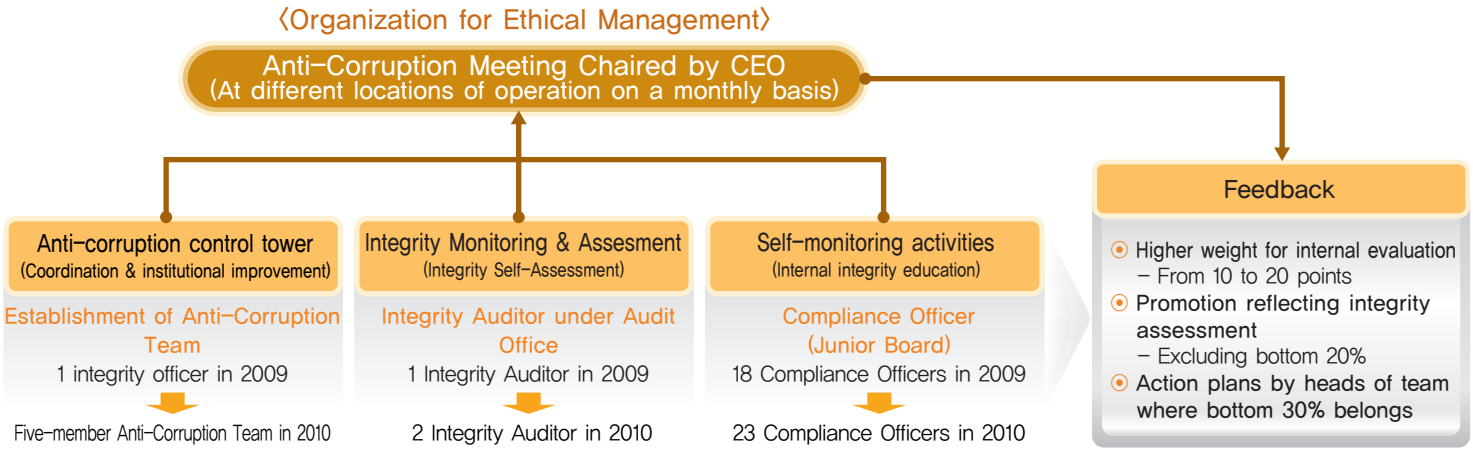
A. Ethical Management Mechanism

We have continued to implement action programs based on 3Cs: Code of Ethics, Compliance Check-up, and Consensus & Education. We've also conducted compliance monitoring, integrity self-assessment, and telephone service survey to measure the results of ethical management and obtain feedback.

〈Ethical Management Mechanism〉



※ KoBEX (Korean Business Ethics Index) is designed by MKE to measure the level of ethical management



B. Monitoring and Feedback

The Ombudsman system is in operation to discloses corporate information and conduct monitoring. We also rely on self-assessment questionnaire and outside specialized institutions to receive feedback. In an effort to strengthen self-monitoring, we increased the number of internal integrity surveys from once to twice a year as well as hold anti-corruption & integrity meetings led by management every month.

We are also intent on establishing anti-corruption and integrity culture. Change management training is continuously provided for employees to raise the awareness of integrity and enhance capacity for action. In addition, supplier survey and regular meetings are conducted to grasp the status of anti-corruption and integrity, and identify and resolve any grievances.

Ethical Management Practices

A. Ethics Standards, Education, and Awareness

Under the Code of Conduct, KOSPO sets standards and detailed operating rules for stakeholders including employees and customers, competitors and suppliers, and the government and society. In 2009, we enacted the Regulations on International Contracting to guarantee transparent and corruption-free international contracting process. We revised the Standards of Ethical Behavior in a bid to reflect the Public Service Ethics Act and raise the awareness of employees. Lectures on corruption prevention were given by experts from in and outside of the company. Other efforts include campaign for integrity leadership, invitation of anti-corruption ideas, employees' integrity pact at New Year or personnel shifts, and CEO's letters.

B. Prevention of Corruption

KOSPO provides anti-corruption education at a Confucian training center where employees experience firsthand ancestors' attitudes toward integrity. We hold anti-corruption events for suppliers, impose strict disciplinary measures for those involved in corruption, consider integrity records in promotion, and introduce joint responsibility for the teams where those involved in corruption belong.

We strive to ensure corporate credit card is used in an ethical manner and conduct a survey of customer satisfaction biannually. Also, we raised the ceiling of rewards for whistle-blowers to KRW 2 billion. As a result, in 2010, KOSPO was ranked top among 711 public organizations in the ACRC survey for integrity as well as among the 10 KEPCO group companies in the KEPCO's annual integrity survey.

C. Transparency in Contracting

KOSPO introduced the electronic bidding system and obliged bidding participants to sign an integrity agreement to eradicate the possibility of corruption. When opening a tender, we provide bidding information on time to participants via the web site or short message service. We also operate the electronic certification system and "Happy-Call" to increase transparency and convenience.

| Law Compliance |

KOSPO observes fair trade-related laws. As a result of monitoring on a continuous basis, Neither fines nor non-monetary disciplinary measures were imposed on us in violation of laws or regulations regarding fair trading.

| Fair Trading Practices |

Electronic bidding is mandatory for all contracts including construction and service to ensure transparency and promote fair competition. Written contract, delivery through courier service, and payment within 7 days after incoming inspection are cleary specified to enhance transparency of contracting. In addition, we sign an integrity agreement with the other party of contract and make institutional efforts to ensure integrity in the construction projects.

| Improved Procurement Process |

KOSPO provides bidding participants with the bidding information including contract amount adjustment in advance in order to prevent any disadvantages to participants and ensure equal bidding opportunities. For supplier's convenience, we also opened the Customer Support Center through which suppliers submit contract-related documents and certificate electronically without any visit.

| Institutional Improvement for Supplier Convenience |

KOSPO has a task force to identify grievances and improve institutions regarding bidding, contracting, and order-placement. We made improvements in the contracting process, taking into consideration supplier convenience. For example, we improved the lowest bidding system and expanded bidding information to be disclosed, and deployed the inspection scheduling system to reduce waiting time for receipt. We also make public contractor information, provide SMS-based information and operate the appealing process to ensure transparent contracting.

D. Management Information Disclosure

KOSPO is committed to stakeholders' right to know and continues to improve the transparency of business. To this end, we make public key information, taking into account customer needs. We also make efforts to improve the quality of management information disclosure by ensuring there are no ommission or no errors.

Item	Manager	Disclosure Site	Specific Items Disclosed
Management Disclosure	KOSPO	KOSPO website(www.kospo.co.kr)	General information, financial information, investments, audit, etc.
Integrated Disclosure	Ministry of Strategy Finance	Public information disclosure system(www.alio.go.kr)	33 items including general information, organizational information, and financial performance
Corporate Disclosure	Korea Exchange Financial Services Commission	Electronic disclosure system(dart.fss.or.kr)	Business operation report, audit report, major changes in management, etc.
Kombinat Disclosure	Fair Trade Commission	Conglomerates information disclosure system (groupopni.ftc.go.kr)	Information on affiliates, shareholders, capital, debt guarantees, etc
Customized Disclosure	Information Requester	KOSPO website(www.kospo.co.kr)	Items individually requested

| Higher Reliability of Disclosure Data |

To prevent errors and raise accuracy in the disclosed information, disclosure coordinators are designated to review and supplement disclosed information.

| Greater Transparency in Accounting Data |

KOSPO strives to provide accounting information to stakeholders in a timely manner. To raise the transparency of accounting information, we register annual reports, securities registration statement, changes in governance structure and other information with the government's electronic disclosure system on a regular basis or when necessary. We also keep financial institutions and investors updated on management information through IR meetings or e-mails.

E. Joint Growth with SMEs

KOSPO aims to contribute to the development of national economy through joint growth with SMEs. To this end, we have implemented diverse joint growth projects with SMEs in the areas of technology development, commercialization, sales channel exploration, HR development, financial support, profit sharing. These projects help SMEs to obtain core technologies and secure global competitiveness, while enabling us to reduce equipment cost and improve quality of equipment and materials. For these efforts to pay off in the mid- to long-term, we incorp

〈Vision & Goals for Joint Growth〉

Vision	Contributing to National Economic Development based on Enhanced Values of Joint Growth	
Goals	【KOSPO】 Lower Equipment Cost, Higher Equipment Quality	【SMEs】 Acquire Core Technologies & Secure Global Competitiveness
System	⊙ Operating guidelines for Supporting SMEs ⊙ KEPCO Group companies' Integrated SMEs support system	⊙ SME upport web site ⊙ Collaboration with relevant institutions (universities, Small & Medium Business Administration, and Korea Trade-Investment Agency)
Area	Technology Development → Commerciali-zation → Market Exploration → HR Development → Financial Support → Profit Sharing	

〈Strategy for Joint Growth with SMEs〉

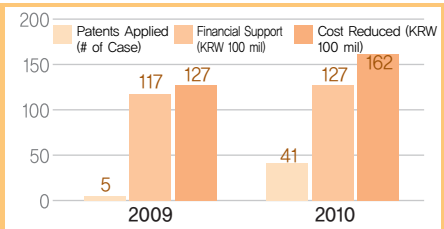
Laying a Groundwork (2006~2008)
- ⊙ Foster SMEs by Growth Stage
- ⊙ Establish Joint-growth Support System
- ⊙ Undertake Gov't Policy such as Public Procurement Laying a Groundwork

Establishing a System (2009~2012)
- ⊙ Nurture SMEs through Selection and Concentration
- ⊙ Establish Joint-growth Support System
- ⊙ Develop KOSPO Model for Joint Growth

Expanding Value (2013~2020)
- ⊙ Practice Sustainable Joint Growth
- ⊙ Advance Joint-growth Support System
- ⊙ Spread KOSPO Model for Joint Growth

Joint Growth Projects on R&D, sales channel development, financial liquidity and HR development; management & technoloical consulting, Extended profit sharing are in the works.

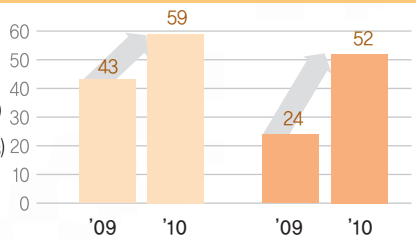
Support for Technology Development & Results



Item	Description	Result
Field R&D	Urgent Field Project	20 projects, KRW 11.2 billion saved
Joint R&D	Mid- to Large-Scale Projects	29 projects, KRW 2.3 billion saved
Development on the Condition of Procurement	Small-scale Localization	4 projects, KRW 1.2 billion saved
Parts Localization	Commercialization and Technology Development	6 beneficiaries, KRW 1.5 billion saved

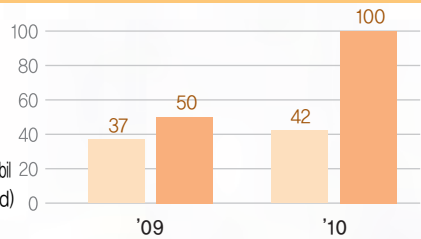
Sales Channel Development

- Exhibitions at home & Abroad (10 times)
- Promotion Day (3 times)
- Purchasing counselling (5 times)
- Newspaper advertising (16 companies)
- Online PR (72 cases)



Financial Liquidity

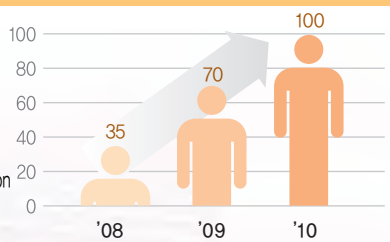
- Power Energy Loans (KRW 2.9 bil for 12 companies)
- Downpayment System (KRW 7.1 for 30 companies)
- Front loading of investment of KRW 267.8 bil (10% larger than originally planed)



HR Development

Persons

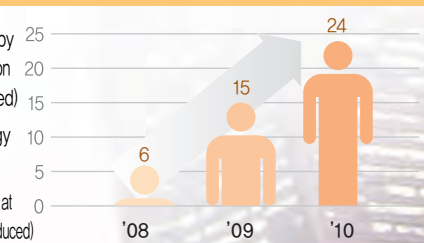
- Training at Hadong Training Center (18 persons)
- Transfer of maintenance skills (32 persons)
- Export expert training (15 companies, First time as a GENCO)
- Free training on overseas business operation (35 persons, First time as a GENCO)



Management & Technological Consulting

Persons

- Management Doctor co-sponsored by four other companies and the Federation of Korean Industries (newly introduced)
- Retired experts serving as technology advisors (9 persons)
- Operation of a booth for KOSPO suppliers at a job fair (10 persons employed, newly introduced)



Position on Government Policies

KOSPO is seeking new and renewable energy in response to the government's green energy policy. We together with KEPCO and other 5 GENCOs operate the climate change task force and also attend Electricity Market Operating Committee to ensure efficient operation of electricity market. The direct procurement of LNG is also pursued in concert with the government policy. In addition, we had called for the government to enact a law which defines the support for local communities around wind power plants.

Community Involvement

We proclaimed social contributions in our corporate mission with an intention to fulfill social responsibilities as a corporate citizen. Under the slogan of 'Together with Society, United with Neighbors,' we launched a KOSPO Community Service Group to conduct Love 4 Campaign (neighborhood, culture, environment, farming & fishing communities) in an organized and systematic manner. Also, KOSPO has engaged in community service projects for income growth, public facility expansion, and scholarship in accordance with Act on Assistance to Electric Power Plants-Neighboring Areas.

Social Contribution Mechanism

Goal	Laying a Foundation for Corporate Social Responsibility via Sharing Culture	
Strategies	Love 4 Campaign, Pro-bono (Corporate Capability and Capability) Campaign	
Slogan	Together with Society, United with Neighbors	
Action Plans	Social Contributions	Contributions to Community Development
	⊙ KOSPO Community Service Group ⊙ Love 4 Campaign Sharing & Service Activities Set a Venue for Watching & Participation Environmental Campaign Vitalize Farming & Fishing Communities	⊙ Income Growth ⊙ Public Facility Expansion ⊙ Scholarship ⊙ Resident Welfare ⊙ Social Welfare ⊙ Special Assistance

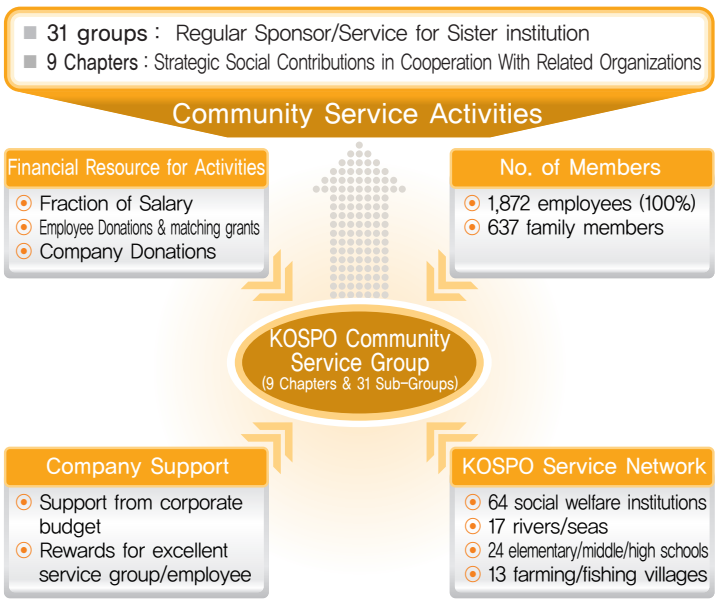
With the goal of Laying a Foundation for Corporate Social Responsibility via Sharing Culture, KOSPO has engaged in 'LOVE 4 Campaign' and 'Pro Bono Campaign.' With the operating guidelines for community service group in place, we have established a system to manage social contribution records of KOSPO Community Service Group. Also we set up a system for community service target, matching grants, community service index, linkage of community service with HR management so as to promote social contribution activities.

Social Contribution Activities

KOSPO Community Service Group has led social contribution activities which are based on a sisterhood tie between one sub-group and one public institution. As of 2010, 64 sisterhood ties are established in seven chapters of the service group. We introduce the community service mileage system to expand voluntary community service and improve the effectiveness of community service.

A. KOSPO Community Service Group

KOSPO Community Service Group was launched in 2004 to fulfill social responsibilities as a corporate citizen and become a respected and sustainable company. Under the slogan 'Together with Society, United with Neighbors', the service group has conducted various community services such as company-wide service, service together with family members, cross-border service, welfare mileage donation. In addition, community services are mainly driven by Love 4 Campaign.



B. Love 4 Campaign

In 2010, a total of 3,740 persons participated in Love 4 Campaign, donating 19,591 hours of service and KRW 550 million of cash which was broken down into employee donation of KRW 46 million, matching grants of KRW 46 million and company donation of KRW 334 million.

Love for Neighbor hood — Sharing Service to Give Dream and Hope to the Socially Marginalized

Love for Culture — Set a Venue for Watching & Participation

- Support for local festivals
- Protect local cultural assets

Love for Environ ment — Environmental Campaign

- Cleanup of one river/sea/mount for one location
- Donation of used cell phones, unnecessary supplies, cloths, and books

Love for Rural Villages — Vitalize Farming & Fishing Villages

- Company-wide drive for one chapter-one village sisterhood tie
- Sharing of goods and services for farming & fishing villages

Contributions to Community Development

KOSPO has improvement various community support projects regarding human resource development, job creation, income growth, and social welfare in order to help local communities develop sustainably and become a respected company that grows together with local communities.

A. Development of Local Talents

KOSPO provided teaching aids and materials to schools around power plants. With financial support of lunch and tuition fee and operation of after-school library, we helped local youth to grow up healthy and brightly. We also conducted a project to support schools in local communities. Especially, using the special fund for electric power pants-neighboring Areas, we invested KRW 139 billion into Wondeok Middle School and Wondeok High School near the Samcheok Green Power Site. We established a scholarship foundation, built a dormitory, provided students with subscription for e-learning courses and self-study materials and taxi coupons for late night return.

B. Job Creation

KOSPO and its contractors has given special treatment to local applicants in the recruiting process. For example, in order to vitalize the local economy of Samcheok, a candidate location for new power plant, we opened a Samcheok Green Power Technical School under Korea Polytechnic III, which is the first vocational training center in Samcheok city. The three-month course on welding and electricity has been offered to 30 trainees per term. As a result, 71 trainees acquired the certificate of skilled worker last year.

C. Use of Plant Resource for Income Growth

KOSPO provides hot waste water from power plants to warm or cool greenhouse farming facilities, which allow local residents to grow high value added garden products and earn more income. Currently, a project is in pilot operation to grow a mango or a mandarin near Namjeju Thermal Power. Once the effectiveness is verified, we will expand the project across the nation.

Social Performance Indicators

Employment

● Employees by Class of Position

Year	2007	2008	2009	2010
Executives	4	2	4	4
Class 1	37	37	36	37
Class 2	105	112	113	117
Class 3	374	385	384	362
Class 4	1,188	1,200	1,203	1,176
Class 5	34	32	30	24
Class 6	100	99	100	100
Securities	72	67	58	52
Total	1,914	1,934	1,928	1,872

● Status of Employees at Locations of Operation

Year	2007	2008	2009	2010
HQs	235	231	235	224
Plants	1,679	1,703	1,693	1,648
Total	1,914	1,934	1,928	1,872

● Reglular / Irregular – No irregular worker is employeed

● Average Years of Service and Turnover Rate

Year	2007	2008	2009	2010
Average Years of Service	18.74	17.91	17.18	16.76
Leaver (Persons)	–	1	1	2
Turnover Rate (%)	–	0.05	0.05	0.11

● By Gender

Gender	2007	2008	2009	2010
Males	1,787	1,800	1,786	1,729
Females	123	132	138	139
Ratio of Females (%)	6.4	6.8	7.2	7.4

● By Age

Age	Under 20	21 – 30	31 – 40	41 – 50	Over 51	Total
# of Persons	1	169	682	657	359	1,868
Ratio (%)	0.	9	36.5	35.2	19.2	100

● People with Disabilities

Year	2007	2008	2009	2010
# of Persons	39	44	44	45
Ratio (%)	2.0	2.3	2.3	2.4

Health & Safety

● Industrial Accident Rate

Year	2007	2008	2009	2010
No. of Accidents	1	0	2	2
Accident Rate	0.522	0	1.037	1.068
Accident Severity Rate	0.0036	0	0.0218	2.0187

Accident Severity Rate = Lost Days/Total Working Days a year × 1,000

Education & Training

● Average Training Hour & Cost per Capita per Annum

Year	2007	2008	2009	2010
Hour (hr per capita)	22	25	19	24
Cost (KRW 10,000 per capita)	232	251	188	249

Social Contributions

● Donation & Contribution to the Electric Power Industry Basis Fund

KOSPO has operated a Community Support Project Committee to evaluate the impact of its social contribution to local communities comprehensively. Community support projects in the four categories; public facility, welfare, education and special assistance are evaluated and the results of evaluation is considered when support projects tailored to region or theme are implemented in the future in an effort to ensure management efficiency of the projects.

Year	2007	2008	2009	2010
Donation (KRW 100 mil)	8.5	9.6	10.8	13.1
Contribution to the Electric Power Industry Basis Fund (KRW 100 mil)	83	170	83	79
Total	91.5	179.6	93.8	92.1

● Social Contributions by Employees

Year	2007	2008	2009	2010
Community Service (hr per capita)	9.8	14.6	17	16
Donation (KRW 10,000 per capita)	4.4	5.0	6.3	6.9

● Community Support Project

(Unit : KRW mil)

Year	2007	2008	2009	2010	Total
Income Growth	392	347	672	508	1,919
Public Facility Expansion	4,442	4,102	2,908	2,904	14,356
Scholarship	2,122	2,278	3,993	2,251	10,644
Resident & Social Welfare	310	915	683	2,038	3,946
Special Assistance	1,043	9,366		207	10,616
Total	8,309	17,008	8,256	7,908	41,481

● Disciplinary Actions against Corruption and Anti-Corruption Education

(Unit : No. of cases)

Year	2007	2008	2009	2010	Total
Disciplinary Actions against Corruption	0	0	1	0	1
Anti-Corruption Education	15	7	4	19	45

Appendix

Third Party's Assurance Report

Dear Readers of 2010 Korea Southern Power Co., Ltd(KOSPO)Sustainability Report

Foreword

The Korea Management Association Registration and Assessments (KMAR) had been engaged by Korea Southern Power Co., Ltd(hereinafter called KOSPO) to verify the contents of its 2010 Sustainability Report (the Report). KOSPO is responsible for the collection and presentation of information within the Report. Our responsibility is to carry out assurance activities on specific information in the verification scope stipulated below.

Our independence

With the exception of providing third party verification services, KMAR is not involved in any other KOSPO business operations that are aimed at making profits in order to avoid any conflicts of interest and to maintain independence.

Verification scope

KOSPO described its efforts and achievements of its sustainability activities in the Report. The verification process was designed to provide readers with the following information;

■ Verification of the economic segment

Review whether financial performance data has been extracted appropriately from KOSPO's 2009,2010 Financial Statements Audit Report and Annual Report as defined in the Report's performances and conclusion sectors

■ Verification of environment segments

Review whether information included in the following segments is presented appropriately.

- Environmental management system and activities
- Activities to mitigate climate change impacts
- Environmental performance data

■ Verification of social segments

Review whether information included in the following segments is presented appropriately.

- Human rights protection and collaborative labor-management relationship
- Ethical management
- Community involvement
- Social performance data

"appropriately Presented" means that the actual data and the original information are appropriately reflected in the contents of the report with consistency and reliability. For the economic sector, we based our evidence gathering procedures on reasonable assurance. It is a higher level of assurance than the limited verification in terms of characteristics and the extent of performed tasks.

Verification standards

KMAR performed the review based on our verification standards that have been developed in accordance with the Accountability's "A1000 Assurance Standard." We also used the International Auditing and Assurance Standards Board-issued "International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information" as additional guidelines.

Verification process and conclusion

In order to form our conclusion, KMAR undertook the steps outlined below to assess KOSPO's internal processes for reviewing the sustainability reporting practices.

- Surveyed KOSPO's sustainability related media information during the reporting period
- Reviewed systems and processes used in producing data
- Assessed internal documents and materials
- Interviewed people in charge of disclosed activities and performances

Based on results we have obtained from material reviews, related department visits and interviews, we held several discussions with KOSPO on the revision of the Report. We reviewed the Report's final version in order to confirm whether our recommendations for improvement and revisions have been reflected.

Economic performance

We compared the Report with KOSPO's 2009,2010Financial Statements and found that the financial data presented in the Report has been appropriately derived from 2009,2010 Financial Statements.

Environmental and social performance

We observed that information contained in the "environmental and social sections" has been appropriately presented. We did not discover any significant errors.

Recommendation for improvement

We hope KOSPO's publication of the Report is actively used as a communication tool with stakeholders and recommend the following for improvements.

- Develop the manual to make the reported data more accurate and comparable
- Publish the sustainability report annually for the timeliness

KMAR
Korea Management Association Registrations & Assessments Inc.

May 25, 2011
Korea Management Association Registrations & Assessments Inc.
CEO Ki Ho Park K. H. Park

KOSPO Overview

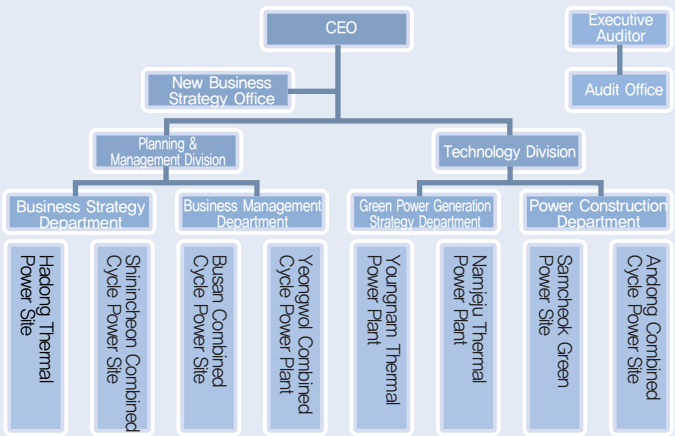
Overview

Korea Southern Power (KOSPO) was established on April 2, 2001 as a spin-off from KEPCO according to the Act on Implementation of Restructuring Plans in the Electricity Industry. KOSPO's main business is power generation and development. KOSPO is owned 100% by KEPCO and sells electricity generated to KEPCO through the Korea Power Exchange (KPX). Regarding the government's plan for privatization of public enterprise, no decisions have been made so far except for the planned sell-off of Korea South-East Power, one of GENCOs. However, we are aggressively striving to achieve higher profitability and conduct management innovations in preparation for possible changes in management conditions.

Headquarters	KOSPO 411, Youngdongdaero, Samsung-dong, Kangnam-gu, Seoul, Korea
Foundation	2001. 4. 2
Employees	1,872
Shareholder	KEPCO (100%)
Total Assets	KRW 5,009.6 billion
Total Capital	KRW 2,627.8 billion
Sales	KRW 5,153.4 billion
Operating Income	KRW 275.6 billion
Credit Rating	A1 by Moody's & AAA by Korea Ratings, Korea Investors Service, and National Information & Credit Evaluation

Organizational Structure

As of December 2010, KOSPO hires a total of 1,872 employees. The headquarters in Seoul, consists of 4 departments (Business Strategy, Business Management, Green Power Generation Strategy, and Power Construction) and 2 Offices (New Business Strategy and Audit). There are 8 locations of operation: Hadong Thermal Power Site, Shinincheon Combined Cycle Power Site, Busan Combined Cycle Power Site, Youngnam Thermal Power Plant, Namjeju Thermal Power Plant are currently in operation, and Yeongwol Combined Cycle Power Plant and Samcheok Green Power Site and Andong Combined Cycle Power Site are under construction.



History

April 2001	Korea Southern Power Co., Ltd. (Spin off from KEPCO) established
November 2001	Completed Hadong Thermal Units 1 and 2
November 2002	Honored with Grand Award for Energy Management Innovation
February 2003	Rated AAA at home and BBB+ & A3 abroad
November 2003	Honored with Korea Conservation Management Grand Award for Energy Innovation for two consecutive years
March 2004	Completed Busan Combined Cycle Power Site
March 2004	Completed the first phase development of Hangyeong Wind Power
October 2004	Acquired KOSHA 18001 certification for all locations of operation
January 2005	Announced the V-KOSPO vision for future
May 2005	Selected as an exemplary public organization for innovation
September 2005	Honored with CSR Korea Award
December 2005	Honored with Korea Management Innovation Award
July 2006	Conducted initial operation of Namjeju Thermal Power Plant Unit 3
March 2007	Joined in the UN Global Compact
June 2007	Selected as an excellent innovator for three consecutive years
October 2007	Honored with Management Grand Award for two consecutive years
October 2007	Registered the second-phase development of Hangyeong Wind Power as a CDM project to the UN (the first for a wind power plant in Korea)
May 2008	Published Sustainability Report
October 2008	Honored with Management Grand Award for three consecutive year
December 2008	Began preparations to construct Samcheok Green Power Site and Andong Combined Cycle Power Site
January 2009	Announced the Advancement 3030 vision
February 2009	Completed the second-phase development of Seongsan Wind Power
July 2009	Generally completed Hadong Thermal Power Site Unit 1 to 8
November 2009	Graded the highest AA for family-friendly management by the Ministry of Health Welfare and Family Affairs
January 2010	Introduced IFRS
March 2010	Hung a signboard for the first overseas subsidiary KOSPO/Jordan L.L.C
April 2010	Credit rating rose from A2 to A1 by Moody's
September 2010	Completed the second-phase development of Seongsan Wind Power
October 2010	Completed Yeongwol CC Power Plant
December 2010	Ranked top in the integrity survey by the ACRC
December 2010	Achieved KRW 5 trillion in annual revenue, the first for a local thermal power plant

Memberships Joined

No	Associations and Organizations	No	Associations and Organizations
1	The Institute of Internal Auditors	17	Edison Electric Institute
2	BEST Forum	18	Korea Plant Industries Association
3	Korea Society of Innovation	19	The Korean Society of Mechanical Engineers
4	Strategy Managers' Meeting	20	The Korean Institute of Electrical Engineers
5	Korea Forum for Progress	21	Korea Electric Association
6	Center for Asian Law	22	Korea Energy Foundation
7	Information System Managers' Meeting (under HMC)	23	Korea Electrical Engineering & Science Research Institute
8	The Korea Management Association	24	Korea Electric Power Industry Code
9	Korea Employers Federation	25	Korea Project Management Association
10	Korea International Trade Association	26	The Korean Society for New and Renewable Energy
11	Korean Resource Economics Association	27	Korea New & Renewable Energy
12	World Petroleum Congress, Korea National Committee	28	Offshore Wind Farm Forum
13	Korea Gas Union	29	World Wind Energy Association
14	Korea Power Exchange	30	Korea Wind Energy Association
15	Korea Society of Geothermal Energy Engineers	31	Korean Standards Association
16	Small Business Innovation Forum	32	CEO Breakfast Meeting (KSA)

Awards Received

■ 2009

Award	Date	Presenter	Location of Operation
Grand Prize for Green Safety Management for 4 consecutive years	May 28	The Korea Economic Daily, Open Management Research	Hadong Thermal Power Site
Presidential Award in the National Quality Management Contest	November 25	Korean Standards Association	Shinincheon Combined Cycle Power Site

■ 2010

Award	Date	Presenter	Location of Operation
Grand Prize for Green Safety Management for 5 consecutive years	April 2	The Korea Economic Daily	Hadong Thermal Power Site
15th Merit for Environmental Conservation	June 5	Jeju Special Self-Governing Province	Namjeju Thermal Power Plant
Grand Prize in the 9th Global Green Management Excellence Award	October 5	The Korea Management Association	KOSPO
2010 Korea Safety Award	November 15	National Emergency Management Agency	Busan Combined Cycle Power Site
2010 Large & Small Business Cooperation Award	December 6	Ministry of Knowledge Economy, Small & Medium Business Administration	KOSPO
2010 IDEA Management Award	ecember 13	Korea Suggestion System Association	KOSPO
2010 Excellent Safety Management Company	December 28	Ministry of Knowledge Economy	Busan Combined Cycle Power Site

Power Plants

Yeongwol Combined Cycle Power Plant
(702 Jeongyang-ri, Yeongwol-eup, Yeongwol-gun, Gangwon-do

■ Fuel : LNG ■ Installed Capacity : 84 8MW (GT 183×3 units, ST 299×1 unit)

Yeongwol Combined Cycle Power Plant is Korea's first anthracite-fired power plant with the history of 36-year operation. The plant was responsible for 50% of Korean power demand in 1960's. The historic power plant was dismantled in 2001 and reborn into an environment-friendly power plant in order to solve the power shortage in the Seoul Metropolitan Area and contribute to the economic development of Gangwon Province.

Shinincheon Combined Cycle Power Site
(674-13 Gyeongseo-dong, Seo-gu, Incheon Metropolitan City)

■ Fue l : LNG ■ Installed Capacity : 1,800 MW (G/T 150 × 8 units, S/T 150 × 4 units)

Shinincheon Combined Cycle Power Site is located near the Incheon International Airport, the hub of Southeast Asian region. The Shinincheon Site takes significant part in the supply of electricity in Seoul and Gyeonggi-do. The Shinincheon Site together with Busan Site, has the largest installed capacity as a single combined cycle power plant in Korea. Its advanced automation system ensures excellent frequency adjustment, contributing to the stable operation of the grid system.

Andong Combined Cycle Power Plant
(Goejeong-ri, Pungsan-eup, Andong-si, Gyeongsangbuk-do)

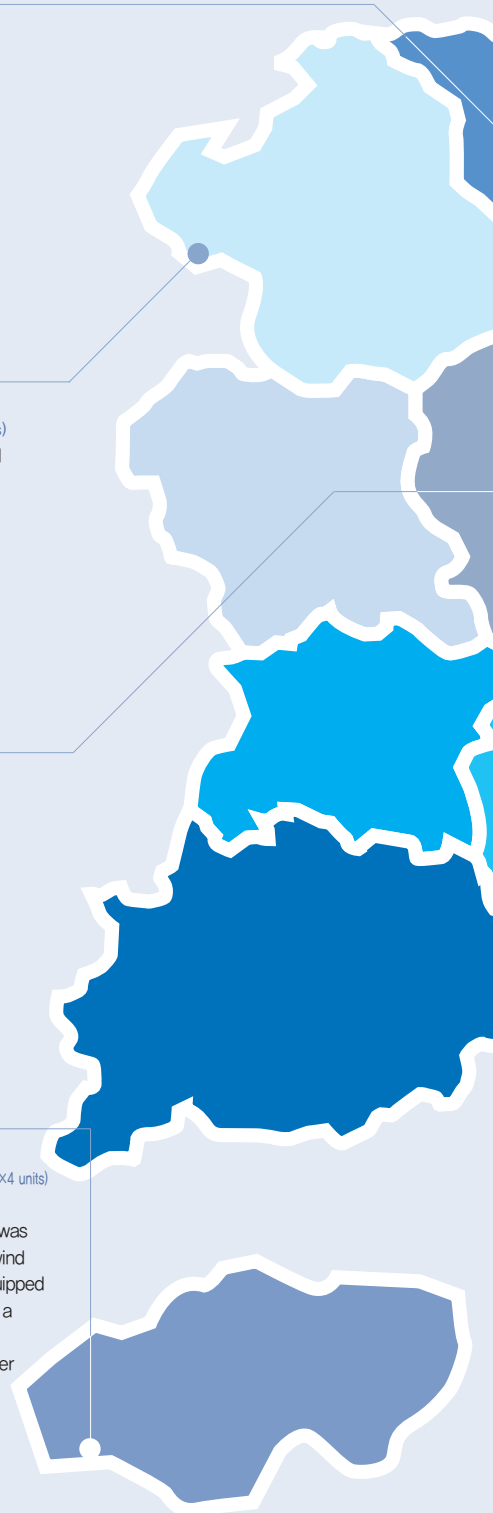
Andong Combined Cycle Power Plant is under preparation for construction which will begin in Nov. 2011 and end in Dec 2013. A total of KRW 330 billion will be invested for the 400 MW LNG combined cycle power plant in the northern part of North Geyongsang province. When completed, it is expected that a stable supply of electricity to the region will be possible, which will contribute to the balanced development of the nation as well as the vitalization of local economy.

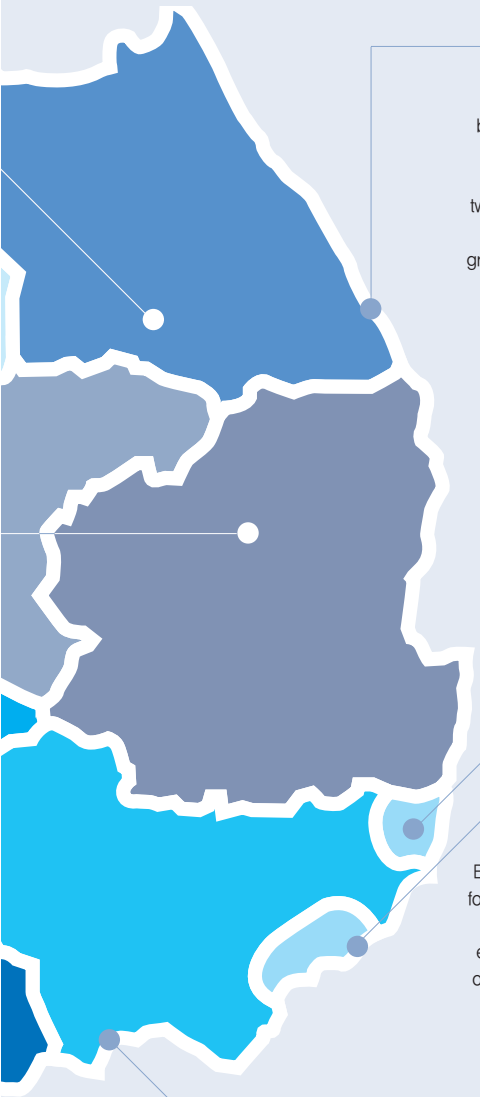
Namjeju Thermal Power Plant
(610 Hwasun-ri, Andeok-myeon, Seogwipo-si, Jeju Special Self-Governing Province)

■ Fuel : Heavy oil ■ Installed Capacity : 240 MW (Steam Turbine 100 MW×2 units, Internal Combustion 10 MW×4 units)

Namjeju Thermal Power Plant is located in the southernmost part of the Korean Peninsula, meeting more than half the demand of Jeju Island. The Namjeju plant was Korea's first pilot plant for localization. The plant has steam, gas, combined and wind power generation units in operation. The plant is an eco-friendly power plant equipped with pollutant prevention facilities perfectly fit for the environment of Jeju Island as a special district for tourism. Under the command of Namjeju plant, Hanlim Combined Cycle and Hangyeong Wind Power, which is the nation's first commercial wind power generator, and Seongsan Wind Power are operating in Jeju Island.

- Hanlim Combined Cycle (620 Dongmyeong-ri, Hanlim-eup, Jeju-si, Jeju Special-Governing Province)
  Fuel : Kerosine Installed Capacity : 105 MW (G/T 35×2 units, S/T 35×1 unit)
- Hangyeong Wind Power (Yongsu-ri, Hangyeong-myeon, Jeju-si, Jeju Special-Governing Province)
  Installed Capacity : 21 MW (3 MW ×5 units, 1.5 MW ×4 units)
- Seongsan Wind Power (Susan-ri, Seongsan-eup, Seogwipo-si, Jeju Special Self-Governing Province)
  Installed Capacity : 20 MW (2 MW × 10 units)





Samcheok Green Power Site
(Ogwon-ri, Wondeok-eup, Samcheok-si, Gangwon-do)

Samcheok Green Power Units 1&2 are under preparation for construction which will begin in Jul. 2011 and end in Dec. 2015. A total of KRW 3.2 trillion will be invested in the construction of the two units with the capacity of 2,000 MW. Samcheok Green Power will become the world's largest fluidized bed combustion power plant with a two to one boiler-turbine system. As a low-cost, high-efficiency power plant burning low-calorie coal, Samcheok Green Power is expected to contribute to sustainable growth of the company and energy saving of the nation. It will also serve as a model plant of ATP-1000, a coal-fired power plant, leading the nation's drive to export coal-fired power plant.

Youngnam Thermal Power Plant
(29 Maeam-dong, Nam-gu, Ulsan Metropolitan City)

■ Fuel : Heavy oil ■ Installed Capacity : 400 MW (200 MW×2 units)

Busan Combined Cycle Yeongnam Thermal Power Plant is a main power supplier to Ulsan, a center of industrial activities of the nation. It was built as a base load power plant in 1971. Later it was transformed into operating daily start-up and shutdown to flexibly respond to the changes in the nation's power demand in the 1980s.

Busan Combined Cycle Power Site
(759-8 Gamcheon 1-dong, Saha-gu, Busan Metropolitan City)

■ Fuel : LNG ■ Installed Capacity : 1,800 MW (G/T 150 × 8 units, S/T 150 × 4 units)

Busan Combined Cycle Power Site located in urban residential district is responsible for power supply in Busan and nearby communities. The Busan Site was built on the coal ash pond and coal storage yard of existing coal-fired power plant, using environment-friendly design and engineering technologies. The Busan Site has also operated a catalyst-free yellow plume reducer for the first time in the world and built landscape lighting installations for the first time in Korea.

Hadong Thermal Power Site
(310 Gadeok-ri, Geumseong-myeon, Hadong-gun, Gyeongsangnam-do)

■ Fuel : Bituminous Coal ■ Installed Capacity : 4,000 MW (500 MW × 8 units)

Hadong Thermal Power Site in the Southeast area of Korea operates Eight 500 MW Korean standard coal-fired power units with 90% of materials and equipment localization rate. Generation cost for the Hadong Site is relatively low and its thermal efficiency is highest compared to other coal-fired power plants in Korea. With environmental pollution prevention facilities such as de-NOx, de-sulfurization facilities in place, the Hadong Site is transforming itself into a public park for local residents.

Glossary

Key Performance Index (KPI)
The most significant indicators to determine the success or progress of a plan or target.

Renewable Portfolio Standard (RPS)
Regulation that requires the increased production of energy from renewable energy sources starting from 2012.

Return On Invested Capital (ROIC)
A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

Carbon Capture & Reuse (CCR)

Enterprise Resource Planning (ERP)
Integrated information system that serves all aspects of a company including budget, accounting, purchasing, and production so as to ensure the effective management of company resources.

Enterprise Risk Management (ERM)
Integrated information system that identifies and manages business risks at a company-wide level.

Executive Information System (EIS)
Management information system that provides summary of ongoing business operations to help senior managers set business strategies.

ISO26000
A set of CSR guidances set by the International Organization for Standardization (ISO) that requires corporations, governments, and NGOs to improve governance, human rights, and labor practices and promote environmental protection and fair trade to contribute to society.

Green Reporting Initiative (GRI)
A Netherlands-based organization, set up by US-based environmental alliance CERES and UNEP in 1997 and attended by corporations, NGOs, environmental groups, and consultants worldwide. It released first GRI Guidelines on sustainability reporting in June 2000, GRI G2 Guidelines in May 2002, and GRI G3 Guidelines in June 2006.

Clean Development Mechanism (CDM)
An arrangement allowing industrialized countries with a greenhouse gas reduction commitment to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries.

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

Polychlorinated Biphenyls (PCBs)
A class of organic compounds with 1 to 10 chlorine atoms attached to biphenyl. PCBs' toxicity and slow decomposition have persistent effects to the ecosystem.

Selective Catalytic Reduction (SCR)
A means of converting NOx with the aid of a catalyst into N2 and H2O.

Electric Precipitator
A collection device that removes particles from gas using the force of electrostatic charge.

Energy Service Company (ESCO)
A company investing in energy-saving facilities instead of consumers to recover profits from reduced energy consumption.

ISO14001
A series of standards set by the ISO, which includes ISO14001 for environmental management, ISO14010 for environmental auditing, ISO14020 for environmental labels, ISO14030 for environmental performance evaluation, and ISO14040 for life cycle assessment.

Greenhouse Gases
Emissions contributing to global warming when there is an excessive increase of their proportion in the atmosphere. Refers to gases like carbon dioxide (CO2), chloro fluoro carbon (CFC), ethane (CH3), nitrous oxide (N2O), and sulfur hexafluoride (SF6)

Emissions Trading (ETS)
A trading system allotting emission quotas to countries within a total cap. Allows countries that have unused emission permits to sell this excess capacity to countries that are over their targets.

Renewable Portfolio Agreement (RPA)
A voluntary agreement on the production of energy from renewable sources in the run-up to the Renewable Portfolio Standards.

Tonnage of oil equivalent (TOE)
Unit converted on the basis of the caloric value of 1 ton of oil

Chemical Oxygen Demand (COD)
Amount of oxygen required to chemically decompose organic and inorganic contaminants expressed as parts per million (ppm). Higher the COD, higher the amount of pollution in water.

Environmental Impact Assessment
A part of feasibility study conducted when promoting a 10,000KW or larger power plant, which include prediction and assesment of seasonal impact; measures to reduce impact, residents' opinions, draft and final reports, and collaboration with the Ministry of Environment.

Suspended Solid (SS)
Undissolvable particles of less than 2 mm which block sun lights, hindering anabolism in water plants and respiration in fish

Thermal Efficiency
Ratio of net work output to the heat supplied to a cycle.

Auxiliary Power Consumption Ratio
Ratio of power use by auxiliary devices to gross generation, which averages at 5% with differences depending on devices. Auxiliary power refers to the electricity used to power water pumps, conveyers, fans, lights, etc.

Frequency
The number of occurrences of a repeating event such as sound wave, mechanical oscillation, or electrical oscillation per unit time

KOSHA 18001
A system demanding the management to consider safety and health policies in operating businesses based on actions plans and rules and assess the results. Used to prevent accidents and reduce profit losses.

Peak Load
Maximum load consumed/produced by facilities in a given time, meaning either instant peak demand or average peak demand, which is more widely used. Commercially speaking, peak load means maximum average power demand in a given period. Peak load generator is a generator run during the peak load period.

Matching Grant
Corporate donations matching the amount of support by employees to social contributions.

G3 Contents Index

● : Reporting ◐ : Partial Reporting ○ : Not Reporting

STANDARD DISCLOSURES PART I : Profile Disclosures					
Profile Disclosure	Description	Cross-Reference	application	Reason for Omission	Further Explanation
1. Strategy and Analysis					
1.1	Statement from the most senior decision-maker of the organization.	5	●		
1.2	Description of key impacts, risks, and opportunities.	5, 16-19	●		
2. Organizational Profile					
2.1	Name of the organization.	68	●		
2.2	Primary brands, products, and/or services.	68	●		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	68	●		
2.4	Location of organization's headquarters.	68	●		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	68-71	●		
2.6	Nature of ownership and legal form.	68	●		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	16, 8, 9, 11	●		
2.8	Scale of the reporting organization.	68	●		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	12, 13	●		
2.10	Awards received in the reporting period.	69	●		
3. Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	6	●		
3.2	Date of most recent previous report (if any).	6	●		
3.3	Reporting cycle (annual, biennial, etc.)	6	●		
3.4	Contact point for questions regarding the report or its contents.	7	●		
3.5	Process for defining report content.	10	●		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	6, 7	●		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	6, 7	●		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	6	●		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	21, 30-33, 44-47, 62-64	●		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	16, 17	●		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	6, 7	●		
3.12	Table identifying the location of the Standard Disclosures in the report.	68-73	●		
3.13	Policy and current practice with regard to seeking external assurance for the report.	6, 66, 67	●		
4. Governance, Commitments, and Engagement					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	22	●		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	22	●		
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	22	●		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	22	●		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	22	●		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	22	●		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	22	●		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	18-20	●		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	22	●		

EC6 : KOSOP is in the beginning stage of overseas business so there is no record of local procurement. It will be reported once overseas business goes into full swing.
EN9 : No water sources (river, dam, tapwater) are significantly affected by withdrawal of water for power generation.

4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	22	●		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	23	●		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	7, 69	●		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	69	●		
4.14	List of stakeholder groups engaged by the organization.	10, 11	●		
4.15	Basis for identification and selection of stakeholders with whom to engage.	10, 11	●		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	10, 11	●		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	10, 11	●		
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)					
G3 DMA	Description	Cross-Reference	applicatio	Reason for Omission	Further Explanation
DMA EC	Disclosure on Management Approach EC	18–20,26	●		
DMA EN	Disclosure on Management Approach EN	36–38, 42, 43	●		
DMA LA	Disclosure on Management Approach LA	50	●		
DMA HR	Disclosure on Management Approach HR	50	●		
DMA SO	Disclosure on Management Approach SO	54, 55	●		
DMA PR	Disclosure on Management Approach PR	20	●		
STANDARD DISCLOSURES PART III: Performance Indicator					
Economic					
Performance Indicator	Description	Cross-Reference	application	Reason for Omission	Further Explanation
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	30–33	●		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	23, 42–43	●		
EC3	Coverage of the organization's defined benefit plan obligations.	74–77	●		according to the local law
EC4	Significant financial assistance received from government.	–	○	not applicable	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	–	○	not allowed	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	27, 61	○		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	27	●		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	64	●		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	16–17	●		
Environmental					
Performance Indicator	Description	Cross-Reference	application	Reason for Omission	Further Explanation
EN1	Materials used by weight or volume.	44	●		
EN2	Percentage of materials used that are recycled input materials.	46, 47	●		
EN3	Direct energy consumption by primary energy source.	44	●		
EN4	Indirect energy consumption by primary source.	44	●		
EN5	Energy saved due to conservation and efficiency improvements.	43	●		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	47	●		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	43	●		
EN8	Total water withdrawal by source.	46	●		
EN9	Water sources significantly affected by withdrawal of water.	40, 46	○		ocean
EN10	Percentage and total volume of water recycled and reused.	40, 46	●		written in former sustainability report
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	44	●		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	44	●		
EN13	Habitats protected or restored.	–	○	not applicable	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	–	○	not applicable	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	–	○	not applicable	
EN16	Total direct and indirect greenhouse gas emissions by weight.	47	●		
EN17	Other relevant indirect greenhouse gas emissions by weight.	47	●		

EN19 : No ozone-depleting substances are emitted at locations of KOSPO operation. / EN23 : No hazardous substance leakage occurred during the reporting period.
EN27 : No packaging materials of product sold are used due to the nature of our business to produce and sell electricity.
EN28 : no significant fines and sanctions occurred during the reporting period. / LA2 : we don't deal with these data.

Performance Indicator	Description	Cross-Reference	application	Reason for Omission	Further Explanation
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	42, 43	●		
EN19	Emissions of ozone-depleting substances by weight.	43, 47	○		
EN20	NOx, SOx, and other significant air emissions by type and weight.	45	●		
EN21	Total water discharge by quality and destination.	46	●		
EN22	Total weight of waste by type and disposal method.	46, 47	●		
EN23	Total number and volume of significant spills.	47	○		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	40, 41	●		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	44	●		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	39-41	●		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	40, 41	○		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	-	○	not applicable	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-	○	not applicable	
EN30	Total environmental protection expenditures and investments by type.	38, 47	●		
Social : Labor Practices and Decent Work					
LA1	Total workforce by employment type, employment contract, and region.	62	●		
LA2	Total number and rate of employee turnover by age group, gender, and region.	-	○	not applicable	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	74-77	●		no discrimination
LA4	Percentage of employees covered by collective bargaining agreements.	52	●		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	53	●		
LA6	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.	51	●		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	63	●		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	51	●		
LA9	Health and safety topics covered in formal agreements with trade unions.	51, 53	●		
LA10	Average hours of training per year per employee by employee category.	51, 63	●		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	63	●		
LA12	Percentage of employees receiving regular performance and career development reviews.	53	●		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	50, 62	●		
LA14	Ratio of basic salary of men to women by employee category.	50	●		
Social : Human Rights					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	51	●		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	51	●		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	51	●		
HR4	Total number of incidents of discrimination and actions taken.	64	●		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	50	●		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	50	●		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	50	●		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	51	●		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	○	not applicable	
Social : Society					
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	63	●		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	55	●		

Performance Indicator	Description	Cross-Reference	application	Reason for Omission	Further Explanation
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	55, 64	●		
SO4	Actions taken in response to incidents of corruption.	55, 64	●		
SO5	Public policy positions and participation in public policy development and lobbying.	59	●		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	–	O	not applicable	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	56, 64	●		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	56	●		
Social : Product Responsibility					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	23	●		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	11, 56	●		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	36, 41	●		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	11	●		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	11	●		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	11	●		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	11	●		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	11	●		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	11	●		

Report Application Level

KOSPO declares that this report meets the 'A+' level of the GRI G3 guideline application levels. GRI has also checked it.

[Application Level]

			C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	OUTPUT ➡	Reporton : 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C Plu : 1.2 3.9, 3,13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures		Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators		Report on a minimum of 10 Performance Indicators, including at least one from each of : Economic, Social and Environmental		Report on a minimum of 20 Performance Indicators, at east one from each of Economic, Environmental, Human rights, Labor, Society, Product Reponsibility		Report on each G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either : a) reporting on the Indicator or b) explaining the reason for omisson	

Core subjects in ISO 26000

Issues	Checklist	Relevance	Application/Results
1. Organizational governance			
1) Decision-making process and structure	Develop strategies, objectives, and targets that reflect its commitment to social responsibility.	O	Mid- to long-term management stratgies
	Put in place processes, systems, structures, orother mechanisms that make it possible to apply the principles and practices of social responsibility.	O	Consultation channels with shareholders, Support Project Review Committee
2. Human rights			
2) Due diligence	organizations have a responsibility to exercise due diligence to identify, prevent and address actual or potential human rights impacts resulting from their activities or the activities of those withwhich they have relationships.	O	Employment Rules
3) Human rights risk situations	Organizations should take particular care when dealing with situations characterized above. These situationsmay require an enhanced process of due diligence to ensure respect for human rights.	O	Disaster response manuasl and social contributions
4) Avoidance of complicity	Verify that its security arrangementsrespect human rights and are consistent with international norms and standards for law enforcement		
5) Resolving grievances	Establish, or otherwise ensure the availability of, remedy mechanisms for its own useand that of its stakeholders.	O	Regulations on dealing with grievan ces and Grieance Committee
6) Discrimination and vulnerable groups	Examine its own operations and the operations of other parties within its sphere ofinfluence to determine whether direct or indirect discrimination is present	O	Article 5 of the Employment Rules
7) Civil and political rights	Respect all individual civil and political rights.	O	Employment Rules
8) Economic, social, and cultural rights	Assess the possible impacts of its decisions, activities, products and services, as well as new projects, on these rights and A socially responsible organization could also contribute to the fulfilment of such rights		
9) Fundamental principles and rights at work	Independently ensure that it addresses the following matters: freedom of association and collective bargaining, forced labour and child labour.	O	Chapter 13 & 14 of the Collective Agre ement; Article 56 the Collective Agree ment; Article 58 the Collective Agreem ent & Article 5 of Employment Rules/ Article 5 of the Collective Agreement
3. Labor			
10) Employment and employment relationships	Ensure equal opportunities for all workers and not discriminate either directly or indirectly in any labour practice.	O	Article 58 of the Collective Agreement & Article 5 of the Employment Rules
	Not benefit from unfair, exploitative or abusive labour practices of its partners, suppliers or subcontractors,including home workers. An organization should make reasonable efforts to encourage organizations inits sphere of influence to follow responsible labour practices.	O	Chapter 5 of the Collective Agreement
11) Conditions of work and social protection	Provide decent conditions of work with regard to wages, hours of work, weeklyrest, holidays, health and safety, maternity protection and ability to combine workwith family responsibilities.	O	Chapter 2 of the Employment Rules and Chapter 5 of the Collective Agreement
	Allow observance of national or religious traditions and customs.	O	Remuneration regulations
12) Social dialogue	Respect at all times the right of workers to form or join their own organizations to advance their interests orto bargain collectively.	O	Articles 1 and 6 of the Collective Agreement
13) Health and safety at work	Develop, implement and maintain an occupational health and safety policy.	O	Health and Safety Management Regulations and Safety & Healty Management Policy
	Apply health and safety management rules from removal, replacement, and engineering control to management control, work procedure and individual safety facilities.	O	KOSHA18001 certification, Health and Safety Management Policy, Quality circle to improve safety hazards and risks, Activities to improved vulnerable equipment
	Understand and apply principles of health and safety management, including the hierarchy of controls: elimination, substitution, engineering controls, administrative controls, work procedures and personal protective equipment	O	Reflection into the basic plan on industrial safety and health, Special lecture on Safety Inspection Day, and conduct of statutory safety education

14) Human development and training in the workplace	Provide all workers at all stages of their work experience with access to skills development, training andapprenticeships, and opportunities for career advancement, on an equal and non-discriminatory basis.	O	Education and Training Regulations
	Establish joint labour-management programmes that promote health and well-being.	O	Induction training and OJT
4. The environment			
15) Prevention of pollution	Identify the aspects and impacts of its decisions and activities on the surrounding environment.	O	Environmental impact assess ment for construction project
	mplement measures aimed at preventing pollution and waste, using the waste management hierarchy,and ensuring proper management of unavoidable pollution and waste.	O	Operation of pollution prevention facilities
	Systematically identify and avoid the use of banned chemicals defined by national law or of unwanted chemicals listed in international conventions.	O	Details on the use of chemicals
16) Sustainable resource use	Identify the sources of energy, water and other resources used, and measure, record and report on its significant uses of energy, water and other resources.	O	Conducted as a basic duty
	Use recycled materials and reuse water as much as possible.	O	Water recycling
	Promote sustainable procurement	O	Environment-friendly Procurement
17) Climate change mitigation and adaptation	Identify the sources of direct and indirect accumulated GHG emissions and define the boundaries (scope) of its responsibility	O	Annual survey of emissions (inventory) according to greenhouse gas management guidelines
	Measure, record and report on its significant GHG emissions, preferably using methods well defined in internationally agreed standards	O	Establishment and operation of greenhouse gas maangement guidelines (April 2008) according to ISO 140964-1 and IPCC guidelines.
	Implement optimized measures to progressively reduce and minimize the direct and indirect GHG emissions within its control and encourage similar actions within its sphere of influence.	O	Establishment and operation of guidelines for greenhouse gas reduction projects (March 2009)
18) Protection of the environ ment, biodiversity and resto ration of natural habitats	Take measures to preserve any endemic, threatened or endangered species or habitat that may beadversely affected.	O	Conduct of environmental impact assessment
5. Fair operating practices			
19) Anti-corruption	Identify the risks of corruption and implement and maintain policies and practices that counter corruption and extortion.	O	Payment of rewards and desciplinary measures based on the severity of violation
	Raise the awareness of its employees, representatives, contractors and suppliers about corruption and how to counter it	O	Year-round integrity education
20) Responsible political involvement	Train its employees and representatives and raise their awareness regarding responsible political involvement and contributions, and how to deal with conflicts of interest.	n/a	
21) Fair competition	Establish procedures and other safeguards to prevent engaging in or being complicit in anti-competitive behaviour and promote employee awareness of the importance of compliance with competition legislation and fair competition.		
22) Promoting social responsibility in the value chain	Consider providing support to SMOs, including awareness raising on issues of social responsibility and best practice and additional assistance (for example, technical, capacity building or other resources) to meet socially responsible objectives.	O	Supplier support system
23) Respect for property rights	Not engage in activities that violate property rights, including misuse of a dominant position, counterfeiting and piracy, and pay fair compensation for property that it acquires or uses.	O	Contract provisions
6. Consumer issues			
24) Fair marketing, factual and unbiased information and fair contractual practices	Consent to sharing relevant information in a transparent manner which allows for easy access and comparisons as the basis for an informed choice by the consumer.		

25) Protecting consumers' health and safety	Assess the adequacy of health and safety laws, regulations, standards and other specifications to address all health and safety aspects.	O	Acqusition of ISO 9001, 14001, and KOSHA18001, and construction of a power plant with higher thermal effic iency, which leads to less consumption of coal, contributng to environmental protection and consumer safety and health.
	Identifying the likely user group(s), the intended use and the reasonably foreseeable misuse of the process, product or service, as well as hazards arising in all the stages and conditions of use of the product or service and, in some cases, provide specially tailored products and services for vulnerable groups	O	Stricter requirments on establishment & operation of electronic dust collector, deNox & deSox facilities to reduce emissions, and review of impact of, discharge of hot waste water and compensation for the resultant damage to the fishing industry.
26) Sustainable consumption	Promote effective education empowering consumers to understand the impacts of their choices of products and services on their well being and on the environment.		GENCOs generate electricity to sell to KEPCO, maintaining the highest quality according to the government's electricity quality standards (the KPX operation rules). It is KEPCO to directly sell electricity to consumers, not KOSPO, which has no direct interests with consumers.
27) Consumer service, support, and complaint and dispute resolution	Review complaints and improve practices in response to complaints.		
28) Consumer data protection and privacy	Limit the collection of personal data to information that is either essential for the provision of products and services or provided with the informed and voluntary consent of the consumer.		
29) Access to essential services	Not disconnect essential services for non-payment without providing the consumer or group of consumers with the opportunity to seek reasonable time to make the payment.		
	Operate in a transparent manner, providing information related to the setting of prices and charges.		
30) Education and awareness	In educating consumers, an organization, when appropriate, should address health and safety, including product hazards, product and service labelling and information provided in manuals and instructions.		
7. Community involvement and development			
31) Community involvement	Consult representative community groups in determining priorities for social investment and community development activities	O	Consultative body based on the Community Support Project Act
	Participate in local associations as possible and appropriate, with the objective of contributing to the public good and the development goals of communities.	O	KOSPO Community Service Group
32) Education and culture	Promote cultural activities where appropriate, recognize and value the local cultures and cultural traditions, consistent with the principle of respect for human rights.	O	KOSPO Community Service Group
33) Employment creation and skills development	Analyse the impact of its investment decisions on employment creation and, where economically viable, make direct investments that alleviate poverty through employment creation.	O	Policies recommended by the Governmet
	Give special attention to vulnerable groups with regard to employment and capacity building.	O	Additional scores to the socially underprivileged
34) Technology development and access	Consider engaging in partnerships with organizations, such as universities or research laboratories, to enhance scientific and technological development with partners from the community, and employ local people in this work	O	Promotion of industry-acamedia cooperation
35) Wealth and income creation	Consider the economic and social impact of entering or leaving a community.	O	Act on Assistance to Electric Power Plants-Neighboring Areas
	Fulfil its tax responsibilities and provide authorities with the necessary information to correctly determine taxes due.	O	Compliance of laws and regulations on accounting
36) Health	Consider supporting long lasting and universal access to essential health care services and to clean water and appropriate sanitation as a means of preventing illness.	O	Support with Budget
37) Social investment	Consider partnering with other organizations, including government, business or NGOs to maximise synergies and make use of complementary resources, knowledge and skills	O	Ombudsman activities and management consulting

Questionnaire

Reader Opinion Survey

Reader Opinion Survey

We are looking forward to your valuable opinions. We will use them to improve KOSPO operations and let you know the results. Your opinions will be reflected in reports to be published later. If you have any comments or suggestions for this report, please send them using the form below via mail or fax.

● Which category do you belong to?

1) KOSPO Employee 2) Investor/Shareholder 3) Supplier 4) Local Resident 5) NGO

6) Media 7) School Employee 8) Government/Public Official 9) Others_____

● Did you find the information in this report helpful in understanding KOSPO's sustainable management?

1) Very much 2) A little 3) Average 4) Not 5) Not at all

● Which section are you most interested in?

1) Stakeholder participation and importance assessment 2) Sustainable management system

3) Economic performance 4) Environmental performance 5) Social performance

● Please rate the usefulness of this report.

1) Stakeholder participation and materiality test	(Very Poor)	1	2	3	4	5	(Excellent)
2) Sustainable management mechanism	(Very Poor)	1	2	3	4	5	(Excellent)
3) Economic performance	(Very Poor)	1	2	3	4	5	(Excellent)
4) Environmental performance	(Very Poor)	1	2	3	4	5	(Excellent)
5) Social performance	(Very Poor)	1	2	3	4	5	(Excellent)

● Please write any comments which will help improve the report.

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Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **KOREA SOUTHERN POWER CO.,LTD (KOSPO)** has presented its report "Great Change & Challenge for the Better World (KOSPO's 2010 Sustainability Report)" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

18 April 2011, Amsterdam

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because KOREA SOUTHERN POWER CO.,LTD (KOSPO) has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
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