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KEPCO KPS
Jeongjail-ro 45, Bundang-gu, Seongnam-si,
Gyeonggi-do, 463-726 Korea
TEL. +82-31-710-4114 FAX. +82-31-710-4115

KEPCO KPS Sustainability Report 2010



Sustainability Report

Bringing the Light
of Dreams and Hopes
KEPCO KPS | Sustainability Report 2010



ABOUT THIS REPORT

Reporting Purpose
This report presents sustainability management achievements at KEPCO Plant Service & Engineering Co., Ltd. (KEPCO KPS hereafter) with respect to company's economic, social and environmental responsibilities. It aims to help KEPCO KPS stakeholders to appropriately understand the company's overall sustainability management.

Reporting Period
KEPCO KPS publishes sustainability reports bi-annually. The reporting period of this report spans from January 1, 2009 to December 31, 2010. It includes data prior to 2008 when analysis of past trends is required and partially contains activities and achievements in 2011. KEPCO KPS's first sustainability report, KEPCO KPS Sustainability Report 2006, was published in September 2007 and this is the third such report.

Reporting boundary
This report covers KEPCO KPS's sustainability activities and performance at the head office, Korean field offices (34 offices) and overseas offices (10 offices).

Reporting Framework
KEPCO KPS reports against the GRI (Global Reporting Initiative)'s G3.1 Guidelines and the financial information in this report is in accordance with Korean financial accounting standards.

Assurance
The reporting process and the report content were assured by the Korean Standards Association (KSA), an independent external assurance provider. The assurance report appears in the Third Party Assurance Statement section of this report.

Characteristics of This Report
In addition to the 'third party assurance statement', this report also includes the 'ISO 26000 compliance assessment report', which describes the level of compliance in meeting social responsibilities at KEPCO KPS.

Major Changes from Previous Reports
This report presents how KEPCO KPS responds to the opening of the Korean power plant maintenance market and offers a detailed picture of the measures taken at KEPCO KPS to enhance safety of nuclear power plants, which is emerging as a major concern in the environment field.

Distribution and Feedback of This Report
This report is published both in Korean and English. The report is available through the KEPCO KPS corporate website and registered at the GRI and the UN Global Compact's list of sustainability reports. KEPCO KPS welcomes any feedback from valued stakeholders and they could use such diverse channels as e-mail, post, fax and KEPCO KPS website to communicate with the company.
Website : www.kps.co.kr
Management Planning Team, Corporate Planning Dept. Jeongjail-ro 45, Bundang-gu, Seongnam-si, Gyeonggi-do, 463-726 Korea
Tel : +82-31-710-4097
Fax : +82-31-710-4099
E-mail : sustainability@kps.co.kr

GRI G3.1 Guidelines Application Level
The KEPCO KPS Sustainability Report 2010 complies with the GRI G3.1 Guidelines. KEPCO KPS's internal assessments of the report show that it is in full compliance with qualitative and quantitative requirements of the GRI G3.1 Guidelines and thus support the self-declaration of the application level 'A+'. KSA, the third party assurance provider of the report, verified that this report qualified for the application level 'A+'. GRI checked and approved that this report fulfills the requirement of Application Level 'A+' too.



KEPCO KPS SUSTAINABILITY REPORT 2010

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CEO MESSAGE

“KEPCO KPS will take a new step forward to grow into a global company through sustained growth-driven management!”



Dear Stakeholders of KEPCO KPS!

Let me extend my heartfelt thanks for your continued interest in and affection for KEPCO KPS. After the company's inception as a professional power plant maintenance service provider in 1974 to ensure stable supply of electricity, KEPCO KPS has been fully committed to delivering a higher quality of life for the general public and forging a sustainable future with stakeholders.

There have been many changes and various achievements since the company's second sustainability report in 2009 and the first-ever such report in 2007. KEPCO KPS posted KRW 805.2 billion in sales and KRW 96.3 billion in net profit in 2009 and these increased to KRW 842.5 billion and KRW 98.4 billion respectively in 2010. Over the last 5 years, company's sales and net profit have grown continuously. This is attributable to the world-class maintenance expertise that KEPCO KPS accumulated through the sustained development of advanced technology and global talented individuals since the establishment of the company. Such an outstanding feat is also thanks to KEPCO KPS's sincere commitment towards sustainability management supported by communication and cooperation with a wide spectrum of stakeholders.

With the corporate management principle of “sustained growth-driven management”, every employee at KEPCO KPS is doing their utmost to ensure that KEPCO KPS would evolve into a company that earns trust from its shareholders, has respect for people, wins the heart of people through ethical management and social contribution and strikes the right balance between publicness and profitability, which will be delivered through the endless pursuit of world No. 1, focus on customers and markets, increased communication and cooperation, and compliance with social responsibilities.

“KEPCO KPS aims to achieve KRW 3 trillion in sales, increase its operating profit to sales ratio to 18% and raise the share of overseas sales to 40% by 2020, evolving into a ‘Global Leading Business Partner for Green Energy Management.’”

These endeavors are recognized in various ways : KEPCO KPS was selected as the Sector Leader in the Support Service Industry by DJSI Korea for 3 consecutive years, inducted into the Hall of Fame of the Korean Service Grand Prix for the first time as a public enterprise, awarded with the Grand Prize of the National Quality Management Contest and chosen as a company with an excellent labor-management culture. These achievements further encourage KEPCO KPS to contribute more to a sustainable development of human society and the company is to take a new step forward in the following areas.

Sustainable Growth through Enhanced Core Competence

KEPCO KPS redefined its mid/long-term strategic management plans at the end of 2009 to cope with rapidly-changing business environments and to ensure sustainable growth and also declared ‘VISION 2020’ in 2010. KEPCO KPS set the goals of achieving KRW 3 trillion in sales, increasing its operating profit to sales ratio to 18% and raising the share of overseas sales to 40% by 2020, evolving into a ‘Global Leading Business Partner for Green Energy Management’. To meet this goal, KEPCO KPS plans to enhance its core competence by developing cutting-edge maintenance technology and hiring and promoting globally talented employees.

Company that Values its Customers and Markets

KEPCO KPS is to win the hearts of customers through customer-oriented and differentiated values and make business more profitable by eliminating inefficient systems and practices. KEPCO KPS's efforts in expanding overseas business and exploring new markets abroad will create new engines of growth. KEPCO KPS's diversification of business portfolio will make sure that the company can stay the course in the face of frequent changes in the business environment.

Company that Values People and Workplace

KEPCO KPS will continue to respect the dignity and intrinsic values of employees, the source of corporate competitiveness, so that their work life at KEPCO KPS is filled with pride, happiness and rewarding experiences. While the people-centered management philosophy will lead to new welfare policies and a stronger culture of workplace safety, KEPCO KPS will also work hard to implement fair HR policies and encourage employees to work on their own initiative and use their creativity.

Company that Cares about the Environment

KEPCO KPS's commitment towards preserving the precious mother earth, a home for the next generations, extends beyond merely reducing GHG emissions and establishing certified environmental management systems and into minimizing the company's impact on the environment through optimized maintenance of environmental facilities of power plants and developing eco-friendly maintenance technology. Additionally, KEPCO KPS will make its business more environmentally-friendly with expanded investments into new and renewable energy technology for green growth.

Company that is Trusted through the Fulfillment of its Social Responsibilities

KEPCO KPS's conduct of business will become more transparent with the operations and information disclosure that are in full compliance with ethical management principles. KEPCO KPS also aims to establish win-win partnerships through full-fledged sharing-oriented management, stronger partnerships with stakeholders and increased support for SMEs.

KEPCO KPS singed up the UN Global Compact in September 2007 in a bid to fulfill its social responsibilities and pursue sustainability management. KEPCO KPS supports the 10 UNGC principles in the areas of human rights, labour standard, environment and anti-corruption and all KEPCO KPS employees are fully committed to abiding by these principles.

KEPCO KPS promises to all its partners around the world that the company will renew itself as a true global world-class company that will contribute to the development of human society by fully meeting its economic, social and environmental responsibilities.

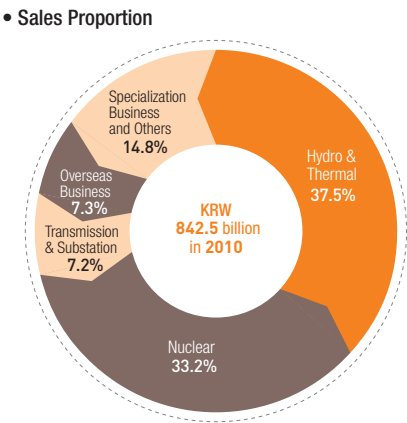
Thank you.

KEPCO KPS CEO President **Sung-Eun, Tae**

Company Profile

Business Areas

- Maintenance services for power plant facilities and related structures
- Inspections and maintenance of transmission and substation facilities
- Repair of gas turbine components and assessments of reactor safety
- New and renewable energy business including photovoltaic energy
- Maintenance of power plant and industrial facilities in Korea and overseas as well as KEPCO facilities



• Gori Nuclear Power Plant



• Tae'an Thermal Power Plant



Overview

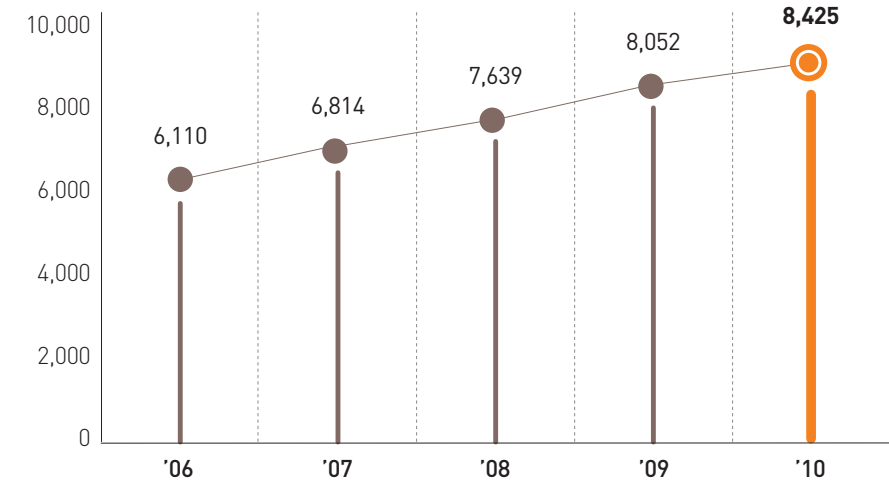
KEPCO KPS is a world-renowned total plant service company, providing maintenance services not just to electric power and industrial facilities in Korea such as hydro & thermal and nuclear power plants and transmission & substations but also to power generation facilities abroad including India.

KEPCO KPS operates the Technology Research & Development Institute in order to develop comprehensive maintenance systems and core technology to repair core components of power plant facilities. The company's business scope also covers new and renewable energy such as photovoltaic and wind power.

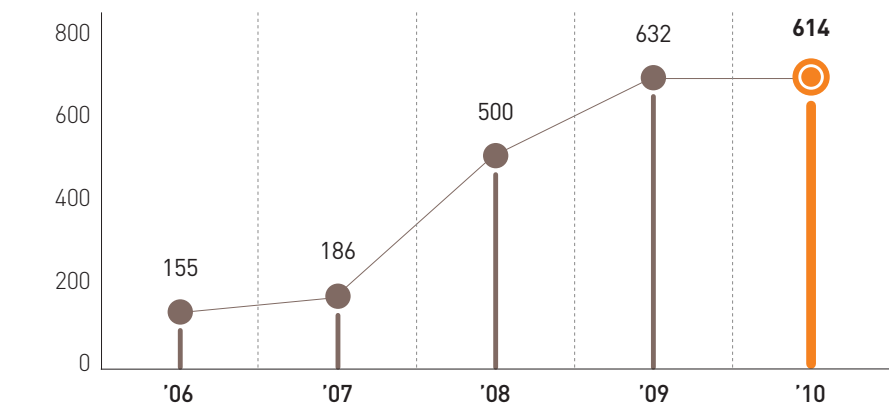
Business Areas

KEPCO KPS was established to ensure the 'stable supply of electric power thorough maintenance of power plant facilities'. KEPCO KPS's services include maintenance of power plant facilities and related structures and inspections and maintenance of transmission and substation facilities. To grow into a true global company, KEPCO KPS not only services power plants in Korea but also performs O&M (Operation & Maintenance) projects in overseas markets (India, Philippines, Pakistan, and Madagascar), thereby enhancing brand values, corporate competitiveness and technology capacity.

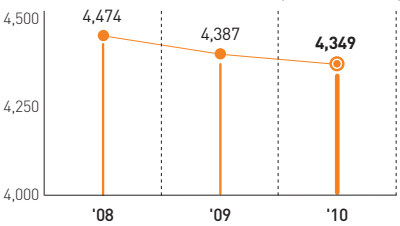
Sales Trend



Overseas Business Trend



No. of Employees

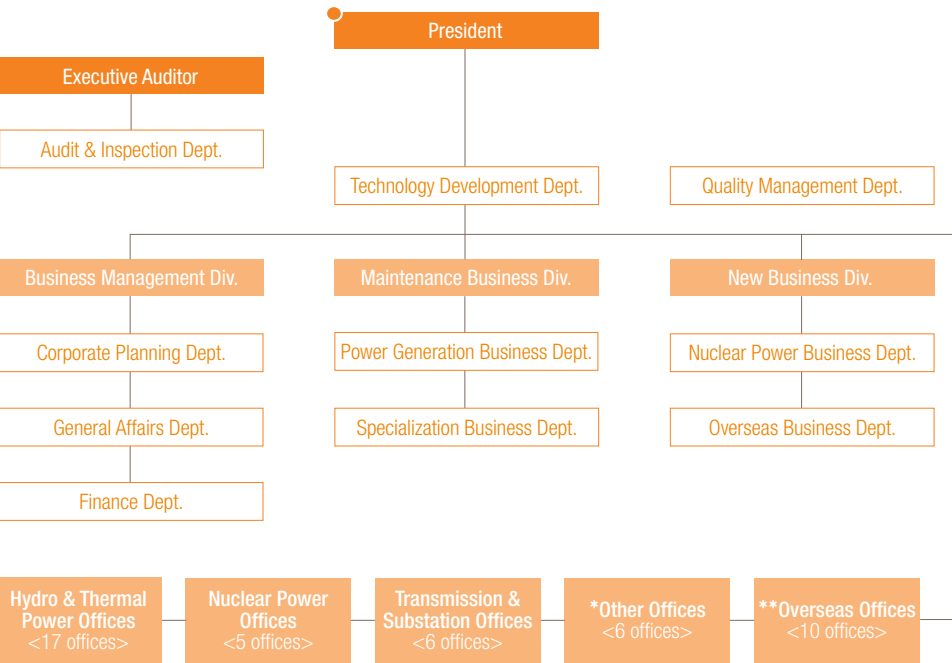


• View of the Head Office of KEPCO KPS



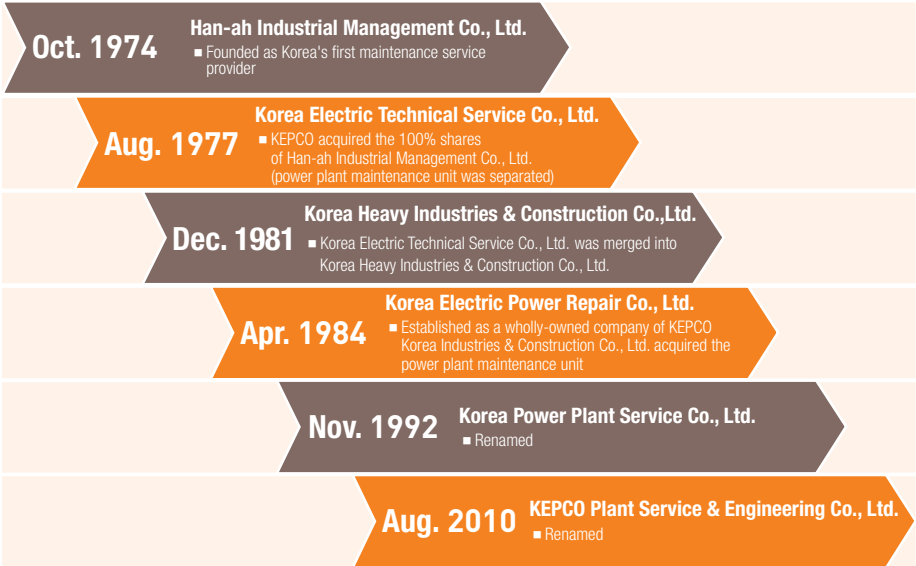
Organizational Structure

KEPCO KPS head office is located in Bundang-gu, Seongnam-si, Gyeonggi-do and the company has 3 Divisions and 10 Departments at the head office and 34 offices in Korea and 10 offices abroad.



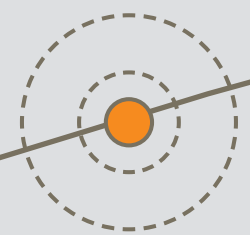
*Other Offices : Technology Service Center (2), Training Center (2),
New Renewal Energy & Plant Service Center, Technology Research & Development Institute
**Overseas Offices : Vemagiri, Chanderiya, Jharsuguda, BALCO, Wardha, Ilijan, Daharki, Ambatovy, India, Indonesia (10)

Corporate History



VISION 2020

ECONOMY

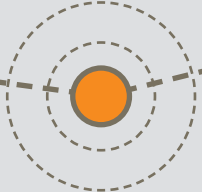


Declaring VISION 2020

KEPCO KPS announced VISION 2020 in March 2010. Under this vision, KEPCO KPS aims to grow into a 'Global Leading Business Partner for Green Energy Management' and take a new leap forward to a global world-class company by achieving KRW 3 trillion in sales (KRW 1.24 trillion in overseas sales) and growing the operating profit to sales ratio to 18% by 2020.

SOCIETY

DJSI KOREA



Listed in the DJSI Korea for 3 Consecutive Years and Chosen as the Sector Leader

KEPCO KPS has been listed in Dow Jones Sustainability Index Korea for 3 years in a row since 2009 and selected as the Sector Leader in the Support Service Industry. This recognizes both financial and non-financial achievements the company made in sustainability management.

EMPLOYEE

CORPORATE UNIVERSITY



Corporate University Up and Running

KEPCO KPS opened its own corporate university in 2010 to assist employees in developing their capacities and to promote top-level maintenance engineers with hands-on competency and theoretical knowledge.

ENVIRONMENT

GRAND PRIZE



Winning Grand Prize

KEPCO KPS was awarded with the 'Grand Prize' of the 35th National Quality Management Contest in November 2009, which recognized the company's contributions to improving nation's industrial competitiveness through outstanding management performance in quality management innovation activities.

CSI



Highest-possible Customer Satisfaction Delivered by Public Enterprise

KEPCO KPS has been conducting customer satisfaction index surveys since 2001 to measure and enhance customer satisfaction. With systematic customer satisfaction management activities, KEPCO KPS's customer satisfaction index stays at the top among public enterprises.

6YEARS



Flawless Maintenance for 6 Consecutive Years

KEPCO KPS has been keeping up with its records of flawless maintenance for 6 consecutive years by reducing KEPCO KPS-caused breakdown/outage to zero. The shortened period of planned outage maintenance eliminated the need for the construction of 428 MW power plant facilities between 2009 and 2010.

₩122,000,000



Creating the Base for Hope

After partnering with Child Fund Korea which owns a nation-wide network in November 2009, KEPCO KPS has been 'Creating the Base for Hope', as a representative corporate philanthropic program, in order to improve facilities mainly used by children from low-income families. The company donated KRW 122 million including volunteering work at 33 children's facilities in 2010.

US\$ 40,000



Aiding Pakistan to Recover from Flood Damages

All KEPCO KPS employees donated a total of USD 40,000 to the Pakistani Embassy in Korea on August 26, 2010 to help the nation where torrential rains killed more than 1,000 and left 20 million homeless.

HARMONY



Chosen as a Company with an Excellent Labor-Management Culture

KEPCO KPS was chosen as a company with an excellent labor-management culture by the Ministry of Employment and Labor in July 2011 for its cooperative labor-management relations that were possible thanks to the labor-management partnership.

ISO 9001 & 14001



Setting Targets for Reducing GHG Emissions and Having the KEPCO KPS Head Office and the GT Technology Service Center Certified with both ISO 9001 & 14001

KEPCO KPS is working hard to meet the set target for reducing GHG emissions for low-carbon green growth. The KEPCO KPS head office and the GT Technology Service Center were certified with both ISO 9001 & 14001 in July 2011.

A low-angle, upward-looking photograph of industrial structures at a power plant. The image shows a complex network of metal beams, pipes, and scaffolding against a bright blue sky with scattered white clouds. A prominent feature is a large, red and white striped cylindrical structure, possibly a cooling tower or chimney, rising from the lower right towards the center. The perspective creates a sense of height and scale.

SUSTAINABILITY AT KEPCO KPS

“

KEPCO KPS creates a world where everyone is united in happiness through sustainable growth and development.

”



Sustainability Management Strategy

Corporate Philosophy

KEPCO KPS corporate philosophy is to ‘Contribute to human society by delivering the greatest-possible values to customers’. By ‘delivering the greatest-possible values to customers’, the company is to identify customer needs and deliver customer values with cutting-edge technology and new solutions. To ‘contribute to human society’, the company plans to provide the best-possible services through customer value creation and management innovation, helping human society lead an even richer and more flourishing life.

Core Values

KEPCO KPS core values are ‘Customer Satisfaction’, ‘Pursuit of Innovation’, ‘Focus on Technology’, ‘Talent Fostering’ and ‘Globalization’. Customer satisfaction will be delivered by putting customers at the center of everything and offering the greatest-possible values to customers. Pursuit of innovation means that KECO KPS is to respond proactively to changing business environments through innovative thinking and behaviors. Focus on technology is to secure core technology that will allow the company to offer world-class services and lead the global market and talent fostering is to find and nurture global talented individuals who possess the passion for what they do and the top-quality expertise. Last but not least, globalization serves as a measure of the level the company strives to reach in all of these core values and KEPCO KPS aims for the world's highest level in business areas, talent fostering, technology development and business conduct.

Vision

KEPCO KPS vision is to become a ‘Global Leading Business Partner for Green Energy Management’. The ‘Green Energy Management’ covers not just facility operation and maintenance but also the whole spectrum of services in the energy industry including component design & manufacturing, consulting services and even green energy. In an effort to become a ‘Global Leading Business Partner’, KEPCO KPS is to perform at the level of other advanced industry peers overseas and position itself as a global market leader in terms of business and technology. Not only that, it means that KEPCO KPS plans to provide professional services to customers to assist their business operations, thus elevating the company's standing as an equal partner.

• VISION 2020 Strategy

Vision

Global Leading Business Partner for Green Energy Management

Strategic Goals

KRW 3 Trillion in Sales, KRW 1.24 Trillion in Overseas Sales, 18% of Operating Profit to Sales Ratio

Strategic Directions - Tasks

Enhancing Competitiveness in Existing Business

- Improving competitiveness in the hydro & thermal business
- Increasing profitability in the hydro & thermal business
- Promoting competitiveness in the nuclear business

Promoting Globalization

- Strengthening global business in the hydro & thermal business
- Increasing sales from global cooperation in the nuclear/transmission & substation business

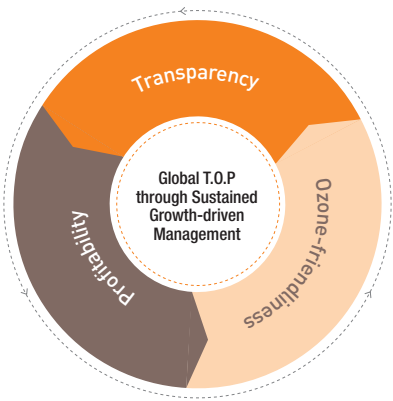
Horizontal/Vertical Diversification

- Launching new business projects in green energy
- Technology-centered horizontal/vertical diversification

Building the Enabling Framework

- Upgrading the organizational operation framework
- Building systems to nurture competitive individuals
- Redefining and expanding the corporate culture

• Sustainability Management Goals



• Sustainability Management Organizational Structure

Principles	
CEO	High-level Decision Making
Various committees regarding sustainability management (Board of Directors, ethical management, customer advisory council, etc.)	Gathering opinions internally and externally and incorporating them into management policies

Planning
Department in charge of sustainability management (Management Planning Team, Corporate Planning Dept.)
▪ Setting plans for sustainability Management
▪ Publishing and posting sustainability reports
▪ Setting and managing key performance indicators

Execution
Sustainability management working-level departments (company-wide departments and offices)
Performing and managing sustainability management tasks in respective areas

MUV 2013 Mid-term Strategic Management Plan

KEPCO KPS's mid-term strategic management plan 'MUV 2013' was set up to achieve 'VISION 2020' and presents the following 8 core strategic tasks to be completed by 2013.

• MUV 2013 Strategy

Strategic Goals

KRW 1.2 Trillion in Sales, KRW 180 Billion in Overseas Sales, 14% of Operating Profit to Sales Ratio

Strategic Directions - Tasks

Enhancing Competitiveness in Existing Business

- Strengthening competitiveness in the hydro & thermal/ nuclear power plant maintenance business
- Improving competitiveness in the transmission & substation business

Promoting Globalization

- Advancing overseas business
 - O&M business
 - Engineering business
- Promoting the export market-oriented nuclear power plant business/overseas nuclear power plant services business

Horizontal/Vertical Diversification

- Enhancing the GT component reclamation and manufacturing business
- Promoting the nuclear power plant maintenance support automation business
- Developing and operating specialization business(new and renewable energy, etc.)

Building the Enabling Framework

- Upgrading the organizational operation framework

Sustainability Management Strategy

To achieve the goal of becoming the ‘Global T.O.P through sustained growth-driven management’, KEPCO KPS's sustainability management strategic framework is up and running to incorporate the company CEO's people-centered management philosophy as well as economic, social and environmental aspects of sustainability management.

• Sustainability Management Strategic Framework

Vision

Global Leading Business Partner for Green Energy Management

Goal

Global T.O.P through Sustained Growth-driven Management

Action Framework

Economy Sustained Growth

- Increasing corporate values by identifying new engines of growth, improving profitability and making the financial structure healthier
- Pursuing continued technology innovation, leading the development of maintenance engineering technology
- Gaining competitive edge through initiative-driven management innovation

Society Responsible Management

- Improving management transparency with work process and information disclosure in full compliance with ethical management principles
- Fully meeting corporate social responsibilities through proactive sharing-oriented management
- Enhancing corporate values by solidifying partnerships with stakeholders

Environment Eco-friendliness

- Making facility maintenance more eco-friendly by adopting environment-conscious technology
- Developing new and renewable energy technology, providing solutions to future energy issues
- Preserving the natural environment by addressing climate change together with KEPCO group

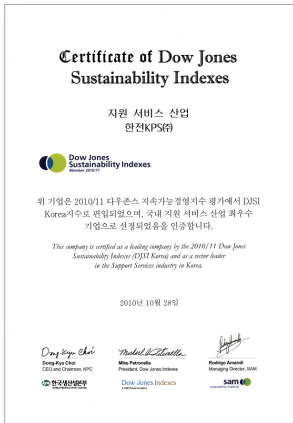
People People-orientation

- Nurturing future global leaders with creativity and professionalism
- Establishing win-win labor-management culture, improving the quality of life of KEPCO KPS employees through increased welfare benefits
- Focusing more on human rights aspects of business conduct including prevention of accidents and promotion of employee health

- KEPCO KPS supports the UN Global Compacts.



- Chosen as the DJSI Sector Leader



Establishing the Code of Sustainability Management

In establishing the Code of Sustainability Management in July 2008, KEPCO KPS employees pledged themselves to contribute towards sustainable development of the nation, society and all human kind and help KEPCO KPS grow into a global leading business partner for green energy management. In so doing, the company is determined to fully meet its social responsibilities as a leading maintenance service provider for electric power facilities and to make the company's business more stakeholder-driven and thus more sustainable with respect to economy, society, environment and human kind.

Sustainability Management Key Performance Indicator(KPI)s

To ensure that KEPCO KPS's sustainability management goals and strategies are reviewed and given proper feedback regularly, the company manages the following key performance indicators in the respective sustainability management areas of economy, society, environment and people.

Areas	Key Performance Indicators	Unit	2008	2009	2010
Economy	Sales	KRW 100 million	7,639	8,052	8,425
	Value-added productivity per employee	KRW 1 million	109	114	118
	R&D investments (against sales)	%	4.4	4.5	4.7
	Flawless maintenance	No. of cases	0	0	0
Society	Enhancing integrity	Score	9.76	9.87	9.76
	Increasing customer satisfaction	Score	94.7	93.1	95.4
	Expanding electronic procurement	%	91.3	94.5	96.3
	Purchasing products from SMEs	%	90.5	77.4	82.8
Environment	Photovoltaic energy EPC projects	KRW 100 million	130	134	47.7
	Wind power facility maintenance business	KRW 100 million	3	0.3	0.34
	Purchasing eco-friendly products	KRW 100 million	17	18	27.8
	Increasing recycling of waste	%	95	95	95
People	Injury rates	%	0.55	0.94	0.44
	Welfare satisfaction level	Score	74.2	77.0	77.8
	Turnover rates	%	0.9	1.0	1.0
	Training expenses(per employee)	KRW 1,000	1,619	1,357	1,620

UN Global Compact

KEPCO KPS joined the UN Global Compact in September 2007 to fulfill its social responsibilities and make its business more sustainable. KEPCO KPS clearly stated its support for the UNGC's 10 principles in the areas of human rights, labour standard, environment and anti-corruption. KEPCO KPS submitted to the UNGC COP (Communication on Progress) report written in accordance with the UNGC guidelines in November 2008 and reconfirms the company's commitment to these principles every year.

Receiving the DJSI Certificate and Chosen as the Sector Leader

KEPCO KPS has been listed in Dow Jones Sustainability Index Korea for 3 years in a row since 2009 and chosen as the Sector Leader in the Support Service Industry, which widely recognizes the company's achievements in sustainability management. KEPCO KPS reviews regularly the level of its compliance with economic, social and environmental responsibilities and makes sure that the company continues to make progress on those areas that need to be improved.

Major Affiliated Organizations

KEPCO KPS works with the following organizations to share information and adapt their advanced management techniques.

Korea Electric Association (joined in 1984)

- CEO Sung-Eun, Tae is serving as a director.
- Its main areas of business cover research & development of technology standards and relevant specifications under the Electricity Business Act including electric facilities and hydro/thermal power plant facilities as well as the development and management of the Korea Electric Power Industry Code (KEPIC).

Korea Atomic Industrial Forum (joined in 1984)

- CEO Sung-Eun, Tae is serving as a director.
- The knowledge and information on nuclear power that we share with the forum is utilized as basic data to secure safety of the nuclear power plants that we service.

Korea Energy Foundation (joined in 1985)

- The foundation was established to guarantee basic energy rights for the socially underprivileged and narrow the wealth gap in our society.
- KEPCO KPS supports foundation's international cooperation projects through the energy network project and serves as a bridge to promote energy cooperation in the private sector and exchanges between government-owned and private enterprises, encouraging them to take part in energy welfare projects.

Korea Co-Generation Association (joined in 1996)

- Executive Vice President Oh, Kim is serving as a director.
- The association was set up to expand collective energy and co-generation and to promote relevant systems.
- The sharing of information on co-generation facilities helps us win more contract orders, tap into new business areas and upgrade our maintenance technology.

Korea District Heating Association (joined in 2004)

- CEO Sung-Eun, Tae is working as an auditor.
- The association assists the Korean government in carrying out its collective energy industry policies including energy saving and environmental preservation.
- KEPCO KPS exchanges information with the association and take part in seminars to gain insight into the optimized maintenance and repair of district heating facilities and more sophisticated methods of safety management.

Korea Powerplant Maintenance Association (launched in January 2008)

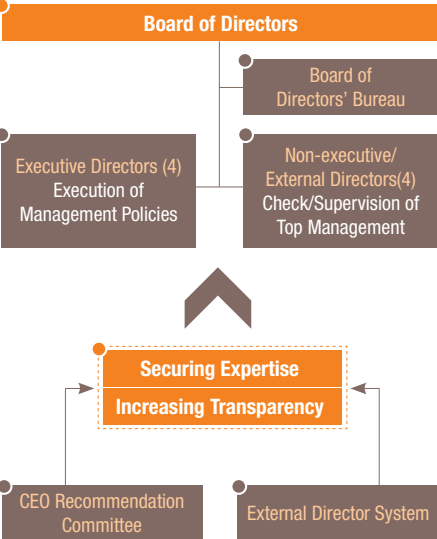
- The association is made up of 7 companies including KEPCO KPS (president : KEPCO KPS CEO).
- Its objective is to study ways to improve competitiveness of the power plant maintenance industry.

BEST Forum : Business Ethics and Sustainability for Top Management (joined in 2006)

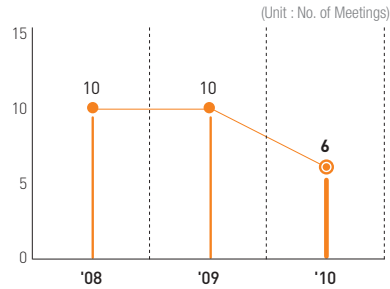
- We are to build ethical management into our business operations and make it part of our corporate culture by learning best practices of ethical management.
- CEOs of the participating companies sign the pledge to practice ethical management and participate in monthly forums and workshops.

Governance

• Organizational Structure of Board of Directors



• No. of Board of Directors Meetings



We run the board of directors in a bid to fulfill our responsibilities and duties to stakeholders. The board of directors oversees top management's performance and makes decisions on important matters. At KEPCO KPS, we make sure that our board of directors is both independent and professional so that our management performance is supervised objectively and our corporate governance becomes more transparent and efficient.

Composition of Shareholders

Our shareholders include KEPCO with 75% equity and general stakeholders (including the employee stock ownership association) with the rest 25%. They take part in deciding who serves on our board of directors and this enables us to make decisions on such important management issues as management goals, budget and settlement in a transparent manner.

Composition of Board of Directors

Our board of directors is structured pursuant to the KEPCO KPS Articles of Incorporation and makes decisions on major issues of management as a top decision-making body. It primarily deals with management goals, annual business plans, budget and settlement, major corporate policies and changes in main assets. The board of directors also sets up overarching strategies of sustainability management and votes on critical matters including HR systems, staff safety, and labor policies.

Our board of directors has 8 members with 4 executive directors(policy execution) and 4 non-executive/external directors (check and monitoring of top management). External directors make up 25% of the total and our CEO serves as the chairman of the board of directors. Their term is 3 years and we started introducing external directors in 2008 with 2 appointed since then. To ensure the chairman of the board of directors is a qualified person with the right expertise, we operate the CEO Recommendation Committee attended by non-executive directors and external directors. Our executive directors are required to possess expert knowledge and experiences on the electric power and energy industry so that management policies are carried out efficiently. Our non-executive and external directors are appointed based on their domain-specific knowledge and experiences on such areas as law, business management and economy in order to provide the necessary checks and balances and assist continued growth of the company.

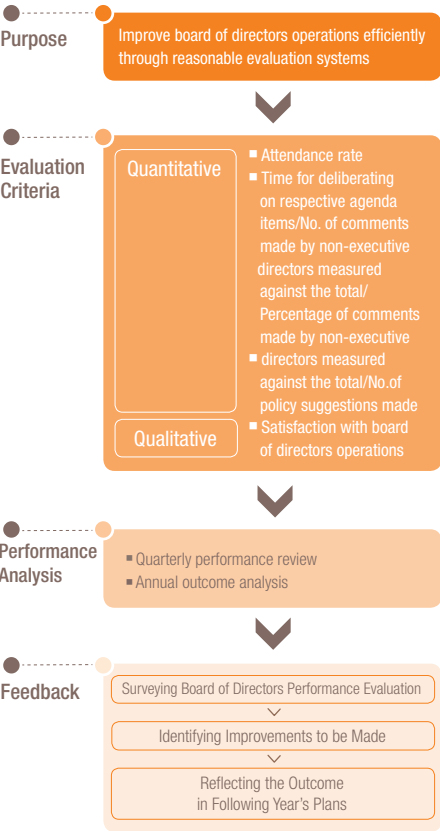
• Board of Directors Meetings

Year	No. of Agenda Items	Voted Items				Subtotal	Reported Items
		Passed as Drafted	Passed as a Modified Version	Deferred	Rejected		
2008	30	21	1	0	0	22	8
2009	36	26	0	0	0	26	10
2010	37	27	1	1	0	29	8

Board of Directors Appointment and Remuneration

KEPCO KPS's CEO is appointed through the recommendation of the CEO Recommendation Committee and the vote of the general shareholders' meeting. Executive directors except for the CEO and non-executive/external directors are decided through the vote of the general shareholders' meeting. At KEPCO KPS, top managers' remuneration consists of basic salary, performance incentive and severance pay. The annual basic salary should be within the boundary approved by the general shareholders' meeting for executive directors and auditors and the performance incentive is determined according to management performance set forth in the Management Agreement signed at the beginning of each year.

• Board of Directors Operation Evaluation System



• Serving as a Judge at the Outstanding Package Knowledge Contest



• Special Lecture by External Directors



Board of Directors : Operation and Voting

The BOD meeting is valid only when a majority of current members are present and for any matters to be decided, it requires support from a majority of the members attending the meeting. Directors cannot exercise their voting rights on matters where they may have interests and in particular, for those matters where the chairman of the board of directors has any stake, the director representing the largest shareholder would temporarily take on the role. This institutional device helps us control possible conflicts of interest within the board of directors.

Board of Directors : Increased Vitality in Operation and Strengthened Role

To make board of directors operations more efficient, we set up annual board of directors operation plans, operate support systems and evaluate its performance. The outcome is reflected in the following year's board of directors plans and in so doing, we continue to make progress on board of directors operations. Evaluations are made every quarter and such quantitative criteria are considered as directors' attendance rate, percentages of comments made by non-executive directors against the total, time taken to deliberate on agenda items and the number of modified items passed. Any shortcomings identified are dealt with through feedback. Additionally, we survey our non-executive/external directors at the end of year on board of directors operations to assess qualitative aspects of the board of directors performance and needed improvements are incorporated in next year's board of directors plans. Our director appointment procedures are free from influences of top management to ensure the board of directors plays a stronger role in overseeing top manager's performance with increased expertise. To help non-executive/external directors better understand KEPCO KPS's conduct of business and thus vitalize board of directors operations, we offer management information updates regularly via e-mail and allow them to access our corporate intranet management information system. Our non-executive/external directors also make policy suggestions and serve on various corporate committees to provide management consulting services. They serve as a judge at in-house competitions, give special lectures to KEPCO KPS employees and write articles for company newsletters on important issues and policies, playing stronger roles and growing more active in management activities.

• Composition of Board of Directors

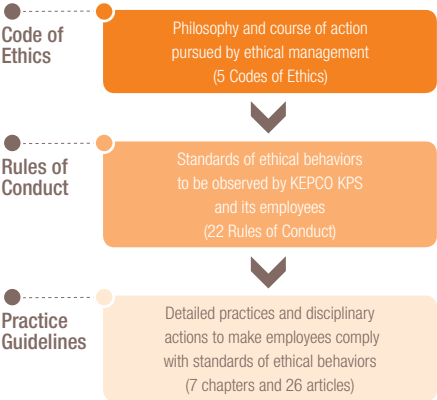
Position	Name	Date of Birth	Education/Current Position and Major Work Experience	Term
CEO (Chairman of the Board of Directors)	Sung-Eun, Tae	Sep. 1951	Kyungpook National Univ. Department of Physics Former KHNP Wolsong Nuclear Power Site General Manger	Aug. 31, 2010~ Aug. 30, 2013
Executive Director (Executive Vice President, Business Management Div.)	Yeu-Geun, Choi	Feb. 1953	Dongguk Univ. Department of Public Administration Former KEPCO Labor-Management Relation Department Director	Nov. 12, 2010~ Nov. 11, 2013
Executive Director (Executive Vice President, Maintenance Business Div.)	Oh, Kim	Mar. 1956	Incheon Technical College. Electrical Engineering Former KEPCO KPS Hydro Thermal Power Department Vice President	May. 30, 2011~ May. 29, 2014
Executive Director (Executive Vice President, New Business Div.)	Jae-Yuel, Kang	Feb. 1954	Sungkyunkwan Univ. Department of Physics Former KHNP Yonggwang Nuclear Power Site General Manager	May. 30, 2011~ May. 29, 2014
Non-executive Director	Chan-Wang, Eom	Feb. 1970	Yonsei Univ. Department of Electronic Engineering Incumbent) Ministry of Knowledge Economy, Electric Power Division Manager	Dec. 8, 2009~ Dec. 7, 2012
Non-executive Director	In-Kook, Cho	Aug. 1954	Hanyang Univ. Department of Economics Incumbent) KEPCO Planning Division General Manager	Mar. 29, 2011~ Mar. 28, 2014
External Director	Se-Young, Ahn	Jan. 1953	University of Paris 1, International Economics. Doctor Incumbent) Sogang Univ. Graduate School of International Studies Professor	Mar. 29, 2011~ Mar. 28, 2014
External Director	Hun-Ki, Baek	Dec. 1955	Soongsil University School of Business Master Incumbent) Ministry of Employment and Labor, Member of Committee of Employment Policy	Mar. 29, 2011~ Mar. 28, 2014

Ethical Management

Ethical Management Brand



Ethical Standards Framework



Organizational Structure for Ethical Management



KEPCO KPS's employees are fully aware that ethical management is a basic responsibility we should fulfill as a corporate citizen and the most critical prerequisite for sustainable development and growth of the company. This is why we strive to make sure that our ethical management is at the world-class level by building work ethics into day-to-day operations, establishing transparent management systems and carrying out strategic social contribution activities. We also provide wide-ranging ethical management training courses regularly to build a stronger ethics awareness among our employees.

Ethical Management Systems

Our ethical management activities are performed under our own ethical management brand of 'Crystal KPS'. We put in place the Code of Ethics, Rules of Conduct and Practice Guidelines as ethics standards for all staff to follow and run a separate unit solely responsible for ethical management for its systematic operations. Additionally, we provide systemized training to our employees on ethical management to help them build company-wide consensus on the matter and a stronger ethics awareness.

Ethical Management Training Systems

Category	Training Objective	Training Target
Working-level Employee Training	To nurture working-level employees to lead ethical management	Those in charge of ethical management
Online Training	Concept and importance of ethical management, ethical decision-making	New recruits, those newly promoted and etc.
Human Resource Development Center Training	To enhance understanding on ethical management and develop ethical management mind-set	Those subject to position-specific training and job training
Itinerant Training for Offices	To improve understanding on ethical standards, prevent corruption and enhance integrity	All employees

Major Activities and Achievements

CEO and All KEPCO KPS Staff Signing the Ethics Pledge

Our CEO took part in the CEO pledging ceremony held by BEST Forum to publicly announce KEPCO KPS's commitment towards ethical management and our executives signed the agreement to observe integrity at the workplace during their term in order to build ethical management and transparency into our corporate DNA. All of our employees also made their own pledge to observe integrity, committing themselves to transparent management.

Ethical Management Website and Consulting Center

Our ethical management website allows not just KEPCO KPS staff but also the general public to easily understand our ethical management policies and standards and our past achievements and current practices. We also run the Ethical management Consulting Center to help our employees deal with ethical conflicts. The center presents possible ways to address breaches of ethical management principles and ethical dilemmas and thus prevents unethical practices and builds stronger work ethics.

Enhancing Integrity

Our itinerant training for offices and the '3 Don'ts and 7 Do's' campaign enable our employees to raise their integrity awareness. We conduct integrity surveys on our own to make improvements in vulnerable areas and took various actions to prevent unreasonable practices including secret surveillance and guidance/inspections of corruption-prone sites, maintaining the title of company with outstanding integrity performance for 4 consecutive years.

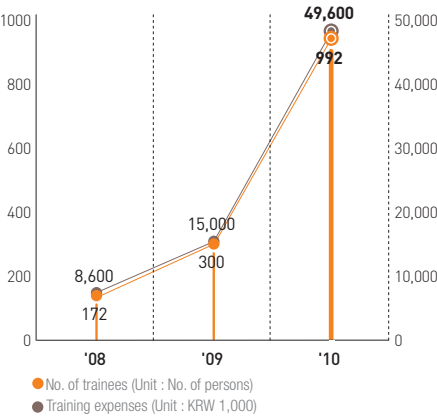
CEO Pledging Ceremony at BEST Forum



Shinmungo



Online Ethical Management Training Expenses



Integrity Index

Category	2007	2008	2009	2010
Integrity Index	9.69	9.76	9.87	9.76

Anti-corruption Policy

KEPCO KPS introduced ethical management in 2003 to take the lead in preventing corruption. Our Code of Ethics, Rules of Conduct and Practice Guidelines define what constitutes corrupt practices and all our employees are observing work ethics in daily operations. The following is strictly prohibited at KEPCO KPS : taking and giving any kind of bribes and treats, unjustified exercise of rights to privileges, mediation and solicitation, transactions using work-related information, private use of and profit-making from company assets, spouse's bribe-taking, borrowing money from work-related people and insider trading. We also make it mandatory to exclude any special favors while doing one's job and to sign and implement contracts with integrity. Offering bribes to work-related persons, public officials or politicians for the company's profit is not allowed and illegal political funds should not be donated or provided in support of political parties or politicians. Breaches of ethical standards are punished with disciplinary measures in accordance with our corporate regulations on reward and punishment. This is to alert our employees to the disadvantages of corrupt actions and make sure no such practices occur ever again.

As a member of such anti-corruption organizations as the UN Global Compact, BEST Forum (Business Ethics and Sustainability for Top Management), CEO's Club for Business Ethics, and Korea Academy of Business Ethics, we declare our anti-corruption policies and identify best practices to utilize them for our anti-corruption initiatives.

Corruption Reporting Systems and Actions Taken

Our whistle-blowing system, Shinmungo and Inconvenience Reporting and Action Center for Trading Partners can be accessed by any KEPCO KPS employees and external stakeholders to report unethical behaviors and corrupt practices. The whistle-blowing system addresses KEPCO KPS employees' violations of ethical standards(Code of Ethics, Rules of Conduct and Practice Guidelines) and Shinmungo deals with corruption and unreasonable practices. The Inconvenience Reporting and Action Center for Trading Partners serves as a channel for receiving reports on inconveniences and unfair practices caused by unreasonable systems and procedures, unjustified practices such as KEPCO KPS employees' demanding bribes or overlooking shoddy construction, any inconveniences these companies face while working with KEPCO KPS and suggestions to prevent corruption and enhance integrity.

Performance of Reporting Systems

Category	2008	2009	2010
Whistle-blowing System/Hotline	-	1	-
Shinmungo and Complaint Phone Calls	7	2	17
No. of Cases Handled	7	3	17
No. of Disciplinary Actions Taken	1	-	3

Training on Ethical Management, Anti-corruption and Integrity

Category	2008	2009	2010
No. of Training Sessions Offered	223	188	214
Accumulated No. of Trainees	8,817	7,313	8,738
Training Hours per Employee	2.6	2.7	5.4

Risk Management

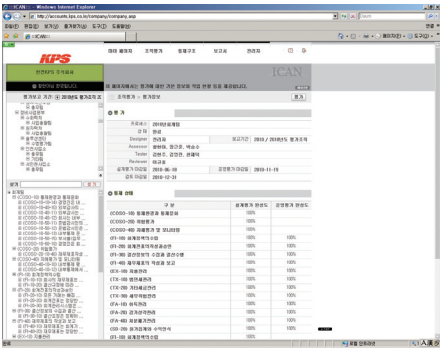
KEPCO KPS ERM system ensures that risks associated with the company's conduct of business are measured in real time and managed in an integrated manner on a company-wide level.

Building the Enterprise Risk Management (ERM) System

In identifying risks, we first listed up risk factors through the analysis of strategy and business, employee interviews and benchmarking of industry peers and these risks were narrowed down to core risks as follows : business environment risks, financial risks, HR risks and maintenance business risks. The risk map was then generated on a two dimensional scale of probability and magnitude based on these risks and it helped us identify the most critical exposure risks of business environment change risks, financial risks, HR risks and maintenance risks.

In addressing 'business environment change risks', we monitor detailed sales breakup of affiliated companies, sales growth rates and share of optional contracts of our business partners since they are indicative of our major customers' churn probability and the intensity of competition in the market. To deal with 'financial risks', we pay close attention to sales risk indicators to manage variability in sales forecasts and cost of sales forecasts as well as liquidity indicators to understand our short-term liquidity risks. In particular, to cope with growing currency exposure risks that come with expanding overseas business, we are measuring and monitoring currency risks through Value-at-Risk analysis. We set the maximum loss limits based on our operating profit (3%, 5%) in dealing with such currency risks and these criteria are stipulated in our currency risk management guidelines. To address 'HR risks', we ensure that technical certification rates, involuntary retirement rates, and the percentage of current employees against the quota are aligned with the ERP system and managed in real time. Maintenance business risks are defined as risks associated with facilities serviced by KEPCO KPS and are managed separately from the ERM system.

Screen Capture of the Internal Control Evaluation System



Internal Audit

Our internal audit is operated with independence. The Audit & Inspection Department performs audits of important decisions executed and settlement of accounts to make our business operations more reliable. Our audit infrastructure systems include the internal control system for risk prevention, ethical management systems and e-audit systems as well as other institutional devices to guarantee the independence and professional expertise of auditing. As part of our efforts to exclude any types of unreasonable influences, we analyze audit information and identify risk factors in various ways such as evaluation of the internal accounting control system and feedback of its outcome, prior review and post check of official disclosure documents, prior audits of major job duties and budget execution, investigations into major accidents, Shinmungo and Inconvenience Reporting and Action Center for Trading Partners. In so doing, we prevent risks and take actions once they occur, building our risk management capacities and increasing transparency.

Internal Control System

Our internal control system intends to build transparency and reliability into the process to produce financial reports in accordance with the Act on External Audit of Stock Companies. Our board of directors and auditors are briefed on how the system is being operated and relevant information is made public through our business reports. In addition, we utilize the Internal Control Assessment Network (ICAN) to operate the internal accounting control system efficiently and encourage employees to take part in risk control activities on their own.

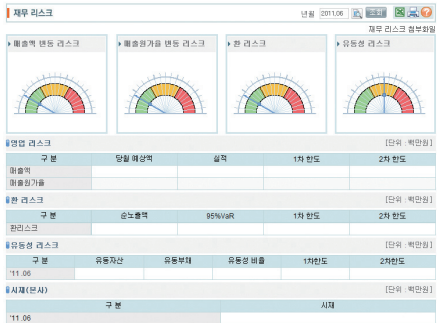
Internal Control Assessment Network (ICAN)

- Establishment : December 2005
- Serves as a company-wide control procedure design and monitoring system
- Ensures optimized operations of the internal accounting control system in accordance with the internal accounting control system standards

Screen Capture of Comprehensive ERM Management



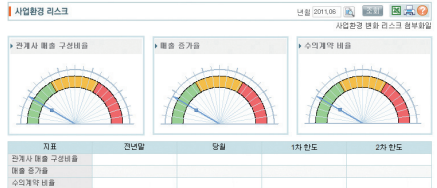
Screen Capture of Financial Risk Management



Screen Capture of Exchange Risk Management (in detail)



Screen Capture of Business Environment Risk Management



Screen Capture of HR Risk Management



Evaluation of the Internal Control System : Improvements Identified and Actions Taken

The revised 'Act on External Audit of Stock Companies' in 2009 stipulates that concerned companies should report on their internal accounting control system once a year, which was twice a year in the previous version of the act. As a supplement to the reduced reporting frequency, we evaluate the design and operation of the internal accounting control system twice a year in the first and second half respectively. Additionally, new systems such as the online tax invoice system and changes in business procedures are incorporated into internal accounting control activities in order to manage and evaluate the system in a more efficient and reliable manner.

Our evaluations of the internal accounting control system in 2010 revealed 4 flaws, which were all addressed with appropriate actions. These correction cases are shared among departments at the head office and company-wide offices so that no such cases happen in the upcoming years and we continue to monitor the system and offer training to help our employees in charge of the system become more competent.

Results of Internal Accounting Control System Evaluations

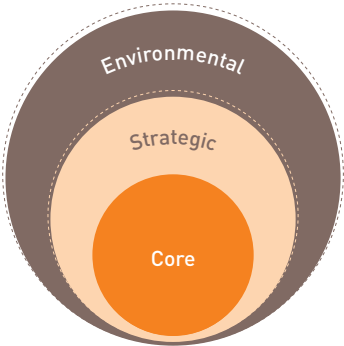
Category	2008	2009	2010
Comments Made	24	6	4
Improvements Made	24	6	4

※ In 2008, these comments and improvements were made twice in the first and second half respectively

Material Issue Identification Process

In 2010, KEPCO KPS identified material issues in accordance with ISO 26000 guidelines and based on these issues, we finalized items to be contained in our sustainability report.

● Stakeholder Identification



- **Core Stakeholder**
Employees, Major shareholders, Korean power plants
- **Strategic Stakeholder**
Government/Related public institutions, Labor union, SME business partners, General shareholders and investors, Customers except for KEPCO affiliated companies
- **Environmental Stakeholder**
NGO, Industry associations, Media, Knowledge providers, the Socially underprivileged, Non-regular workers, NPOs, Local citizens

Awareness of Social Responsibilities

We analyzed internal and external environments to identify material issues of sustainability management that should be considered in our activities of business.

● Media Analysis

We looked at news articles between 2008 and 2010 to understand how these media outlets covered major issues of social responsibility management and identified relevant issues.

● Industry Peer Data Analysis

We studied corporate social responsibility reports of 5 power plant and energy companies in Korea and overseas. We classified major issues these companies addressed in their report by ISO 26000 issues and relevant issues were then identified.

● Sustainability Management Performance Assessment

With the ISO 26000-based checklist developed by the Korean Standards Association as part of the project initiated by the Korean Agency for Technology & Standards under the Ministry of Knowledge Economy, we evaluated our level of performance in social responsibility management and identified relevant issues, primarily based on our vulnerabilities.

● Trend & Impact Analysis

We surveyed our employees on major issues of social responsibility management in terms of trend, impact and R&C (Resource & Capability) and discovered issues where we are impacted or impact others and internal capacity issues.

Stakeholder Identification and Engagement

To make sure that we fully identify and engage stakeholders as emphasized by ISO 26000, we utilized ISO 26000 criteria to identify stakeholders and found material issues through interviews and surveys.

● Stakeholder Identification

We followed 8 criteria suggested by ISO 26000 to identify our stakeholders. We categorized them into 3 groups : first, they impact our performance, second, they are impacted by our performance, and third, they carry legal, financial and operational responsibilities.

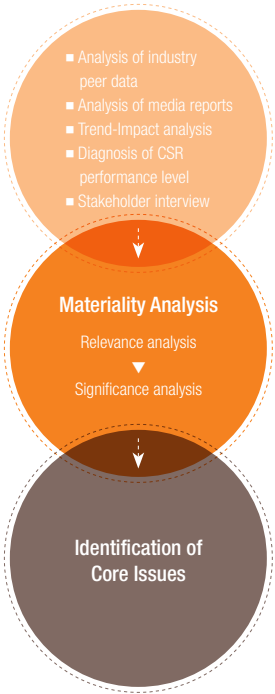
● Stakeholder Engagement

We prioritized identified stakeholders according to the level of mutual economic, social and environmental impact and the potential level of impact in the upcoming years. We also interviewed experts representing respective stakeholder groups that are high on the priority list in order to identify additional potential material issues.

To measure their level of interest and involvement in each issue, we surveyed each of our stakeholder groups on issues identified through the analysis of internal/external environments and stakeholder interviews. The outcome was used as data representing stakeholder significance in the following stage of materiality analysis.

Category	Communication Channel	Main Issue
Customer	Joint customer workshop, Customer advisory council, Customer Satisfaction Index, Service Quality Index	Contributing towards the creation of customer values, Providing services differentiated from competitors
Employee	Employee Satisfaction Index, Informal meeting between the representative of labor and management, Joint labor-management conference, Grievance committee	Promoting global talents with global competitiveness, Respecting the dignity of our employees, Human rights protection and gender equality, Win-Win labor relations
Shareholder	IR presentations, disclosure, earnings releases	Enhancing nuclear safety, Expanding global business
Business Partner	SME Support Committee, SME Support Center (SME Surveys, Business Partner Screening Committee etc.)	Fair Competition, Win-Win partnership
Community	Hanmaum Volunteers	Supporting and strengthening ties with local communities

● Materiality Analysis Process



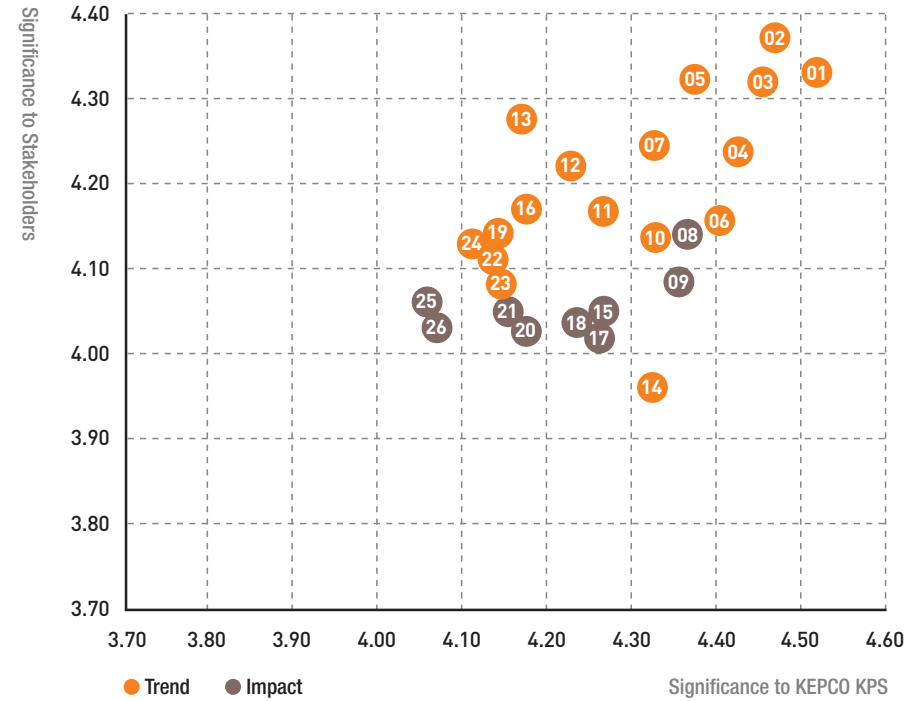
Materiality Analysis

● Procedure

Our materiality analysis was performed in two phases of relevance analysis and significance analysis.

● Outcome

A total of 101 issues identified through various analyses and interviews with external stakeholders were narrowed down to 60 issues. Out of these relevant issues, we finalized the 26 core issues through significance analysis based on internal/ external surveys.



- | | |
|--|---|
| 01. Opening of the power plant & maintenance market | 15. Fair employment and employment relationships |
| 02. Accelerating technology development | 16. Environmental pollution(including radiation), increasing waste |
| 03. Extension of product and service responsibilities | 17. Guarantee of basic labor rights |
| 04. Saturation in the Korean power plant & maintenance market | 18. Fair and appropriate considerations of the quality of work conditions |
| 05. Concerns over safety of nuclear power plants | 19. Increasing regulations and compliance costs |
| 06. Declining trust in business | 20. Fair competition(unfair competition and monopoly) |
| 07. Increasing demand for transparency | 21. Development of expertise, skills and development & contributions to local community through their application |
| 08. Health and safety at workplace | |
| 09. HR development and training opportunities at workplace | |
| 10. Expansion of emerging markets (growing income in developing nations) | 22. Growing threats from competitive goods through technology convergence |
| 11. Increasing globalization and inter-connectedness | 23. Depletion of natural resources(fossil fuels) |
| 12. Expansion of socially-responsible investments | 24. Electricity rates adjusted to realistic levels |
| 13. Growing importance of rights and roles of suppliers | 25. Prevention of environmental pollution |
| 14. Growing importance of rights and roles of employees | 26. Consumer health and safety |

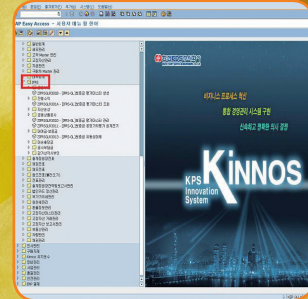
This sustainability report outlines our activities at KEPCO KPS on material issues identified through the above materiality analysis process.

SUSTAINABLE INNOVATION

“

KEPCO KPS's endeavors to win the heart of customers, put customer communication as the top priority and conduct business transparently will drive the company's sustainable growth forward.

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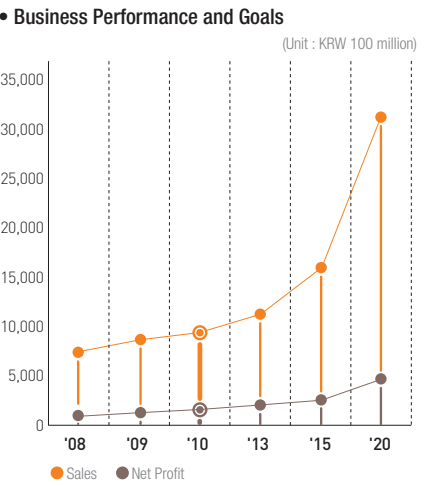
KEPCO KPS needs to contribute towards the creation of customer values and provide services differentiated from its competitors.

KEPCO KPS continues to exhibit world-class technology competitiveness in the face of the cut-throat competition in the global power plant market. The company is also recognized for its commitment towards customers and outstanding technical expertise of power plant maintenance. To ensure its sustained growth in the upcoming years, KEPCO KPS would need to become more active in developing new technology to deliver greater customer values and services differentiated from its competitors. It means that the company would benefit from enhancing its technology capacity and qualifications of its maintenance engineers.

Soon-Beom, Lee, Deputy Manager at Korea Hydro & Nuclear Power Co., Ltd.

Business Performance and Goals

In 2010, KEPCO KPS's sales grew by 4.6% from the previous year to KRW 842.5 billion. Under the company's mid/long-term financial plan, KEPCO KPS aims to post KRW 3 trillion in sales, KRW 1.24 trillion in overseas sales and growing the operating profit to sales ratio to 18% by 2010.



2010 Business Performance

In 2010, our sales grew by 4.6% from the previous year to KRW 842.5 billion thanks to increased maintenance orders of hydro & thermal power plants and emergent maintenance services. Our operating profit rose by KRW 4.1 billion from the previous year to KRW 114.2 billion and net profit increased by KRW 2 billion to KRW 98.4 billion during the same period. The rise in operating profit is primarily attributable to increased orders of emergent restoration work for hydro & thermal power plants.

• 2010 Business Performance

(Unit : KRW 100 million)

Category	2008	2009	2010	Growth Rate against 2009 performance (%)
Sales	7,639	8,052	8,425	4.6
Gross Margin	1,120	1,511	1,581	4.6
Operating Profit	725	1,101	1,142	3.7
Net Profit	687	963	984	2.2

Performance by Business Areas

Business Areas	2008	2009	2010	Growth Rate against 2009 performance (%)
Hydro & Thermal	3,212	3,372	3,601	6.8
Nuclear	2,718	2,876	2,917	1.4
Transmission & Substation	533	553	610	10.3
Technology Service Center	645	589	648	10.0
Others (Overseas)	531 (500)	662 (632)	649 (614)	-2.0 (-2.8)
Total	7,639	8,052	8,425	4.6

※ Others include (Overseas)

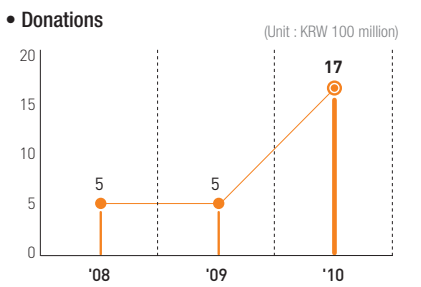
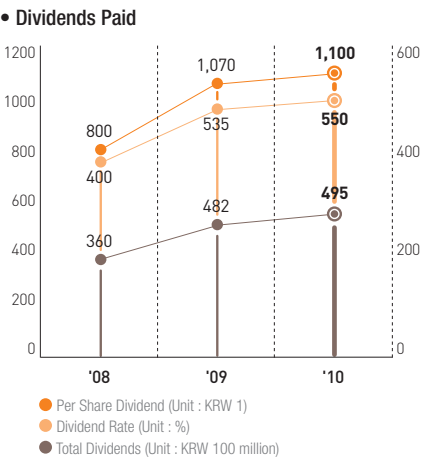
Our hydro & thermal plant business recorded KRW 360.1 billion in sales, a 6.8% year-on-year growth, and this is mainly due to increases in routine maintenance orders and emergency recovery work at Samrangjin and Shinincheon.

The nuclear plant business saw a slight increase in sales thanks to the rise in the number of nuclear power plant units in need of planned outage maintenance and the implementation of non-KEPCO affiliated companies and new commissioning maintenance projects in spite of a drop in routine maintenance orders.

Our transmission & substation business rose by 10.3% from the previous year to post KRW 61 billion in sales. Its sales kept growing gradually due to increased routine maintenance and rising sales from HVDC converter station maintenance.

Our Technology Service Center Business grew by 10.0% from the previous year to show KRW 64.8 billion in sales, which is attributed to the rise in regeneration of GT high-temperature components and the renovation of the Nuclear Power Technology Service Center that we undertook.

Other businesses fell by 2.8% from the previous year to KRW 64.9 billion in sales as overseas business declined in sales due to order delays.



Mid/long-term Financial Goals

Our mid/long-term financial plans intend to make KEPCO KPS become more proactive in coping with changing business environments internally and externally and our endeavors to achieve these goals also contribute towards enhancing corporate values and shareholder values. Under the mid/long-term financial plans set up in 2010, we aim to record KRW 3 trillion in sales, KRW 1.24 trillion in overseas sales and an growing the operating profit to sales ratio to 18%. In addition, we are to make VISION 2020, our mid/long-term strategic management plan, a reality with the 3-year mid-term strategic management plan dubbed 'MUV 2013' set up to make the vision more viable. Main criteria we took into account in making these financial goals are as follows : first, expansion in power plant facilities and transmission lines, plans for private power plant construction and growth in overseas orders for sales figures, second, costs in accordance with the principle of matching costs with revenues and changes in labor costs associated with the number of employees for cost figures. In the case of investments, we considered large-scale investments such as purchase of land and construction costs regarding the government policy to relocate the headquarters of public institutions in a bid to ensure stable operation of management funds in the mid and long term.

• Mid/long-term Financial Plan

(Unit : KRW 100 million)

Category	2009 Performance	2010 Performance	2013	2015	2020
Sales	8,052	8,425	11,786	14,547	30,096
Operating Profit	1,101	1,142	1,618	2,176	5,535
Net Profit	963	984	1,523	1,927	4,684
Net Profit Margin(%)	12.0	11.7	12.9	13.2	15.6
Investments	542	562	1,527	1,323	1,372

Distribution of Economic Outcomes

Interest Cost We have remained unleveraged in our conduct of business since 2001. In 2010, no interest cost occurred and our interest revenues stood at KRW 15.9 billion, a KRW 600 million increase from 2009's KRW 15.3 billion.

Dividend In 2010, we paid a total of KRW 49.5 billion, which rose by KRW 1.3 billion from KRW 48.2 billion in 2009. Dividend per share rose by 2.7% from the previous year to KRW 1,100 in 2010.

Donations Our donations grew by KRW 1.2 billion from 2009 to KRW 1.7 billion in 2010, which went to help the needy and support the establishment of KEPCO International Nuclear Graduate School.

Labor Costs Our labor expenses for 2010 stood at KRW 366.5 billion, which come down to KRW 328.4 billion except for KRW 38.1 billion for severance benefits.

Taxes The corporate taxes recorded in our balance sheet rose by 2.2% from the previous year to KRW 31.9 billion in 2010.

Government Subsidies

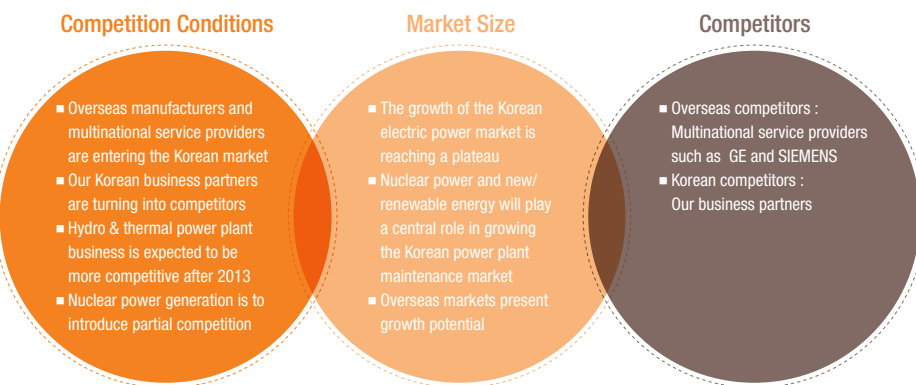
KEPCO KPS received government subsidies for research projects on electric and nuclear power that are commissioned by the Korean government to ensure sustained development of the electric power business and stable supply of electricity. We were awarded with KRW 1.9 billion regarding the 'development of automation technology for macrography of tube sheet top of the W-F type steam generator' in 2008, KRW 700 million regarding the 'development of the foreign substances inspection and elimination system for nuclear reactor coolant systems' in 2009 and KRW 500 million regarding the 'development of wind power plant suitable for upper resevoir areas' in 2010. The balance was KRW 1.1 billion as of the end of 2010 and there are a total of 7 on-going development projects.

Changes in the Power Plant Maintenance Market

Changes in the Power Plant Maintenance Market

The electric power plant maintenance market in Korea and overseas is expected to show continuous growth with expansion of power plants to meet increasing demand for electricity and rapid development of new&renewable energy and nuclear power generation to suit the needs for low-carbon energy sources around the world. Meanwhile, we witness that the competition in the related maintenance market is growing ever fiercer.

As a public enterprise, we are supporting small and medium-sized business partners with the orders we obtained and technology edge we gained in accordance with the Korean government's policy to promote SME maintenance companies. These SME service providers, however, are evolving to compete against us on an equal footing nowadays. Multinational maintenance service providers are also stepping up their pressure to open the Korean maintenance market for them to tap into through free trade agreements.



Overseas Markets with Increasing Growth Potential

The global power plant market is worth more than USD 300 billion and emerging countries in the Middle East and India are forecast to expand their power plant facilities. In particular, the global market is expected to show 2.3% of annual average growth rate by 2035 and the number would be even higher at 3.3% in the non-OECD regions of the world. The majority of emerging countries in want of capital often promote IPPs (Independent Power Producer) to perform power plant projects and prefer outsourcing as most of them lack O&M (Operation & Maintenance) capacities, which presents more business opportunities in overseas markets for KEPCO KPS.

We evaluated respective regions and nations based on their market attractiveness and internal capacity levels and promising target markets turned out to be Southeast Asia, India, Latin America and Africa. In Southeast Asia, its continued economic growth makes it highly urgent to improve the electric power infrastructure and its O&M market is expected to be worth KRW 1.7 trillion by 2020 with 3.6% annual average growth rate. India, our current major export market, plans to increase its power generation capacity to 339 GW by 2035 due to the exponential increase in its electricity demand.

KEPCO KPS's Response to Changes in the Power Plant Maintenance Market

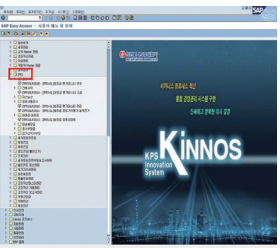
To grasp the opportunity and cope with the threats and thus ensure sustained growth, we strive to grow more competitive in existing business, expand overseas business and diversify business areas, posting continuous growth in sales. In particular, we opened overseas offices to lay the groundwork to expand our overseas business in a systematic and proactive manner and are concentrating aggressive marketing efforts on those selected target nations through the analysis of business environments in respective countries. We also make sure that we promote individuals with global competence to support our expansion of overseas business in the mid and long term.

Our future plan is to make overseas offices in major foothold business areas separate entities and secure stable O&M projects by discovering investment candidates and making equity investments. We also aim to generate synergistic effects from our cooperation with KEPCO by carrying out O&M projects for the overseas electricity companies and power plants that we service.

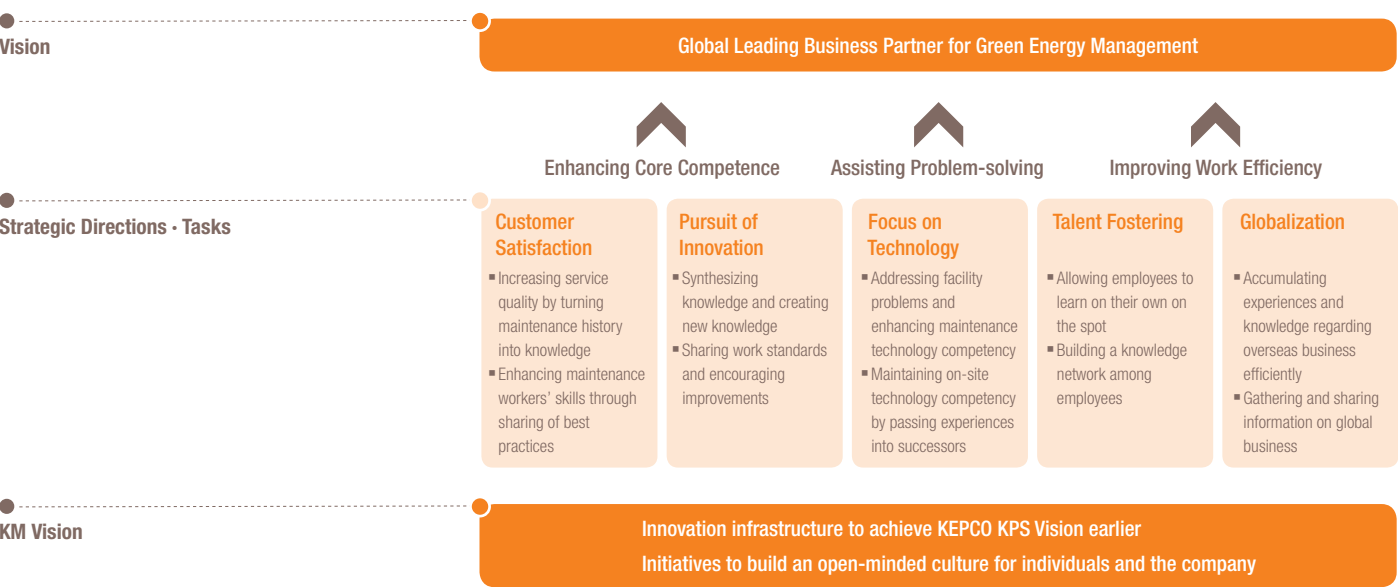
Management Efficiency

KEPCO KPS makes progress on sustainability management through continuous efforts to make its conduct of business more efficient and proactive actions to address changing external environments. Since the introduction of International Financial Reporting Standards (IFRS), the company built IFRS-based financial systems and is maximizing management performance through the expansion of knowledge management systems and quality management innovations.

IFRS Financial System



Action Framework of Knowledge Management



Efficient Management of Organization and Human Resources

We seek to bring the utmost efficiency to the operation of the corporate organization and human resources in order to become globally competitive with enhanced core competence. The Business Management Division was newly established to improve management functions and units that perform similar functions were integrated : the Innovation Initiative Department was merged into the Corporate Planning Department and the Technology Planning Department into the Technology Research & Development Institute. In addition, to make existing business more competitive and secure new engines of growth, the previous Business Division was reorganized into the Maintenance Business Division and the New Business Division and overseas offices in India and Indonesia were created to support functions of overseas business. The Strategy Investment Team was newly established for efficient operations of company-wide strategic business including joint venture, special purpose company and equity investment in an effort to ensure we better cope with rapidly-changing business environments. In operating human resources, we continue to hand over non-primary business into the private sector, expand outsourcing in non-core business areas and improve maintenance techniques. We are also hiring international lawyers and contract workers with expertise on negotiations and project financing, utilizing diverse recruitment channels to deploy the right individuals at the right timing. Additionally, we are bringing vitality to HR operations by introducing new performance-oriented HR systems.

Quality Management Innovation

We launched the Challenge 6 Sigma campaign as a company-wide quality management innovation initiative and our work efficiency is growing by 10% every year by identifying, eliminating and improving low value-added job duties. The Challenge 6 Sigma campaign is made up of top-down 6 Sigma activities to produce management outcomes, bottom-up quality circle activities and making suggestions as an individual improvement activity. In particular, quality circle and 6 Sigma activities are performed in the 5 stages of our own unique KPS Way and the entire process is managed and evaluated through online systems from uploading identified tasks into the issue pool to quality circle gatherings and presentations at the in-house quality management competition. Our employees are encouraged to take internal and external training courses to become improvement experts every year and in-house improvement expert certification was newly created in 2009. In 2010, improvement expert teaching materials were developed and relevant training courses are up and running. These proactive quality management activities led to tangible benefits of KRW 22.4 billion in 2009 and KRW 26.1 billion in 2010 and also 4 awards including the Presidential Award and the Gold Medal at the National Quality Circle Competition.

• Performance of Quality Management Innovation

Activity	Theme Tasks Completed(No. of tasks)		Suggestions(No. of suggestions)		Performance(KRW 1,000)	
	2009	2010	2009	2010	2009	2010
Quality Circle	105	103	66	73	2,071,548	2,644,424
Suggestions	-	-	5,420	5,033	18,737,319	17,130,118
6 Sigma	9	5	3	7	1,625,775	6,341,025
Total	114	108	5,489	5,113	22,434,642	26,115,567

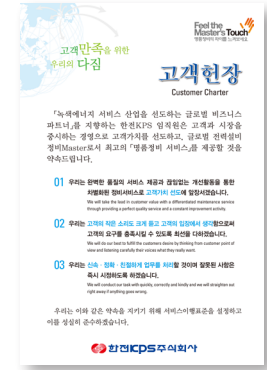
Customers

To embed customer satisfaction, the most important prerequisite to grow into a sustainable company, into our day-to-day operations, KEPCO KPS set the management principle of ‘focus on customers and markets’ and is engaged in wide-ranging activities to support customer success with new profits and values.

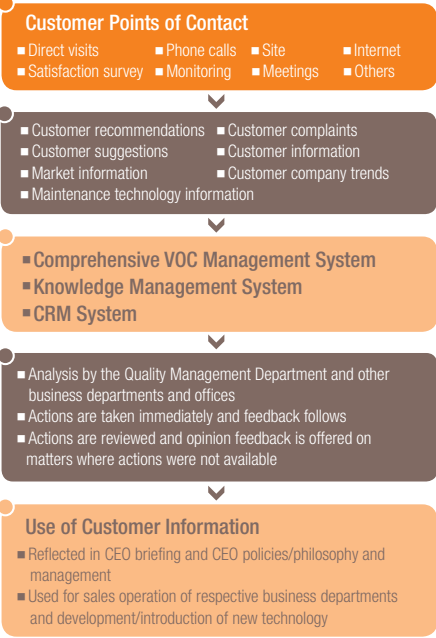
• Service Identity



• Customer Charter



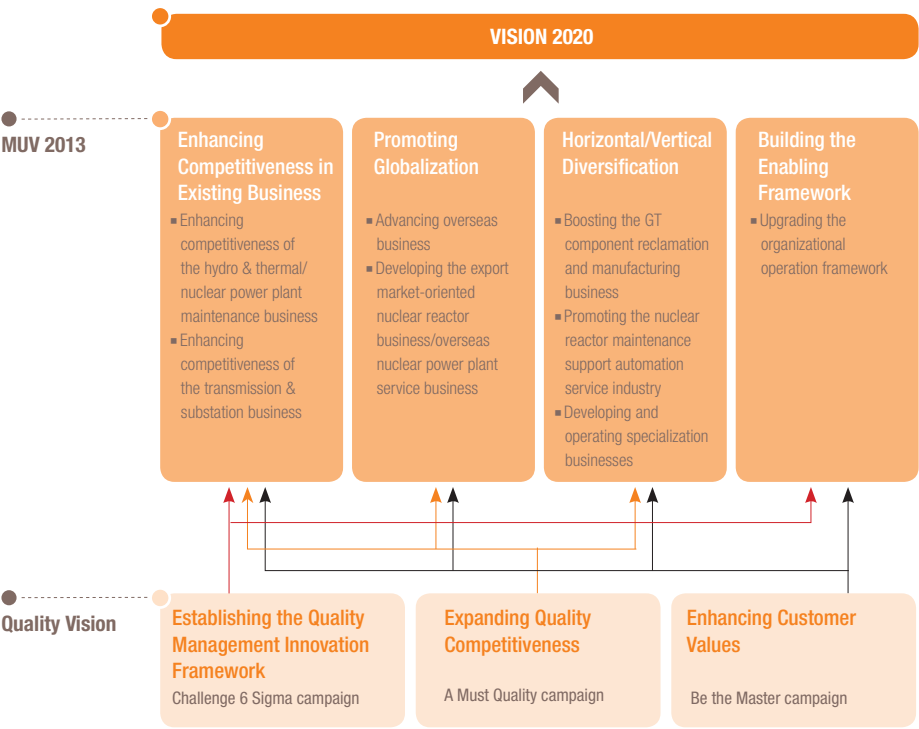
• VOC Utilization Systems



Customer Satisfaction Management Strategy

Our customer satisfaction management strategies are aligned with management strategies to meet management goals. The quality goals of ‘enhancing customer values’, ‘establishing quality management innovation systems’ and ‘expanding quality competitiveness’ were set to achieve ‘MUV 2013’. To realize the vision to become a ‘Global Leading Business Partner for Green Energy Management’, we are working in a systematic way to enhance customer satisfaction management systems, provide differentiated customer services and improve welfare/benefits and working environments. Our Service Identity (SI) ‘Feel the Master’s Touch’ was publicly declared and aligned with the Customer Charter framework to make it clear that we are fully committed to leading customer values and intend to focus our capacities to do so. The SI literally means that the touch of KEPCO KPS master engineers can even restart a halted machine to generate energy and embodies our promise to offer differentiated values out of maintenance services and provide even better services to our customers, which helps improve our corporate image and earn customer’s trust.

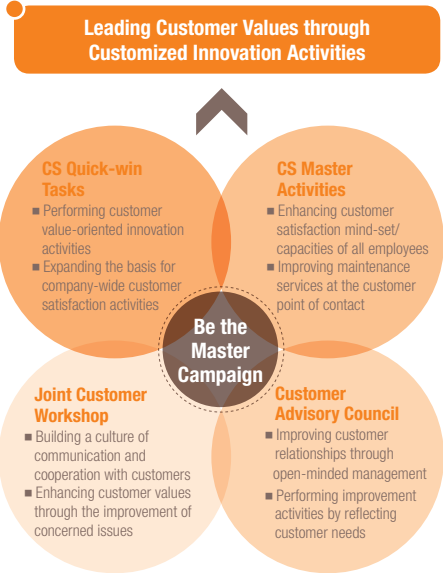
• Alignment between MUV 2013 and Quality Vision



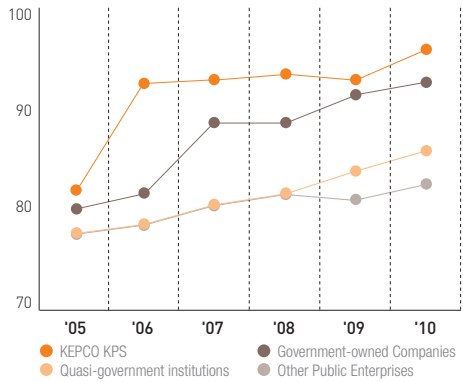
Voice of Customers

KEPCO KPS manages wide-ranging points of contact with customers in a systemized way to accurately identify customer needs through Voice of Customers and takes immediate and appropriate actions. We gather VOC through such points of contact as face-to-face interviews, phone calls, various research work, meetings and websites. To gather VOC and information of potential customer, we utilize sales calls, seminars, invitations and e-mail. We also maintain close relationships with diverse stakeholders including existing customers, partner firms and government institutions to obtain business and market data. Our VOC management system provides one-stop services with regard to VOC collected through various channels and is aligned with the CRM system to support related data base management including customer-specific history. Such information is thoroughly analyzed and reflected in business operations for strategic purposes and we perform VOC analysis in each site so that customer satisfaction activities at the points of contact are systematically carried out. Customer and market data that are constantly gathered and analyzed are shared in top management briefings, executive meetings, strategic management meetings and site manager meetings. Corresponding actions are then decided in these meetings and taken immediately by concerned departments to reflect these data in business operations. Additionally, outcomes of customer and market data analysis that has been conducted are considered in setting strategic management plans and used for SWOT analysis. This process enables us to set goals, strategies and tasks we should pursue in the mid and long term.

• Overview of the Be the Master Campaign



• Year-on-Year Customer Satisfaction Trend



• Customer Advisory Council



Be the Master Campaign

Our enterprise-wide 'Be the Master' campaign aims to carry out activities to reflect customer needs we gathered and generate substantial outcomes. The campaign includes CS Quick Win Tasks, Joint Customer Workshop, Customer Advisory Council and CS Master activities. These endeavors have taken firm root at KEPCO KPS and are highly welcomed by our customers and employees.

The 'Customer Advisory Council' is set up at business departments of the head office and offices to gather VOC at the points of customer contact, perform systematic customer satisfaction activities, promote customer relationships and reflect customer opinions in our corporate policies. The council started its operation in 2005 and selects external advisory members who are customers in respective organizational units. We ensure that council meetings are held more than twice a year in each office so that these exchanges contribute towards our open-minded management.

Our 'Joint Customer Workshop' serves as an improvement activity carried out together with customers and aims to promote open-minded management and maximize performance. Out of issues that concern both KEPCO KPS and our customers, those that require improvements but are hardly addressed by KEPCO KPS or customers alone are chosen as implementation tasks and how these tasks will be dealt with is determined by considering outcomes of previous year's VOC analysis.

The 'CS Quick Win Tasks' intend to elevate customer satisfaction on a company-wide level and lead customer values by reflecting customer needs and making improvements across the whole spectrum of our business operation. Tasks are selected based on the VOC analysis and internal monitoring and these 'Quick-Win' tasks that could lead to outstanding results without much effort encourage more of our employees to experience success and thus to upgrade their customer satisfaction mind-set and improvement capacities.

Performance of Customer Satisfaction Management

Our customer satisfaction index (CSI) survey began in 2001 when we just introduced customer satisfaction activities in order to measure and improve the level of customer satisfaction and survey techniques have been upgraded continuously. Today, we carry out diverse research activities such as service quality index (SQI) survey and planned outage maintenance customer satisfaction survey in addition to CSI survey.

In particular, we became aware of the importance of customer communication regarding planned outage maintenance services that are the largest in scale in our service profile and have been conducting customer satisfaction surveys for the projects since 2006. These surveys are performed by respective KEPCO KPS offices in charge of planned outage maintenance projects. Survey questionnaires filled out by customers right after project completion help us measure their satisfaction level and find out issues to deal with and improvement performance is managed. These achievements are considered in evaluating business performance of KEPCO KPS offices to encourage them to continue with their customer-oriented improvement activities.

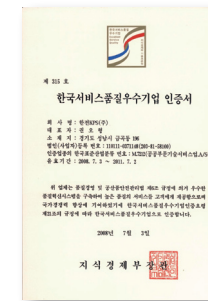
Survey Names	Survey Results		
	2008	2009	2010
Customer Satisfaction Index	94.7	93.1	95.4
Service Quality Index	9.45	9.43	9.64

These accomplishments were widely recognized : we were awarded with the Grand Prize at the highly prestigious National Quality Awards, inducted into the Hall of Fame of the Korean Service Grand Prix and received the certificate of excellent service quality from the Korean government.

• Winning the Grand Prize at the National Quality Management Contest



• Certificate of Excellent Service Quality



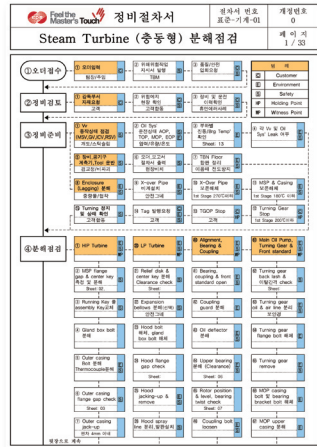
• Induction to the Hall of Fame of the Korea Service Grand Prix



• Joint Customer Workshop



• Flow Chart-type Procedure Form



• Human Error Prevention System

Data Management/Analysis

- Analysing what caused human error-related accidents
- Uploading data on maintenance/facility/human factors

Reporting/Data Uploading

Establishment of Comprehensive Prevention Measures

- Creating measures to prevent human error-related accidents—Making video teaching materials
- Building preventive techniques applicable to daily operations

Disseminating

Inspection of Preventive Activity Performance

- Compliance with human-error prevention guidelines
- Management and monitoring of human error prevention

Supervising

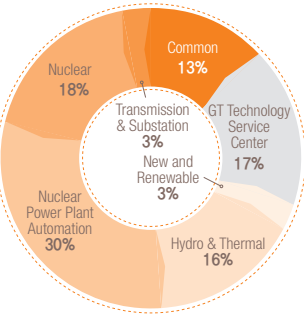
Implementation of Comprehensive Prevention Measures

- Training to nurture human error prevention experts
- Establishing human error preventive guidelines
- Sharing cases through ERP

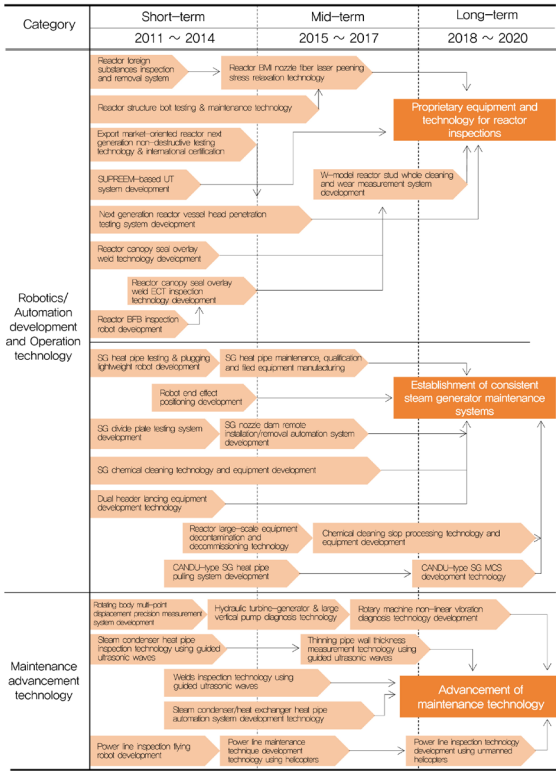
Technology Development Strategy

To ensure sustainable growth and development, KEPCO KPS set up 'KPS 2020 Mid/Long-term Technology Development Plan' to build sophisticated maintenance technology systems and enhance preventive maintenance capacity, taking the lead in technology development in the upcoming years.

Percentage of Respective Projects under the 2020 Mid/Long-term Technology Development Plan



Mid/Long-term Technology Development Roadmap



Mid/Long-term Technology Development Vision and Roadmap

We set up our 'KEPCO KPS 2015 Mid/Long-term Technology Development Plan' in December 2008 to focus our technology development capacity on 4 major projects of new growth engine technology, diagnosis and analysis evaluation technology, maintenance optimization technology and gas turbine maintenance technology, which led to the completion of 13 technologies including nuclear power plant small-diameter socket welds UT equipment development. In an effort to achieve our 'VISION 2020 & MUV 2013', we plan to push ahead with technology development by focusing on the 4 major projects of robotics/automation development and operation technology, maintenance advancement technology, maintenance support technology and gas turbine/specialization business technology, 15 middle projects and detailed minor projects under our 'KPS 2020 Mid/Long-term Technology Development Plan'.

KPS 2020 Mid/Long-term Technology Development Plan

2020 Vision	Global Leading Business Partner for Green Energy Management			
Strategic Directions	Enhancing competitiveness in existing business	Expanding globalization	Horizontal/vertical diversification in related industries	Building the enabling framework
Period	2011 ~ 2020			
Major Projects	Robotics/Automation development and operation technology	Maintenance advancement technology	Maintenance support technology	Gas turbine/Specialization business technology
Middle Projects	Reactor, Steam generator, Other primary parts of nuclear power plants, Chemicals, Decontamination, Decommissioning, Secondary parts of nuclear power plants, Hydro & thermal plants	Hydro & thermal plants, Nuclear plants, Transmission & substation, Electric power IT	Building maintenance management systems, Maintenance support/diagnosis analysis, Evaluation	Component manufacturing, Component reclamation, New and renewable energy technology
Minor Projects	32 projects	22 projects	28 projects	21 projects

R&D Investments

Category	(Unit : KRW 1 million)		
	2008	2009	2010
R&D Investments	33,610	36,235	39,599
Sales	763,873	805,243	842,544
R&D Investment Rates(%)	4.4	4.5	4.7

R&D Organizational Collaboration



Mid/Long-term Technology Development Roadmap

To respond to an on-going shift from the repair of failures to preventive and predictive maintenance in power plant maintenance paradigm, we are determined to enhance our R&D capacities and further advance our power plant maintenance technology, positioning KEPCO KPS as a leader in future technology. Our mid/long-term R&D plans aim to respond to a new paradigm in the power plant maintenance business including the development of core technology to boost exports. With continued R&D investments, we are working closely with related organizations in the electric power industry and creating wide-ranging synergistic effects in the areas of R&D and HR development.

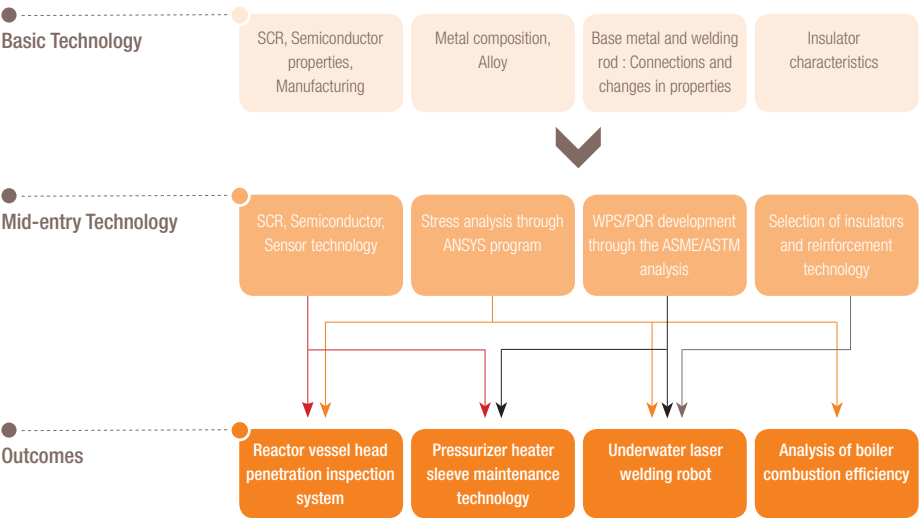
R&D Investment Plan

Our mid/long-term technology development plans that intend to produce a new power plant maintenance paradigm are bringing about outstanding achievements in gaining independence in maintenance engineering technology development. In particular, we have been expanding investments in research facilities, advanced equipment, R&D budgets and professional researchers. Our R&D investments have kept growing from 4.4% in 2008 to 4.5% in 2009 and 4.7% in 2010. We are to ensure that these R&D investments continue to be at the 5% level of our total sales in the upcoming years, which will help us secure advanced maintenance engineering technology.

Mid/Long-term R&D Investment Plan for Nuclear Power Plant Maintenance Support Automation Services

The Fukushima nuclear power plant accident on March 11, 2011 alerted us to the importance of remote response system in case of nuclear power plant emergencies and we chose nuclear power plant maintenance support automation service technology development as one of our strategic development areas. While we mainly depended on foreign-made equipment, we started the development of proto types and now evolved into the level where we are developing our own proprietary models. KEPCO KPS 2020 mid/long-term technology development plan includes robotic systems that are applicable not only to power plants in operation currently but also APR1400s, export-oriented model for the UAE market, which will ensure stable operations of nuclear power plants and boost exports as well. We also aim to adopt the mid-entry strategy in our R&D efforts to save investment resources and generate outcomes rapidly.

Example of the R&D Mid-Entry Strategy

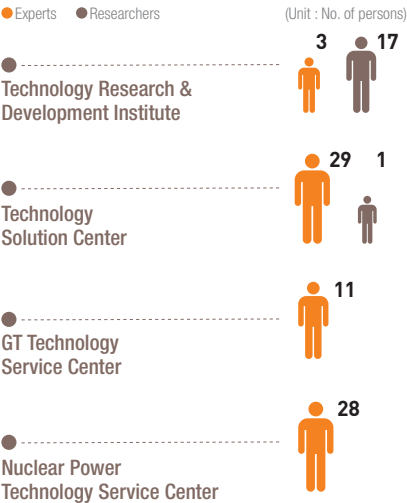


R&D Investment Plans for Nuclear Power Plant Maintenance Support Service Automation

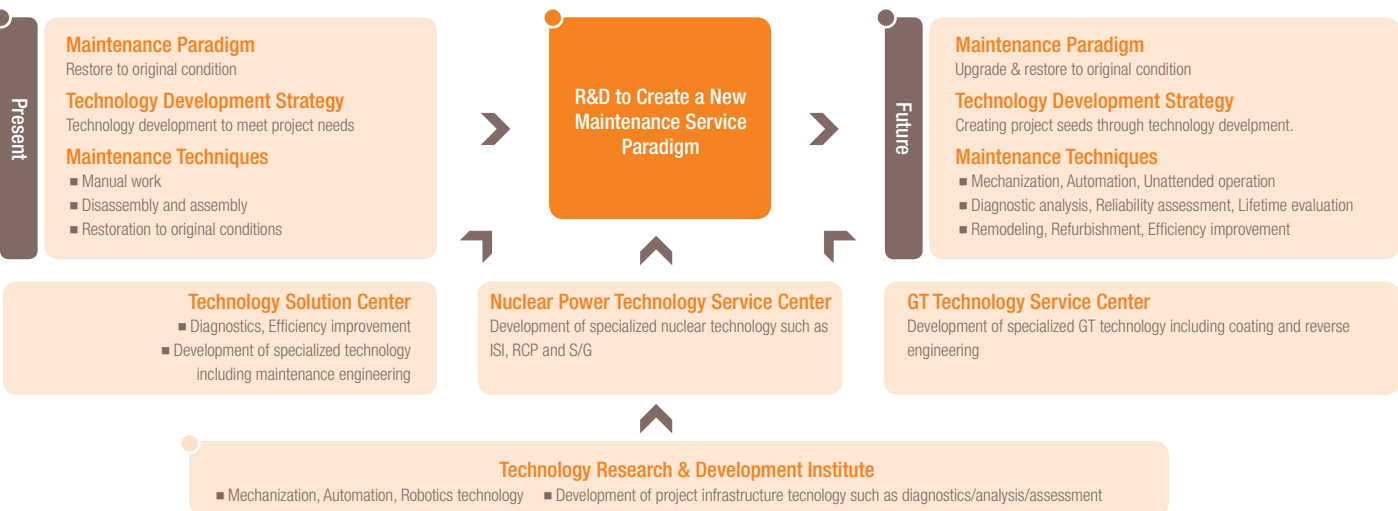
Category	Budgets										Total
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Investments	8,003	7,407	7,183	5,471	3,291	1,531	806	1,155	1,079	464	36,390

Technology Development System

• Data on R&D Staff



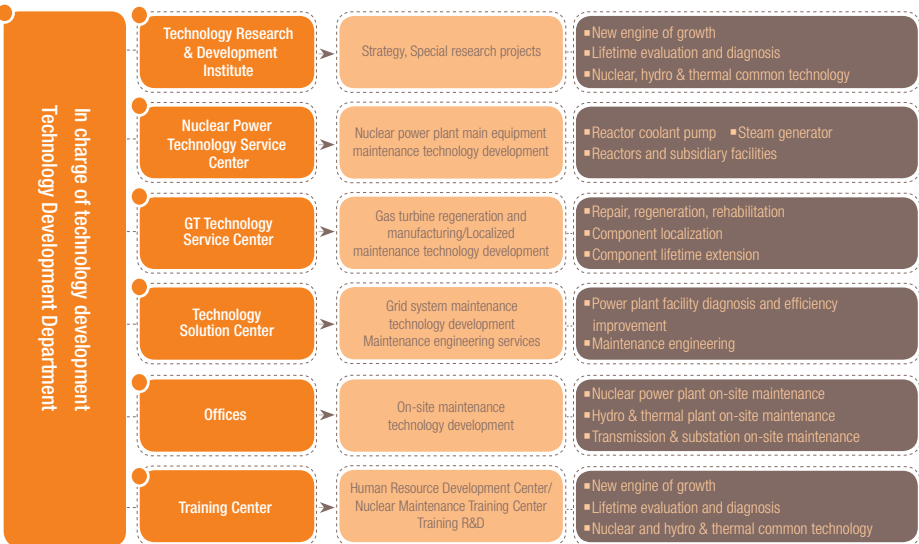
• Roles of R&D



Technology Development System

To make our R&D activities more efficient, we have specialized technology development systems up and running that enable each R&D unit to fully focus on their specialty areas.

• R&D System



Performance Analysis of Technology Development

Our mid/long-term technology development plans were set up in 1990 and they led to 586 cases of technology development projects completed by 2010. These endeavors gave us 69 core technologies, which are utilized in providing maintenance services to Korean power plant facilities and overseas power plant maintenance projects. In particular, we will strive to acquire our own localized technology in the nuclear power plant and gas turbine areas where we depended much on manufacturers, upgrading our engineering technology competitiveness.

• Data on Research Projects

(As of Dec. 2010, Unit : No. of Projects)

Year	In-house Projects			Commissioned Projects			Office-level Technology Development Projects		
	New	On-going	Completed	New	On-going	Completed	New	On-going	Completed
2008	11	24	6	1	9	3	43	-	43
2009	20	34	8	7	12	3	54	-	54
2010	16	46	15	2	11	3	46	20	26
Total	47	104	29	10	32	9	143	20	123

• Certificate of Electric New Technology



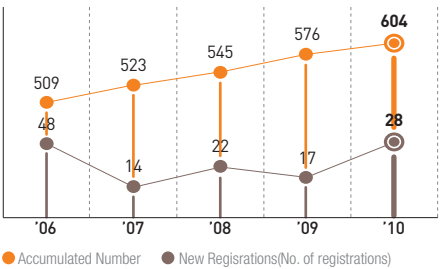
• International Patent



• Patent Name : Stud bolt hole cleaning and management system for inspection and damage history

• Country/Year of Registration
Korea(2010), Japan(2010)

• No. of IPR Registrations

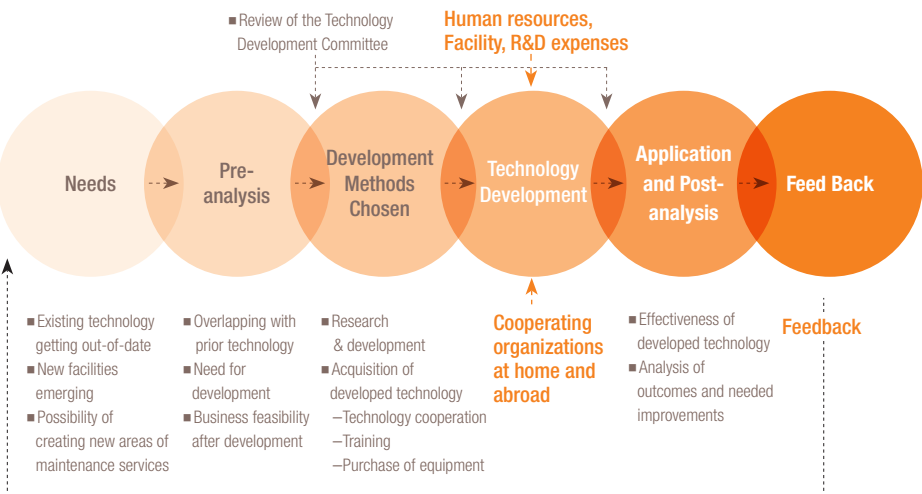


• KEPCO KPS Intellectual Property Rights

(As of Dec. 2010)

Category	No. of Items
Patents in Korea and Overseas	279
Utility Model	325
Subtotal	604
Programs	16
Electric New Technology/Safety Mark	6
Papers	221
Subtotal	233
Total	837

• R&D Process Advancement Framework



Joint R&D and Technology Exchange

In an effort to introduce advanced overseas technology, we signed agreements for technology and business cooperation with leading power plant service providers and also concluded MOUs of technology cooperation with the Korea Electrotechnology Research Institute (KERI), the Korea Atomic Energy Research Institute (KAERI), Seoul National University and Myongji University to build industry-academy partnerships. In addition, we are an active subscriber of such technology service providers as the Electric Power Research Institute (EPRI), ScienceDirect, Korean Industrial Standards webservices, and DBPIA to get access to latest technology information and trends for research activities.

• On-going Technology Cooperation in Korea and Abroad

(As of Jan. 2009-Jun. 2011)

Regions	Partners	Target Technology	Date of Partnership Conclusion
Overseas	Westinghouse	Preventive maintenance of structural weld overlay (SWOL)	May. 2009
		Reactor coolant pump (RCP) maintenance technology	Aug. 2009
		Advanced scale conditioning agents (ASCA) technology	Apr. 2011
Korea	KERI Industry Applications Research Division	MOU on lifetime evaluation and reliability enhancement	Oct. 2009
	KAERI Nuclear Industry Technology Development Division	MOU on nuclear power plants	Jun. 2010
	Myongji University Next Generation Power Technology Center	MOU on industry-academy partnerships	Feb. 2011

• Subscription at Technology Service Provider

(As of Jan. 2009-Jun. 2011)

Regions	Providers	Target Information	Joining Date
Overseas	EPRI	EPRI's technology information and data	Jan. 2009
	ScienceDirect	Overseas papers/academic information	Dec. 2010
Korea	Korea Standards Association	Korean Industrial Standards (KS)	May. 2009
	DBPIA	Korean papers/academic information	May. 2009

Intellectual Property Rights (IPR)

Since our first IPR application in 1993, we have strived to turn the knowledge we accumulated into value-added assets in a bid to enhance maintenance technology and R&D outcomes, protect and develop the technology that we own and cope with changing business environments such as the opening of the plant maintenance market. Thanks to these endeavors, we have a total of 604 registrations of intellectual property rights including 2 Electric New Technologies and 3 international patents as of 2010.

GLOBAL FRONTIER

“

KEPCO KPS will stand tall in the global market as a world-class company through the expansion of overseas business supported by aggressive marketing endeavors.

”



KEPCO KPS would benefit from a more aggressive advance into the overseas market.

Since the Korean power plant market is almost being saturated, the company needs to become more active not just in Korea but also abroad in tapping into new market potential.

KEPCO KPS's achievements in the global market have been positively recognized and particularly, its power plant maintenance technology has reached world-class levels.

It is my sincere hope that with such outstanding technology competency, KEPCO KPS would grow into a world-renowned maintenance service provider.

Hae-Yeun, Chung, Assistant Director, Ministry of Knowledge Economy

Global Business Strategy

KEPCO KPS's objective is to increase its overseas sales and become a global leading business partner for green energy management through the systemization of overseas business support infrastructure and the aggressive overseas marketing initiatives, which will support the company's management goal of globalization.

Global Business Strategies and Goals

• Mid/Long-term Overseas Business Strategic Goals to Become a Global Leader

Year	2011	2013	2015	2020
Sales Goals	KRW 100 billion	KRW 180 billion	KRW 300 billion	KRW 1.24 trillion
Strategies	· Ambitious marketing geared towards new overseas markets			
	· Building the overseas business infrastructure			
	· Boosting competitiveness of existing overseas business			
	· Fostering globally competent and talented workforce			

Marketing Strategy for New Overseas Markets

We apply differentiated market access strategies to different countries in order to grow our overseas business. Our marketing activities primarily focus on O&M projects and equity investments in Southwest Asia(India and Pakistan), and planned outage maintenance projects, rehabilitation projects and equity investments in Southeast Asia and Oceania. In addition, our sales activities are geared towards rehabilitation projects, planned outage maintenance projects and routine maintenance in Africa and planned outage maintenance projects, O&M projects and equity investments in the Middle East.

In order to evolve into a global service provider, we are focusing on O&M projects, engineering projects and equity investments. In particular, our future O&M strategy is to be expanded to cover a full range of services (MCR & BOP facilities operation + maintenance, supply of materials) while our previous strategy was limited to BOP facilities operation and maintenance without supplying materials. Our plan for engineering projects is to expand the scope of business into performance diagnosis of aging plants & life assessment and large-scale rehabilitation with supply of materials. In making equity investments, we aim to provide differentiated services to meet specific market needs and tap into niche market sectors through the expansion of business opportunities including O&M and EPC projects via minority investments of 5~20%, participation in power plant projects such as BOT and ROM, and expansion of overseas business such as installation and acquisition of local repair shops.

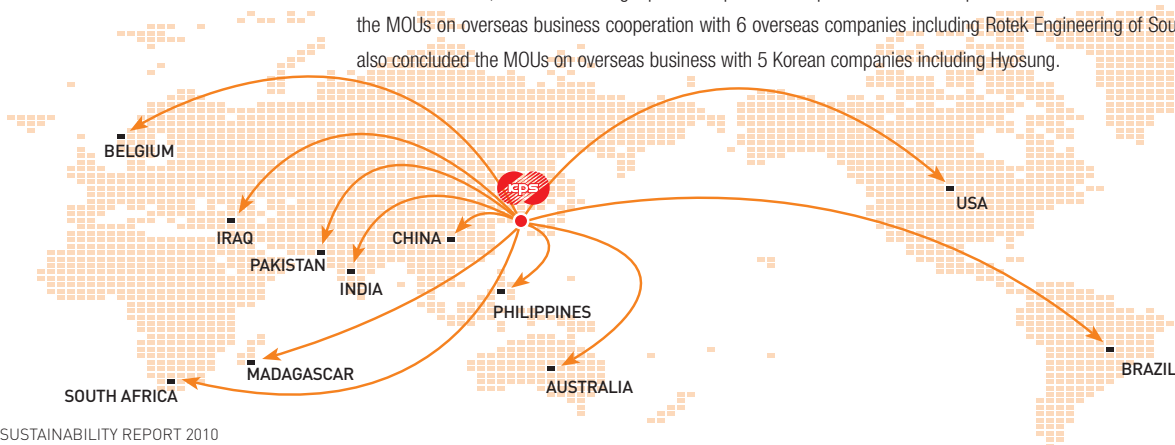
Building the Overseas Business Infrastructure

We are fully committed to building the overseas business infrastructure to increase orders abroad including the systemization of overseas business organizational structures, the operation of separate business units dedicated to overseas business and strategic partnerships with companies with specialized overseas business capacity.

First, in order to establish more systemized overseas business structures, we expanded the Overseas Business Team with 16 employees to the Overseas Business Department with 3 teams and 44 employees. We also strive to hire individuals with expertise in respective areas such as new project development, project operation and project analysis and management and our Overseas Risk Management Committee is up and running as well.

Second, the Global Service Office was newly created with 4 teams and 39 employees as a dedicated unit for the execution of overseas business, which improved the effectiveness of our HR operation for overseas business in supplying professional maintenance personnel who meet customer needs.

Last but not least, to ensure strategic partnerships with companies that have expertise on overseas business, we signed the MOUs on overseas business cooperation with 6 overseas companies including Rotek Engineering of South Africa and also concluded the MOUs on overseas business with 5 Korean companies including Hyosung.



Boosting the Competitiveness of Existing Overseas Business

With our growing overseas business, we are setting up more overseas offices. Currently, we have 10 offices in 5 countries including India and continue to expand business abroad via the systemized operation of long-term business offices and the creation of local footholds. In addition, our overseas business management systems and risk management systems enable us to manage overseas business in a systematic way and to make our work process faster with online systems.

Chosen as a Partner for the UAE Nuclear Power Plant Project

In accordance with the contract between the Korean and the UAE government to export nuclear reactors to the UAE signed in December 2009, 4 APR1400 (1400MW) units will be constructed in Braka, the UAE, with the unit No. 1 to be completed by May 2017 and the rest 3 to be installed one by one per year by 2020. KEPCO KPS's role here will be to provide diagnosis and maintenance services for special areas such as commissioning maintenance, training for UAE maintenance personnel and pre-service inspections. In a bid to train and qualify our maintenance personnel to be dispatched to the UAE and to train local maintenance personnel in the UAE, we are working hard to build advanced training systems and to develop career paths and selection criteria to choose and nurture those to be sent to the UAE. We also plan to set up a joint venture maintenance provider with the UAE. As we are considering to service thermal power plants and industrial facilities in the Middle East, we expect the joint venture to perform as an outpost to further expand the maintenance market that we serve.

Global Business Achievements

Thanks to the aggressive marketing strategy to promote globalization of our business, one of the strategic directions of our VISION 2020, our overseas business sales rose 3.94-fold from KRW 15.5 billion in 2006 to KRW 61.1 billion in 2010. The overseas long-term business offices we secured (10 offices in 5 countries including Wardha, India) laid a stable basis to enter overseas markets and KEPCO affiliated companies were able to increase their joint overseas orders from KRW 92.9 billion in 3 countries in 2007 to KRW 180.7 billion in 9 countries in 2010.

This accomplishment is attributable to the world-class maintenance technology expertise of KEPCO KPS that support customers in enhancing their capacity factors and our CEO's proactive sales initiatives including the invitation of international figures to grab promising business opportunities abroad. Other contributing factors are our price competitiveness that ensures more efficient maintenance services compared to our competitors and the systematic maintenance service back-up systems that help us deal with critical facility issues and present solutions.

• Aerial View of the Nuclear Power Plant to be Built in the UAE, Korea's First-ever Export of Nuclear Power Plant



Expansion of Global Business

With KEPCO KPS's customer-centered management, the philosophy of top-quality service and the hands-on know-how KEPCO KPS staff have accumulated for more than 30 years, the company is meeting wide-ranging needs of customers.

Our Performance in Major Overseas Markets

The success in the GMR diesel power plant O&M project in India in 1998, the first-ever order we won in the country, brought us increased trust in our technology expertise in India and this translated into more O&M orders in other regions of the nation from 2007. The Daharki combined cycle power plant O&M project in Pakistan was our first full-scale O&M project which included supply of materials and is touted as a representative example that recognized both our technology competitiveness and customers' trust in our service. Our overseas markets are expanding beyond the Philippines, India and Australia into Africa (Sudan, Nigeria, South Africa, Madagascar) and the Middle East.

Our Long-term Contract O&M Projects

Country	Project Name	Project Period	Contract Amount (KRW 100 million)	Facility Capacity
India	Jharsuguda O&M	Feb. 2008 ~ Jan. 2015	736	1,215MW
	Chanderiya O&M	Oct. 2004 ~ Sep. 2013	394	248MW
	Vemagiri CCPP O&M	Jul. 2005 ~ Dec. 2013	134	388MW
	BALCO O&M	Mar. 2009 ~ Apr. 2014	278	540MW
	Wardha O&M	Dec. 2009 ~ Jul. 2020	765	540MW
	GMR O&M	Jul. 1998 ~ Mar. 2009	310	200MW
Pakistan	Daharki CCPP O&M	Feb. 2009 ~ Sep. 2027	822	175MW
Madagascar	Ambatovy O&M	Aug. 2009 ~ Feb. 2017	360	135MW
Phillippines	Ilijan CCPP Maintenance	Jun. 2002 ~ Jun. 2012	349	1,200MW


Successes in Overseas Business

In the Bayswater coal-fired plant (capacity : 2,640MW, manufacturer : Toshiba) planned outage maintenance project in Australia that started in 1999, we succeeded in advancing into the power plant maintenance market for the first time that had been exclusively dominated by the manufacturer (Toshiba, Japan) for 15 years. Our successful 12-year track records in the maintenance project since then earned us absolute trust from the customer and the contract was further extended for another 3 years on October 26, 2010.




Jharsuguda Thermal PS

- O&M Project
- 1,215MW (135MW×9)
- Vedanta Aluminum Ltd.
- ST&BLR : Shanghai
- Feb. '08~Jan. '15 (7)



Chanderiya Thermal PS

- O&M Project
- 248MW (ST : 77MW×2, 80MW×1, 9MW×1, 5MW×1)
- Hindustan Zinc Ltd.
- BHEL (Siemens)
- Oct. '04~Sep. '13 (9)



Vemagiri CCPP

- O&M Project
- 388MW (GT268MW+ST120MW)
- Vemagiri Power Gen.
- GT : GE9FA, ST : Alstom
- Jul. '05~Dec. '13 (9)




BALCO Thermal PS

- O&M Project
- 540MW (135MW×4)
- Bharat Aluminum Co.
- Dongfang
- Mar. '09~Apr. '14 (5)



Wardha Thermal PS

- O&M Project
- 540MW (135MW×4)
- Wardha Power Co., Ltd.
- Dongfang
- Dec. '09~Jul. '20 (11)




Daharki CCPP

- O&M Project
- 175MW (GT115MW+ST60MW)
- Foundation Power Co., Daharki Ltd.
- GT : GE9E, ST : Fuji
- Feb. '09~Sep. '27 (19)



Ilijan CCPP

- Routine Maintenance
- 1,200MW (GT200MW×2 2Blocks+ST200MW×1 2Blocks)
- KEILCO
- GT : MHI (501G)
- Jun. '02~



Ambatovy Thermal PS

- O&M Project
- 135MW (45MW×3)
- DMSA
- Siemens
- Aug. '09~Aug. '15 (6)

Conclusion of the Bayswater planned outage maintenance Project Contract of Australia in 2010



CENTRAL ELECTRICITY AUTHORITY

Annex-V
Sheet 1 of 2

Generation from Gas based Plants								
GT Plant	Monitored Capacity (MW)	Sector	March 2010			April 2009 - March 2010		
			Target (BU)	Generation (BU)	PLF	Target (BU)	Generation (BU)	PLF
Plants having Gas allocation from KG D6 Block								
ANTA CCPP	419.33	CS	260	281	90.08	2800	3002	82.23
AURAIYA CCPP	663.36	CS	372	385	78.08	4200	4528	78.49
DADRI CCPP	829.78	CS	472	564	91.36	5300	5606	77.62
FARIDABAD CCPP	431.59	CS	131	291	90.67	2800	3212	85.00
GANDHAR CCPP	657.39	CS	357	399	81.49	4000	4489	78.41
KAWAS CCPP	656.2	CS	353	450	92.11	4000	4327	75.87
RATNAGIRI CCPP I	740	CS	260	345	62.63	3186	2499	38.55
RATNAGIRI CCPP II	740	CS	261	351	63.78	3206	3246	50.08
RATNAGIRI CCPP III	740	CS	261	302	54.82	3208	2540	39.18
DHUVARAN CCPP	218.62	SS	137	135	82.83	1586	1359	70.98
UTTRAN CCPP	518	SS	249	319	82.81	1999	1933	66.77
HAZIRA CCPP	156.1	SS	103	101	43.53	1149	1114	81.43
I.P.CCPP	270	SS	156	122	60.73	1736	1503	63.56
PRAGATI CCPP	330.4	SS	214	230	93.69	2400	2453	84.76
URAN CCPP	912	SS	330	409	60.26	3881	5105	63.90
DHOLPUR CCPP	330	SS	196	227	92.45	2247	2428	83.98
PEDDAPURAM CCPP	220	PS	132	152	92.81	1583	1527	79.26
ESSAR CCPP	515	PS	167	180	47.05	2000	1711	37.93
GAUTAMI CCPP	464	PS	260	286	82.88	1804	3080	82.56
BARODA CCPP	160	PS	58	106	89.32	1258	1065	76.00
PEGUTHAN CCPP	655	PS	431	369	75.63	5152	4591	89.01
JEGURUPADU CCPP	455.4	PS	270	215	63.56	3215	3294	82.58
KONASEEMA CCPP	280	PS	192	107	51.49	1730	864	42.23
KONDAPALLI EXTN CCPP .	233	PS	136	147	84.71	136	390	77.47
KONDAPALLI CCPP	350	PS	215	242	46.44	2568	2743	89.47
GODAVARI CCPP	208	PS	125	101	65.39	1495	1547	84.90
TROMBAY CCPP	180	PS	118	141	104.99	1384	1415	89.72
VATWA CCPP	100	PS	69	69	92.27	772	798	91.08
SUGEN CCPP	1147.5	PS	495	742	86.91	4166	6611	78.96
VEMAGIRI CCPP	370	PS	192	276	100.26	2300	2994	92.37
Sub-Total	13950.67		6914	8044		76861	81972	
Cont... on sheet2								

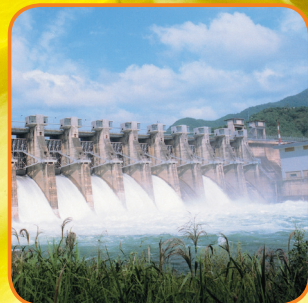
VEMAGIRI CCPP	370	PS	192	276	100.26	2300	2994	92.37
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GREEN ENERGY MANAGEMENT

“

KEPCO KPS promises to create a flourishing future where every human being is happy through sustained green management activities.

”



KEPCO KPS needs to create the awareness that nuclear power plants are maintained safely.

KEPCO KPS, an unrivaled power plant maintenance service provider in Korea, is known for its effective management of safety facilities at all of its worksites.

Nevertheless, we see threat factors increasing over nuclear power plants due to the Fukushima nuclear disaster in Japan.

In spite of these concerns over nuclear safety, we have no option but to depend on the electricity power generated from nuclear power plants.

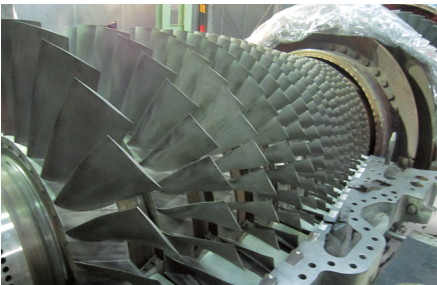
In order to ease these concerns, the safety of nuclear plant maintenance should be the top priority. The first thing to do is to reassure local residents living near the nuclear plants and the general public. KEPCO KPS's role here is to deliver even better maintenance services to ensure the safety of nuclear power plants.

Seung-Woo, Kim, Senior Analyst, Samsung Securities Co., Ltd.

Eco-friendly Maintenance

KEPCO KPS's maintenance services for environmental equipment at power plants aim to minimize their environmental impact. With perfect maintenance services for nuclear power plants, the company boosts these plants' capacity factor and thus help reduce GHG emissions.

• Commissioning Maintenance for the Gas Turbine at the Combined Cycle Power Plant



• Predictive Diagnosis of the Air Compressor at the Thermal Power Plant (Vibration Inspection)



Maintenance of Environmental Equipment at Power Plants

We provide such specialized maintenance services as routine maintenance, planned outage maintenance, modification & rehabilitation and commissioning maintenance for power plants in Korea that are commercially operated after their initial test-run operation. At thermal power plants, our service scope covers flue gas desulfurization, flue gas denitrogenization, electrical precipitation, comprehensive wastewater treatment facilities, coal fly ash prevention equipment and other environmental pollution control facilities in a bid to reduce environmental impact of power generation processes to the minimum. We service a total of 24 nuclear power plants in Korea including 16 pressurized water reactors (PWR), 4 pressurized heavy water reactors (PHWR) and 4 test reactors and our perfect maintenance services help raise their capacity factors, contributing to replacing fossil fuel consumption and cutting GHG emissions. Korean nuclear plants recorded a capacity factor of 91.2% in 2010, much higher than the world average of 79%(as of 2010). Such improvements in capacity factor lead to less use of fossil fuels, which in turn brings about remarkable reductions in GHG emissions.

• Life Cycle Carbon Dioxide Equivalent Emissions by Power Plant Types

(Unit : g-CO2 eq/kWh)							
Coal	Oil	LNG	PV (Photovoltaic)	Bio	Hydro	Wind	Nuclear
991	782	549	57	70	8	14	10

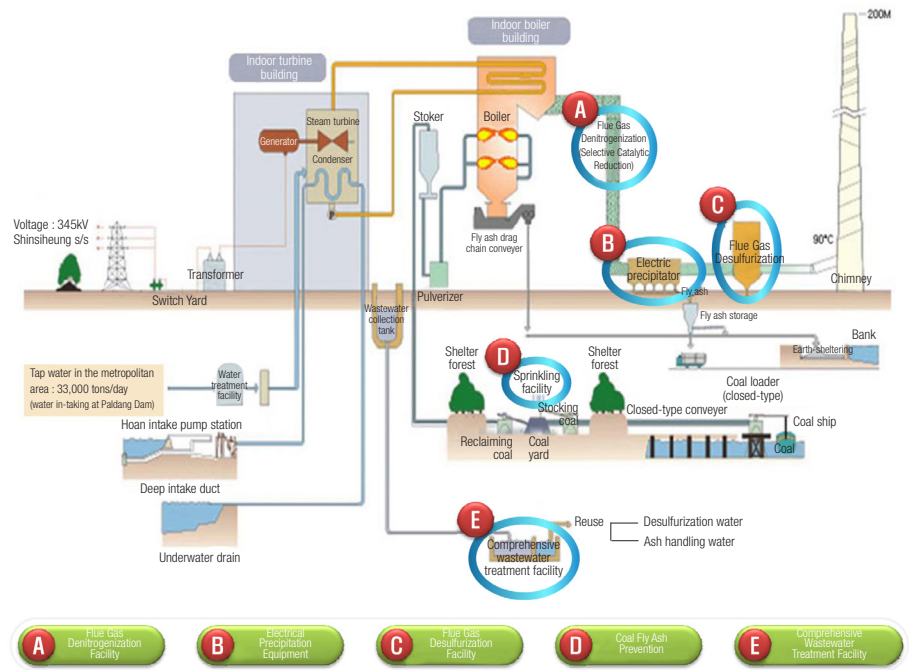
※ Source : Nuclear Energy Outlook 2008, OECD/NEA

We have a systemized management system for environmental equipment maintenance services : commissioning maintenance in the initial stage of power plant operation, routine maintenance performed during operation or stoppage, and planned outage maintenance where plant operation is suspended and equipment is disassembled for checkup regularly.

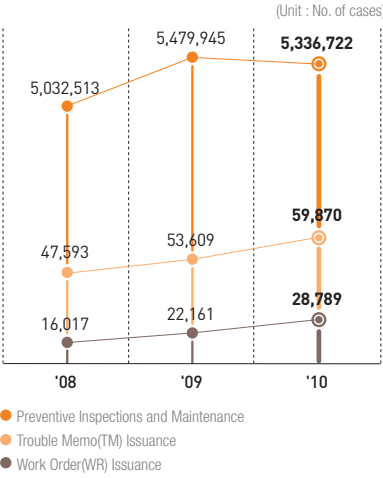
Commissioning Maintenance

The scope of our maintenance services includes commissioning maintenance, which takes place in the final stage of power plant construction, and this ensures the soundness of commercial operation after the test run. In order to effectively maintain and manage the installed facilities up to the point of commercial operation, we carry out preventive examinations, support testing of various systems and equipment and perform emergent rehabilitation work that may be needed during the test-run period for mechanical, electrical and instrument & control equipment. In addition, maintenance

• Environmental Equipment Layout at Thermal Power Plants



• Routine Maintenance Performance



procedure forms are developed and initial data on test operations of equipment such as vibration measurement are systematically managed so that environmental impact is minimized and the plant is fully ready for commercial operation

Routine Maintenance

We provide preventive and predictive maintenance services to prevent breakdown/outage through advance inspections of facility abnormalities during operation or stoppage and also rapid rehabilitation services in case of unplanned breakdown of facilities to ensure normal operation of power plants.

• Routine Maintenance Performance

(Unit : No. of cases)			
Category	2008	2009	2010
Preventive Inspections and Maintenance	5,032,513	5,479,945	5,336,722
Trouble Memo (TM) Issuance	47,593	53,609	59,870
Work Order (WR) Issuance	16,017	22,161	28,789

Planned Outage Maintenance

Planned outage maintenance aims to prevent plant facilities from coming to a unexpected outage and is carried out regularly to perform facility disassembly, inspections, assembly and capacity testing while the operation is suspended in accordance with mid/long-term maintenance plans of the power plant and relevant regulations & technical standards. Planned outage maintenance project is the largest in size among all the maintenance projects that we perform at KEPCO KPS. Our systematic process management and productivity enhancement technology come together to shorten planned outage maintenance periods, which replaced the construction of a 109MW power plant in 2010, and this contributes to reducing our environmental impact. In addition, decreased planned outage maintenance project periods translated into longer facility operations for customers and created KRW 69.9 billion in profits for our customers (calculated with the average selling price of KRW 73.09/kWh in 2010).

• Shortened Planned Outage Maintenance Periods

Category	2008	2009	2010
Units Serviced (No. of Units)	123	114	105
Reduction in the No. of days (Day)	154	222	96
Benefits (MWh)	1,094,328	1,805,472	955,779
Average Selling Price (KRW/kWh)	78.76	83.59	73.09
Benefits (KRW 100 million)	862	1,509	699

• Planned outage maintenance for the Turbine



• Inspection during the Mock-up Operation at the Nuclear Power Technology Service Center



• GT Rotor Spool Balancing



Contributions of Eco-friendly Management

KEPCO KPS has continued to foster professional technical personnel and deploy cutting-edge and highly productive equipment for testing, inspections and maintenance services in a bid to minimize environmental impact and enhance reliability of our power plant maintenance services. Such endeavors drove KEPCO KPS to grow into the unequalled total plant service provider in the world that is capable of service all facilities of hydro, thermal and nuclear power plants. We also established advanced maintenance management systems to reduce breakdown/outage and optimize maintenance services, which base the stable operation of plant facilities, and have strove to increase plant capacity factors and minimize breakdown/outage through the improvement of maintenance environments. All of these efforts enabled us to continue One Cycle Trouble Free (OCTF) operations.

The OCTF operations mean continuous operations of all plant facilities including environmental facilities without any shutdown of the plant between planned outages for planned outage maintenance and are directly indicative of the level of our unequalled maintenance service quality.

• Nuclear Power Plant OCTF Rates (Unit : %)

Year	OCTF Rate (%)
'08	88.9
'09	77.8
'10	90.9

• One Cycle Trouble Free (OCTF) Performance (Unit : %)

Plant Type	2008	2009	2010
Hydro & Thermal	100	91.3	88.6
Nuclear	88.9	77.8	90.9
Total	97.9	89.1	89.1

In case of nuclear power plant the number of OCTF operations stands at 92 between 1978 when the first commercial operation of nuclear plants began in Korea and 2010 and this demonstrates that we are highly qualified in all areas of operation, maintenance and management of nuclear power plants. We are seeking upgrade of maintenance capability, improvement of vulnerable facilities and outage optimization based on our 35-year experiences of nuclear operation. We also built regular maintenance programs in accordance with the Nuclear Energy Law and are considering radioactive safety, industrial safety and facility safety as the top priority in performing refueling and the planned outage maintenance, which led to highly successful track records in the industry.

New and Renewable Energy

KEPCO KPS is pushing ahead with its R&D projects to find new engine of growth for the future including new and renewable energy in addition to boosting competitiveness of its traditional business of power plant maintenance.

Need for the Development of New and Renewable Energy

As the responsibility to reduce GHG emissions becomes a reality for countries around the world and the fossil fuel energy market keeps fluctuating, new and renewable energy is emerging as an important energy source. The global competition is growing ever fiercer to dominate the technology and the market of new and renewable energy accordingly. The Korean government announced its 'new and renewable energy industry development strategy' in October 2010 and is making full-fledged efforts to promote this emerging industry.

Progress in New and Renewable Energy Business

We are committed to expanding and distributing new and renewable energy facilities with the technology capability we accumulated in our traditional plant maintenance business, doing our part in promoting 'low-carbon green growth'. Our new and renewable energy business began in February 2006 with the registration as a RESCO (Renewable Energy Service Company) for photovoltaic and wind power generation and we set up the New & Renewable Energy Center in February 2007 to be in charge of our new and renewable energy business. We were chosen as an exclusive service provider for wind power generators by the Ministry of Knowledge Economy in April 2007. Currently, we are registered as a specialized company in the 11 areas of photovoltaic power, wind power, bio, geothermal, ocean, small hydro power, fuel cells, coal gasification, hydrogen, waste and other energies and further expanding the scope of our business.

Period	Progress Made
May. 2005	Launching an in-house venture in new and renewable energy
Feb. 2006	Registered as a specialized photovoltaic and wind power company
Apr. 2007	Starting the New & Renewable Energy Center, Designated as an exclusive service provider for wind power facilities by the Korean government (Ministry of Knowledge Economy)
Jan. 2009	Integrating the New & Renewable Energy Center and Domestic Plant Service Office
May. 2009	Registered as a RESCO in 9 additional areas including bio

Mid/Long-term Roadmap for New and Renewable Energy Business

We incorporated new and renewable energy business into 'VISION 2020', our mid/long-term strategic plan, and plan to diversify our new and renewable energy business portfolio from existing areas of facility EPC, maintenance and distribution projects aligned with the Korea Energy Management Corporation(KEMCO) into component development projects and others, achieving KRW 49 billion in sales by 2020.

• Mid/Long-term Roadmap for New and Renewable Energy Business

```
graph LR; A[Basic Infrastructure] --> B[Promotion]; B --> C[Expansion]; C --> D[Establishment]
```

Basic Infrastructure

- Period : 2010~
- Domestic market projects in Korea
- Building business infrastructure
- Sales goal : KRW 3.2 billion

Promotion

- Period : 2013~
- Wind power projects
- Sales of equipment
- Sales goal : KRW 12.3 billion

Expansion

- Period : 2015~
- IGCC projects
- Entering the overseas market
- Sales goal : KRW 16 billion

Establishment

- Period : 2018~
- Global Competitiveness
- Sales goal : KRW 28.7 billion

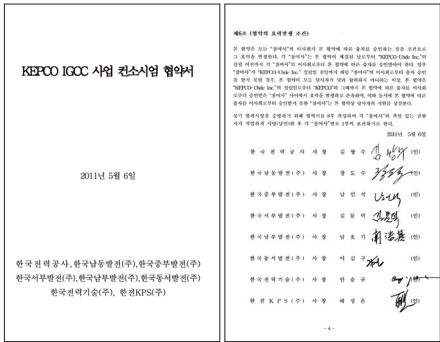
• Inauguration Ceremony for the PV Generator in Dokdo



• Maintenance of the Wind Power Generation Facility in Yangyang



• IGCC Business Consortium Agreement



New and Renewable Energy Business

In order to lead the untapped future market of new and renewable energy, we are working on new and renewable energy facility EPC projects including photovoltaic power, wind power, bio and IGCC, maintenance projects and KEMCO-related distribution projects as well as human resources development and R&D to secure technology.

• Photovoltaic EPC Business

The business scope covers the design, procurement, construction and post management of photovoltaic(PV) plants. We are building a total PV business solution framework including business feasibility analysis to cope with the expansion of the RPS market in the future and to develop PV business.

■ Major PV EPC Business Results

- 2007 : Seocheon Thermal Power Plant's building an 1.2MW PV power plant and the New & Renewable Theme Park
- 2008 : 1.9MW PV plant built in Gochang, Jeollabuk-do
- 2009 : 1MW PV plant built in Youngdeok, Gyeongsangbuk-do
- 2010 : 950kW PV plant built in Goheung, Jeollanam-do

PV Generator Set up in Dokdo (2009)

Working with the KEMCO and the Korean Electrical Contractors Association, we constructed an eco-friendly 55kW capacity photovoltaic generator with our remarkable technology skills in Dokdo, a symbolic space of territorial rights and a clean, unpolluted area, serving our role to protect this National Monument island more effectively.

• New and Renewable Power Plant Maintenance Business

The efficiency and lifetime of new and renewable energy facilities vary greatly depending on their post management. As a professional power plant maintenance service provider, we are operating systems to hire technical personnel and support expert staff who can be deployed in the right position at the right time in order to elevate the efficiency of these facilities to the highest-possible level. Currently, we are capable of servicing wind, photovoltaic and hydro power facilities and plan to provide unrivaled maintenance services in the whole spectrum of new and renewable energy business.

• Maintenance Performance of New and Renewable Energy Facilities

Category	Photovoltaic	Hydro	Wind	Total
Maintenance Capacity	9.4	24.2	3.0	36.6

• Entry into IGCC and SNG Business

We concluded the IGCC and SNG business agreements with KEPCO and KEPCO affiliated companies to reduce carbon dioxide emissions in May 2011, laying the basis to secure advanced technology of IGCC and SNG facility maintenance.

• Bio Green Energy Fund Agreement



• R&D Project on Wind Power Generators



• MOU on the Photovoltaic RPS Market Partnership



• Participation in the Bio Green Energy Fund to Start Bio Business

In May 2011, 19 public institutions including KEPCO KPS and private sector businesses in Korea concluded the agreement to create the KRW 750 billion Bio Green Energy Fund and decided to invest in energy recovery and GHG reduction business including biomass. We expect that the fund will allow us to systematically respond to GHG reduction projects in Korea and overseas, bringing about economic benefits.

Technology Investment in New and Renewable Energy

We aim to lay the basis to expand our new and renewable energy business through the development of our own core technology and to continue to foster technician staff and carry out R&D activities.

• Promotion of Technical Staff

■ Major Training Programs

- Vestas wind power facility O&M training in 2009
- Siemens wind power facility O&M training in 2010
- Wind farm operation training in 2011
- Special training on new and renewable energy construction between 2010 and 2011

• R&D Projects

■ Major R&D Projects

- Development of Photovoltaic tracking systems in consideration of ground subsidence in 2008
- Development of 30-degree tilt single-axis photovoltaic tracking system in 2009
- Development of wind generators suitable for the upper reservoir of Cheongpyeong pumped storage hydroelectric power station

Business Partnerships in New and Renewable Energy

We are forging strategic business partnerships in our new and renewable business including the development of core technology and business development. They will enable us to secure the basis to expand this emerging new business and maximize synergistic effects for our sustained growth in the upcoming years.

■ Signing the MOU on the photovoltaic tracker business partnership in 2009

■ Signing the MOU on the photovoltaic RPS market partnership in 2011

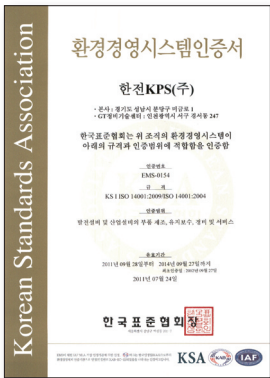
• Business Outcomes by Year (New and Renewable Energy EPC)

Category	2006	2007	2008	2009	2010	합계
Sales	3,614	7,315	13,293	13,519	4,775	42,516
Construction Capacity	0.5	1.3	2.4	2.3	1.4	7.9

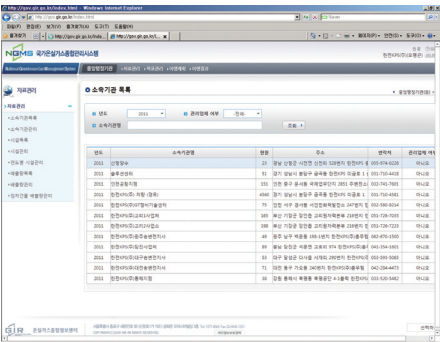
Environmental Performance

KEPCO KPS's company-wide environmental management systems ensure the efficiency and objective reliability of environmental management. Such systems reflect the company's continued efforts for a sustainable future.

• Environmental Management System Certificate



• National Greenhouse Gas Management System (<http://gov.gir.go.kr/index.html>)



Environmental Management System

KEPCO KPS is a professional electric power facility maintenance service provider including of hydro & thermal, nuclear and other types of power plants and transmission & substation facilities, which means that we do not own nor operate these facilities but provide them with our maintenance services. We work with power plant companies (KPECO and 6 other power plant companies, private power plants in Korea and overseas power plants) in operating on-site environmental management systems within the power plants that we service in accordance with the established environmental guidelines. The by-products generated from maintenance services are disposed of in full compliance with relevant guidelines of our customers and we apply highly stringent criteria in dealing with these by-products including separation and recycling regulations.

Our GT Technology Service Center is equipped with its own facilities and the environmental management system up and running independent of customers. The center was certified with ISO 14001 for international environmental management systems on September 28, 2002.

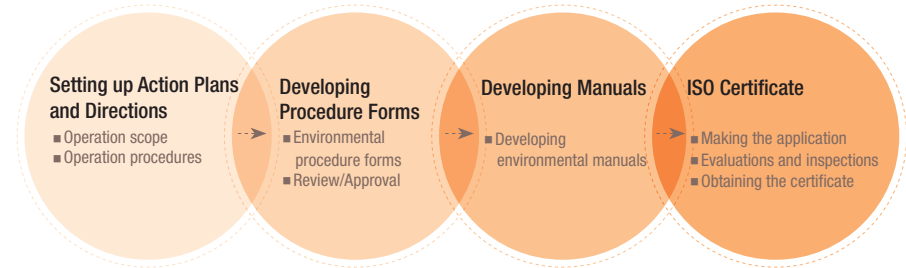
We set up plans to build integrated ISO 9001 & 14001 systems for the headquarters and the GT Technology Service Center in April 2011. This was followed by the development of integrated manuals and procedure forms and they were successfully certified with both ISO 9001 & 14001 on July 24, 2011.

In an effort to manage and reduce GHG emissions and energy consumption according to government guidelines, we are building online management programs aligned with our in-house management performance evaluation systems.

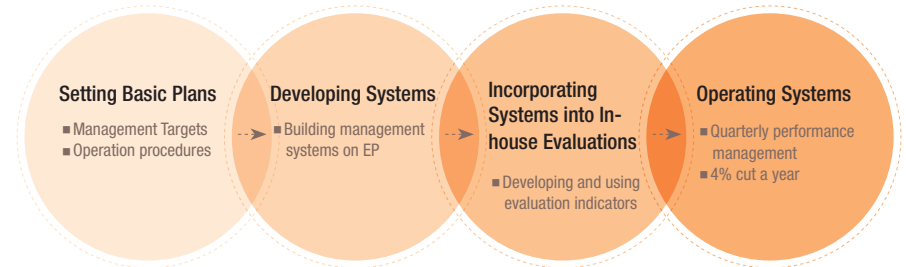
Climate Change Adaptation

After the Korean government's guidelines on GHG & energy target management and operation in the public sector under the Basic Act on Low Carbon and Green Growth were established and announced in January 2011, we started to list our GHG emissions and energy consumption regarding fuel use of all vehicles we own at KEPCO KPS and our office buildings in the National Greenhouse Gas Management System. Action plans are set up to meet targets in reducing GHG emissions and energy consumption and they are incorporated in evaluations of management performance at KEPCO KPS. Our GHG emission baseline figure is the 3-year average between 2007 and 2009 in the amount of fuel used by vehicles in our possession at KPECO KPS and our plan is to cut GHG emissions by 4% a year for 5 years between 2011 and 2015, which will add up to a total of 20% cut in 2015.

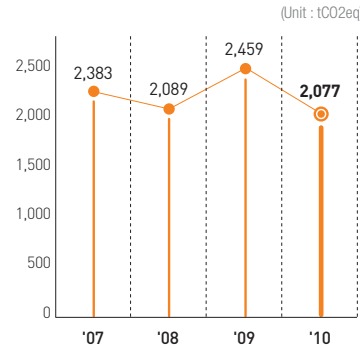
• ISO 14001 Certification



• GHG Management System



• Management of Vehicle GHG Emission Indicators (Gasoline, LPG, Diesel)



The vehicles owned by 60 KEPCO KPS sites including the headquarters are 314 diesel vehicles (passenger cars, vans, trucks and special-purpose vehicles) and 69 gasoline vehicles. Their number is rising with the expansion of our business scope and thus GHG emissions are increasing accordingly. Our continued endeavors to reduce GHG emissions are supported by energy use management of our office buildings (electricity, steam, kerosene, LPG and LNG) and increases in energy efficiency.

• GHG Emissions

Category	Unit	2008	2009	2010
Direct GHG Emissions	Metric tonnes of CO2 equivalents	2,147.50	2,514.94	2,126.89
Indirect GHG Emissions	Metric tonnes of CO2 equivalents	2,263.78	2,151.05	2,265.32

Management of Waste and Hazardous Substances

The daily and industrial waste we generate is treated in accordance with proper disposal procedures through the reduction of the amount generated and the separation for recycling. There has been no single leak of waste, oil or hazardous substances for the past 2 years. Hazardous chemicals are managed under the control and procedures of environmental management officers : they are listed in the MSDS (Material Safety Data Sheet) registry from the stage of purchasing and their residual amount is listed as well. To make sure that these harmful substances are managed safely, we set up the emergency response and prevention framework to cope with emergencies any time.

• In-house Evaluations of Energy Consumption in 2011 (Buildings)

Evaluation Target	Name of Office	Type of Energy Fuel	Baseline between '07~'09 (3-year average)	2011 Goal (based on the 4.0% reduction rate)	Reduction Rate (4.0%)
Buildings in KEPCO KPS Possession Only	Head Office, Busan TS Office, Daegu TS Office, Gwangju TS Office, New Renewal Energy & Plant Service Center	Electricity	3,949.42	3,791.44	4.0%
		Steam	4,796.82	4,604.64	4.0%
		Kerosene	83.29	79.96	4.0%
		Butane	3.22	3.10	4.0%
		LPG	9.92	1.05	4.0%

* Power production ratio by energy source in Korea consists of nuclear 31.4%, coal 41.9%, LNG 21.8%, oil and renewable energy 5% in 2010

• In-house Evaluations of Energy Consumption in 2011 (Vehicles)

Evaluations Target	Name of Office	Type of Energy Fuel	Baseline between '07~'09 (3-year average)	2011 Goal (based on the 4.0% reduction rate)	Reduction Rate (4.0%)
Head Office (Departments)	KEPCO KPS	Gasoline	307.00	294.72	4.0%
Hydro & Thermal (Group 1, 2, 3)		.....	.....	.....	.....
Nuclear (Group 1, 2)	.....	Diesel	2,389.64	2,294.05	4.0%
Transmission & Substation and Other		.....	.....	.....	.....

Enhancing Nuclear Safety

• Shingori Unit No. 1 and No. 2 under Construction



KEPCO KPS's Role in Nuclear Power Plant Maintenance

Since the commercial operation of Gori Unit No. 1 started, we have accumulated experiences in servicing nuclear power facilities upgraded our maintenance technology and continued to invest in technology development over the last 35 years, positioning ourselves as a leader in the Korean power plant maintenance industry with world-class technology competence. Nuclear power plants are usually run on the following cycle according to the nation's power development plans that reflect long-term electricity consumption : establishment of master plans, site selection, licensing, plant design, equipment procurement & fabrication, construction, commissioning, commercial operation and decommissioning. Our maintenance services ensure that these facilities are maintained and managed in optimum shape during their operation life so that their functions are performed properly and operated as designed. Together with plant operation, our maintenance services play a pivotal role in keeping nuclear facilities working continuously. Our technology level is higher than 95% of that of advanced nations and we are capable of servicing all types of equipment without manufacturers' help. For those technology areas where we are not fully independent, we strive to increase R&D and establish a culture of staff safety in a bid to bring our technology to perfection and secure our own source technology.

• Nuclear Business Performance in 2010

Type of Maintenance	Performance
Routine Maintenance	Power Generation Equipment 95% (18 Units : 100%, 2 Units(Uljin Unit No. 5 and No. 6) : 55%)
	Instrument & Control 20% (2 plants : Younggwang Unit No. 5 and No. 6 / Wolsung Unit No. 3 and No. 4)
Planned outage maintenance	Planned outage maintenance for 16 Units (power generation equipment and instrument & control)
Commissioning Maintenance	On-going for 4 Units of Shingori and Shinwolsung

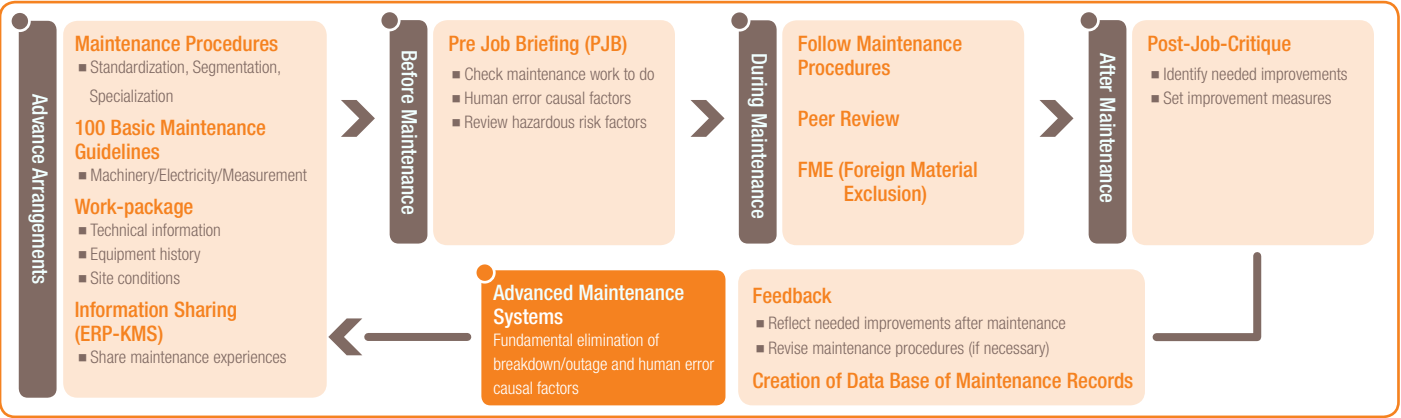
Minimizing Nuclear Safety Risks

Nuclear power takes up 40% of Korea's power generation and does its own part in ensuring stable supply of power. We have been working hard to establish advanced maintenance management systems such as pre-job arrangements for perfect maintenance services and provision of feedback and uploading of maintenance records in database once maintenance is completed. We have also striven to prevent breakdown/outage, train our staff to prevent human errors, share technology for power plant maintenance, and set up mutual cooperation systems. These continuous pre-cautionary endeavors to minimize risks enabled us to reduce KEPCO KPS-caused breakdown/outage to zero for 6 consecutive years.

• Nuclear Power Plant Failures Trend for the Last 5 Years

Category	2006	2007	2008	2009	2010
No. of Units in Operation	20	20	20	20	20
Breakdown/outage (No. of cases)	11	12	7	6	2
Breakdown/outage per Unit (No. of cases)	0.6	0.6	0.4	0.3	0.1
KEPCO KPS-caused Breakdown/outage (No. of cases)	0	0	0	0	0

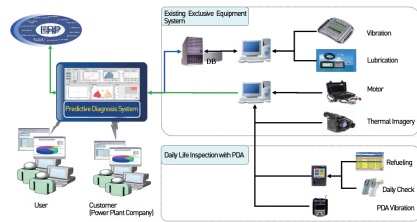
• Advanced Maintenance System Layout



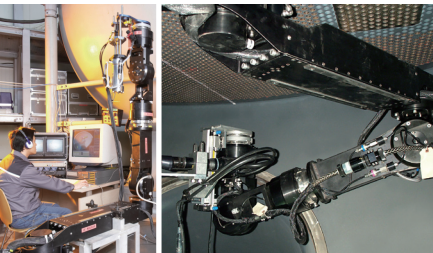
• Nuclear Power Plant Safety Enhancement Framework



• Conceptual Diagram of Integrated Predictive Maintenance



• ROSA III



Building a Stronger Culture of Nuclear Safety

As a world-leading professional maintenance service provider, we fully comply with relevant regulations, recommendations of regulatory authorities and safety culture policies of plant operators in order to ensure perfect maintenance services for safe operations of nuclear power plants. Our culture of safety helps to create an open-minded environment where all individuals and organizational units in charge of maintenance services can share every piece of safety-related information without any constraint. We also hold the 'Day of Nuclear Safety' every month as a cultural campaign to raise the safety awareness of maintenance workers. We are building sustainable safety culture systems to make sure that a culture of safety regarding plant operation would take firm root in all of our nuclear offices.

Real Name Maintenance System Our real name maintenance system, runs as part of our efforts to build a stronger culture of safety, allows our staff to be more attached to and responsible for the facility they are in charge of. Under this system, facilities whose maintenance services are completed are marked with the names of maintenance workers, the date of maintenance and detailed maintenance services. This enables more responsible maintenance services and real-time management of maintenance workers, which in turn enhances reliability of the maintenance services we offer and the culture of safety as well.

Staff Qualification To help our maintenance workers improve their expertise, we provide respective basic, practical and expert training courses in each facility category and operate professional qualification systems based on staff competency. In so doing, we improve our maintenance service quality, prevent safety accidents and ensure safe operation of facilities we service.

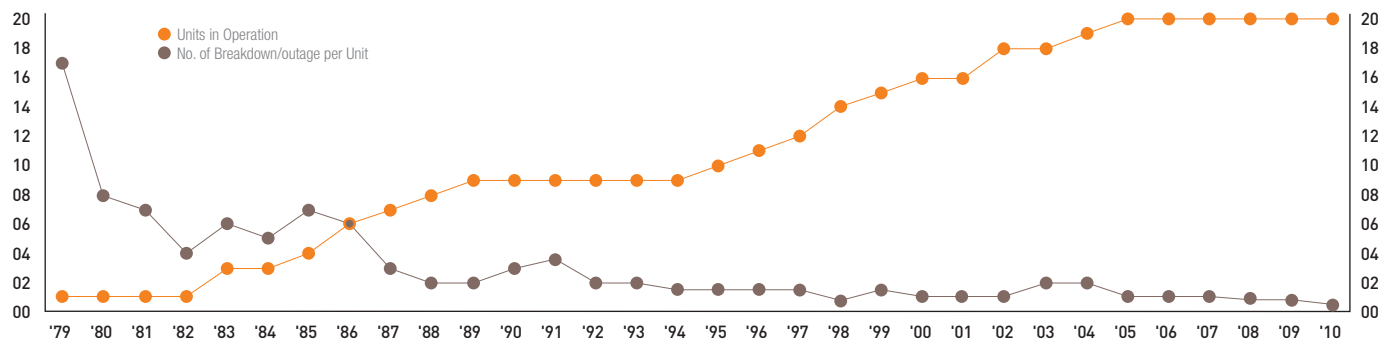
Strengthening Maintenance Services Management Systems Our maintenance services management systems are up and running to prevent unexpected outage. Based on case studies of top-performing nuclear plants overseas, our on-site maintenance experiences, and guidelines of government regulatory authorities, these systems are run on 7 components of procedure forms, guidelines of basic maintenance items, workpackage, pre-job-briefing(PJB), on-line maintenance records management, facility-specific expert groups and integrated predictive maintenance. The effectiveness of procedure forms that greatly influence the reliability of maintenance services is regularly evaluated and their quality is continuously upgraded through the feedback of issues identified during maintenance and the incorporation of new technology and latest information.

Regular Training To prevent human errors and improve workmanship of our staff, we train our staff on human error prevention procedures, human error cases, re-work cases and human error prevention techniques, develop video training materials and offer regular training. This allows us to fundamentally eliminate causes of human errors and identify and improve vulnerability factors.

Minimizing Radioactive Exposure of Workers through Radiation Safety Management

The objective of radiation safety management of nuclear plants is to protect plant workers from radiation and minimize the leak of radioactive substances to the outside environment, thereby minimizing their impact on local people and surrounding environments. To meet this objective, we carry out mock exercises under the same conditions as the actual worksite to reduce maintenance hours and remove the need for any re-work in high-radiation sectors. We also develop and utilize special-purpose tools and equipment such as remotely operated maintenance robots (ROSA III : Remotely Operated Service Arm III) in a bid to reduce radioactive exposure and improve the quality of maintenance services.

• No. of Breakdown/outage of Korean Nuclear Power Plants and No. of Units in Operation (Source : website of the Korea Hydro & Nuclear Power Co., Ltd.)



SHARING VALUE

“

“KEPCO KPS pursues equal partnerships with all its stakeholders and dreams of a beautiful world where we live in harmony with the happiness of sharing”

”



It is imperative that KEPCO KPS would seek joint growth with business partners in the overseas market.

Business partners play a critical role in expanding KEPCO KPS's business and achieving growth in the overseas market. KEPCO KPS engages with wide-ranging stakeholders including customers, employees, business partners and local communities where it operates. Specifically, it is important that KEPCO KPS consider its business partners as an equal partner to pursue mutual interest in achieving joint growth.

KEPCO KPS is known to have friendly relationships with plenty of business partners, assisting them with maintenance technology development and tapping into the overseas market together.

KEPCO KPS's win-win partnership with business partners in exploring new business opportunities abroad together will help the company take off as a world-renowned total plant maintenance service provider sooner.

KEPCO KPS is also able to offer basic technical jobs to local people, creating employment and improving the quality of life for local stakeholders. By making such corporate philanthropic contributions, KEPCO KPS may fully meet its social responsibility as a public enterprise.

Mong-Sep, Lee, CEO of Ace Power Utility Service Co., Ltd.

KEPCO KPS is fully aware of the importance of joint growth with its business partners based on win-win partnership and committed to meeting its social responsibility with various projects to support its SME partners.

[illegible]

Year	Number of Employees (million KRW)
'08	1,778
'09	1,842
'10	2,779

We are expanding our e-procurement, improving our contract-related programs and systems continuously, building ethics awareness and increasing the share of human rights evaluations in order to ensure transparency and customer satisfaction in the contracting process.

The construction projects, services and purchases worth over KRW 3 million are obligated to make electronic contracts and contracts worth over KRW 10 million are subject to competitive bidding, which leads to continued increases in e-procurement.

Year	Percentage of U.S. Adults Who Are Obese
'08	91.3
'09	94.5
'10	96.3

To be a Clean Company through the transparent and fair contracting process, we continue to improve relevant systems. KEPCO KPS SRM (Supplier Relationship Management), our e-procurement system, initiated the real name contract program and we allow online submissions of 2-phase bidding documents. We also introduced the electronic open non-competitive contract system.

- In assessing business partners, we look at not only their performance track records and construction capacity but also their compliance with human rights regulations. These human rights evaluation items include violations of fair competition, safety management practices, incidence of safety accidents, ethical management practices, late disbursement of wage, appropriateness of labor expenses, annual labor fluctuations, and labor input. Starting from 2011, we are to add such evaluation criteria as efforts in enhancing technology competitiveness (percentage of staff who took training courses on safety, quality and job duties and those who obtained national technical license certificates), comments made on radiation safety management and the availability of staff in charge on the site.

Eco-friendly products refer to those green products as defined in Article 2 Sub-paragraph 5 of the Basic Act on Low Carbon Green Growth that make greater contributions to saving resources and reducing environmental pollution compared to its counterpart products or services that meet the same purpose. We are working to increase the share of eco-friendly products in our purchasing list and doing our part in protecting the public health and safety.

KEPCO KPS is fully committed to joint growth with its business partners, fulfilling its social responsibility for sustainable development. KEPCO KPS shares its vision for win-win partnership with these SME business partners and carries out various cooperation projects, helping SMEs enhance their competitiveness and self-sustainability

Dissemination 2009-2010

- Strengthening win-win partnership systems
- Establishing procedures to support SMEs
- Building successful win-win partnership models
- Expanding performance-sharing systems and giving preference to participating companies
- Expanding support for human resources development of SMEs
- Expanding financing support for SMEs

Institutionalization 2007-2008

- Establishing win-win partnership systems
- Setting up procedures to support SMEs
- Disseminating examples of win-win partnership
- Introducing and establishing performance-sharing systems
- Expanding support for SMEs' finding new markets
- Expanding joint overseas projects with SMEs

Introduction 2006

- Building win-win partnership systems
- Creating a separate unit for SME partnership
- Building consensus over win-win partnership initiatives
- Strengthening site-based support
- Training on maintenance technology and transferring technology
- Supporting SMEs in building quality assurance capacity

The diagram illustrates the relationship between KEPCO KPS Vision and Support for SMEs, leading to a Win-Win Partnership. At the top, two orange boxes are connected by a dashed line. The left box contains the text 'KEPCO KPS Vision' and the right box contains 'Global Leading Business Partner for Green Energy Management'. Below these, a large orange box contains the text 'Support for SMEs' and 'Maximizing Corporate Values and Improving Korean National Competitiveness through Win-Win Partnership'. A large downward arrow points from this box to two overlapping circles. The left circle is labeled 'KEPCO KPS' and the right circle is labeled 'SMEs'. Each circle contains a list of bullet points.

KEPCO KPS Vision

Global Leading Business Partner for Green Energy Management

Support for SMEs

Maximizing Corporate Values and Improving Korean National Competitiveness through Win-Win Partnership

KEPCO KPS

- Meeting social responsibility and playing a stronger role
- Enhancing corporate competitiveness
- Improving the quality of power plant maintenance services

SMEs

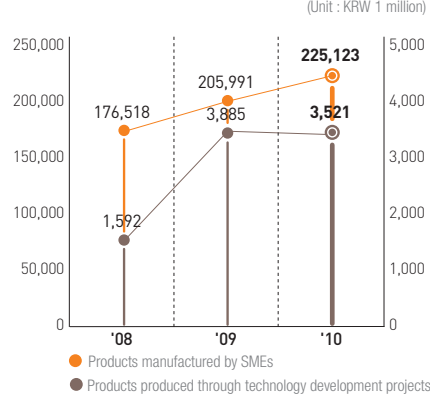
- Building capacity to stand on their own
- Improving technology development competency
- Enhancing stable management

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graph TD
    subgraph KEPCO_KPS [KEPCO KPS]
        CEO[CEO] --> CEO_Commitment[CEO's Firm Commitment]
        CEO_Commitment --> SSC[SME Support Committee  
Selecting support projects and participating SMEs]
        SSC --> SSC_Center[SME Support Center  
Setting up SME support plans and managing performance]
        SSC_Center --- WLC_TDP[Working-level Committee on Technology Development Promotion  
Selecting research projects and participating SMEs]
        SSC_Center --- BPS[Business Partner Screening Committee  
Selecting SME business partners]
        SSC_Center --- SSW[SME Support Website  
Introducing support projects and gathering suggestions]
        SSC_Center --- SS[Surveys  
Surveying satisfaction levels with support projects]
        SSC_Center --> WLC_PP[Working-level Committee on Public Procurement  
Setting up plans to purchase SME products and managing performance]
        WLC_PP --> IEMP[Internal Evaluations of Management Performance  
Evaluating purchasing performance of SME products]
    end

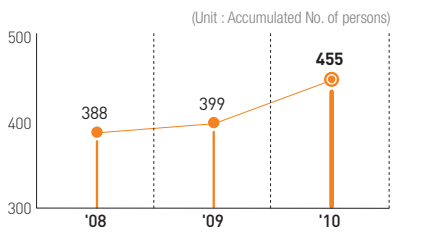
    subgraph External_Organizations [External Organizations]
        Government[Government] --> Gov_Policies[Government's Proactive Policies]
        Gov_Policies --> SSC_Ext[SME Support Council of Affiliated Companies  
Sharing information on SME support projects]
        SSC_Ext --> ISSE[Integrated SME Support Systems of Affiliated Companies  
Managing public procurement performance]
        ISSE --> ACM[Affiliated Companies' Meeting to Expand Public Procurement]
    end

    SSC --- SSC_Ext
    SSC_Center --- ISSE
    WLC_PP --- ACM
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• Expanding Purchase of SME Products in Public e-Procurement



• No. of Qualified Assistance Maintenance Workers



Win-Win Partnership Programs and Outcomes

Support for Technology Development

We support our SME partner firms in carrying out joint R&D projects, applying for intellectual property rights, acquiring new technical license certificates and building quality assurance capacity in a bid to promote their technology development and help establish systematic quality systems.

Support for Finding New Markets

To ensure stable conduct of business of these SMEs, we put their products first in line in making purchasing decisions and work together in performing overseas projects, assisting them in improving their global competitiveness.

Support for Human Resources Development

To improve SME partners' technology competitiveness and ensure stability of power plant operations, we introduced the qualification system for assistant maintenance workers. We also offer training courses to enhance maintenance capability of these business partners and commission professional training institutes to provide job training to SME partners.

Support for Financing

To ensure stable management of our SME partners, we make payments as soon as possible, invest in and operate win-win cooperation funds and offer assistance regarding network loans and business partner loans.

Support for Improving Management Capacity

We support SMEs with management consulting services and quality certification in order to improve their self-sustainability and quality competitiveness.

• Support for Obtaining Quality Certificates

(Unit : No. of cases, KRW 1,000)

Category	2008	2009	2010
No. of Cases	1	4	5
Amount of Support	2,000	11,750	15,000

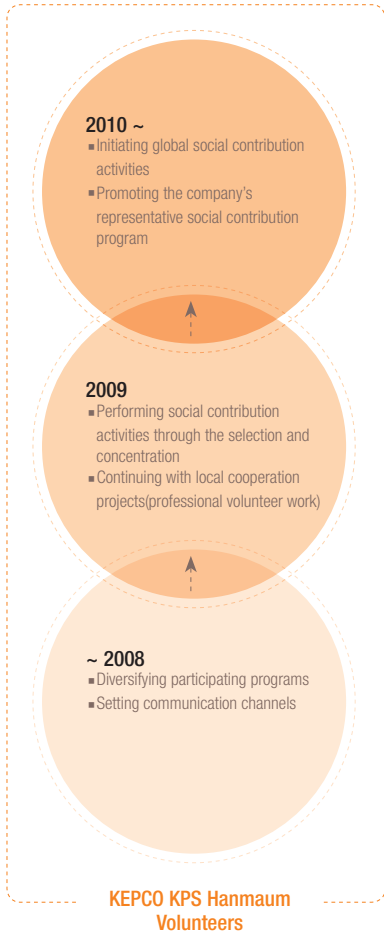
Performance-sharing Systems

Our performance-sharing systems aim to seek joint growth with our SME partners and create mutual interest and they include the designation and preferential purchasing of SME products selected for development and KEPCO KPS technology transfer & support for commercialization. We identify candidate products to be developed with SMEs, cooperate in developing these selected products and if the commercialized products prove their outstanding performance, they are given precedence when we make purchasing decisions. This encourages SMEs to develop new products and also ensure the quality of our maintenance services. We also transfer unused technology to SMEs and support them in commercializing such technology, which contributes towards mutual technology cooperation.

We put in place the institutional foundation for joint growth with our SME business partners. We will further operate wide-ranging win-win partnership programs and push ahead with win-win management practices, helping SMEs in improving their competitiveness and maintaining sustainable partnerships in the upcoming years.

Social Contribution

• Evolution of KEPCO KPS Social Contribution Activities



• Social Contribution Strategy



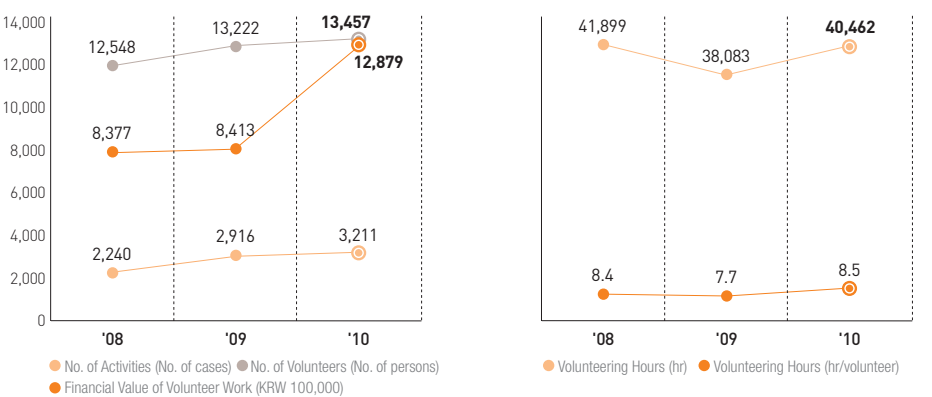
Social Contribution Strategy

Our social contribution strategies are set up to be more proactive in meeting our social responsibility and responding to social issues (social welfare areas specifically) with wide-ranging stakeholders as a company that grows together with the general public. We ensure that our contribution are carried out in a systematic manner through the organization of the in-house volunteering group (Hanmaum(One-Heart) Volunteers) and the financial and systematic support at the company level.

Performance of Social Contribution Initiatives

Funds are raised for our corporate philanthropic activities through the angel funds that are voluntarily created by KEPCO KPS employees and the matching grant system where the company donates the same amount as the angel funds. Our social contribution activities move beyond mere financial support into more substantial beneficiary-focused activities with the expansion of professional and general volunteer work.

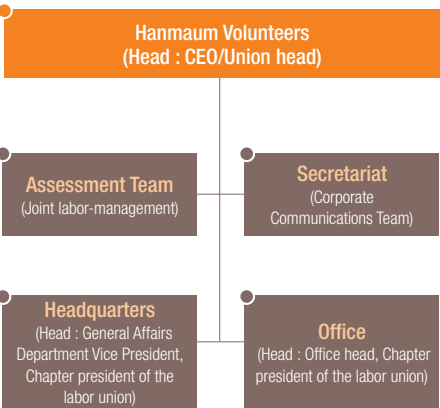
• Performance of Social Contribution Activities



• Details of Social Contribution Activities

Type of Social Contribution	2008		2009		2010	
	Amount (KRW 1,000)	Percentage (%)	Amount (KRW 1,000)	Percentage (%)	Amount (KRW 1,000)	Percentage (%)
Professional Service	36,754	4.4	94,510	11.24	73,196	5.68
Education and Culture	7,780	0.9	9,656	1.15	15,542	1.21
Local Community	35,051	4.2	119,325	14.18	76,955	5.98
Environmental Protection	10,863	1.3	2,206	0.26	564	0.04
Donations	747,288	89.2	615,575	73.17	1,121,580	87.09

● Organizational Structure of Hanmaum Volunteers



● Creating the Base for Hope



● Protection of Eco Systems (Removing Snares)



Hanmaum Volunteers

The Labor-Management United campaign was launched in July 1996 to carry out sustained social contribution activities for the socially underprivileged and our Hanmaum (One-Heart) Volunteers were founded in March 2005 to offer specialized volunteer services and to enhance the welfare of local communities where we operate and forge closer ties with local residents. The Hanmaum Volunteers include 54 units and 4,774 volunteers at the headquarters and offices as of December 31, 2010. They also serve as a communication channel for local people and local governments to offer their opinions on our community involvement activities and these ideas are fully incorporated into our social contribution activities in a bid to promote community development and mutual cooperation.

● Major Corporate Philanthropic Activities

Activity Type	Details
Professional Service	Professional specialized volunteering activities that take advantage of KEPCO KPS's power plant maintenance technology expertise, equipment and personnel (Creating the Base for Hope), Improving and creating residential environments, repairing work and disaster recovery work
Education & Culture	Operating scholarship committees to provide learning opportunities to youths and encourage healthy afterschool activities, one-day teachers on nuclear power, power plant experience programs, donation of books to children in remote island areas
Local Community Volunteering	Creating sisterhood ties with welfare facilities for the elderly, the physically challenged and children, agricultural villages, volunteering centers of local governments and schools and supporting them, offering regular donations and volunteers, localized volunteering activities that cater to the needs of local people for local community development
Environmental Protection	Launching forest fire prevention campaigns and helping to extinguish forest fires, waste pick-up and other protection activities for the sea, mountains and rivers, transmission & substation sites' getting rid of snares and traps in mountains and wild areas, feeding wild birds and beasts in winter and setting up bird houses made out of surplus materials
Donations	Financial support for welfare facilities, volunteering centers of local governments, agricultural villages and schools to help solve economic issues of local people and the needy utilizing donations made by KEPCO KPS employees (Angel Funds, Matching-grant Funds, Fun Donation)

Representative Social Contribution Program - Creating the Base for Hope

'Creating the Base for Hope' is our specialized volunteering program that fully utilizes our own strengths as a plant maintenance service provider. This program aims to carry out social contribution activities in regular and sustained manner with the material, human and knowledge resources in our possession, targeting primarily child breadwinners, children living with grandparents only and children from single-parent families under our corporate strategy of branding our social contribution activities. We provide services to improve surrounding environments of facilities mainly used by children from low-income families nationwide including inspections, replacements, performance reinforcement and repair of heating, electricity and utility of residential facilities. We also partnered with Child Fund Korea that has a nation-wide network in November 2009 to produce synergistic effects in our corporate philanthropic activities. In 2010, we offered specialized volunteering services to 33 children's facilities, worth KRW 121.7 million

Preserving Bio-diversity and Eco Systems

KEPCO KPS does our utmost in protecting the eco systems and the environment near our sites and also takes part in national projects such as forest fire fighting, trash pick-up and other programs to protect our precious sea, mountains and rivers. In particular, our transmission & substation sites get rid of snares and traps in mountainous and wild areas, feeding wild birds and beasts in winter and set up bird houses made out of surplus materials in their spare time set aside from maintenance working hours spent on line inspections and transmissions and maintenance and repair of transmission tower. Such environmental protection programs enable our staff to do their part in preserving bio-diversity and take the lead in protecting the environment and preserving eco systems, learning the virtue of respect for life from our mother nature. We are fully aware that our environmental protection initiatives aim to protect the livelihood for our next generations and determined to always take the first step in preventing damages to our cherished environment.

● Fun Donation



● Environmental Protection Campaigns at the Ilijan Office, the Philippines



● Donations to Help Pakistan with Disaster Recovery



● “Scooping Rice of Love” Event



KEPCO KPS Sisterhood Campaign ‘Fun Donation’

'Fun Donation', a campaign twinned with the 'Creating the Base for Hope' campaign allows our staff at KEPCO KPS to meet their social responsibility and to spread the culture of sharing. Our employees choose more than 1 out of the 9 programs carried out by Child Fund Korea and decide whether to make donations or to make one-to-one sisterhood ties. Since January 1, 2010, 1,304 employees have joined the campaign and donated KRW 62.2 million.

Global Social Contribution Activities

As a world-class plant maintenance service provider, we work in 25 countries including India and the Philippines where we provide operation and maintenance services for local power plants and perform localized social contribution activities that cater to specific needs of the countries where we operate, taking a renewed step forward a sustainable global world-class company.

Directions of Global Social Contribution Activities

Under our mid/long term strategic management plan VISION 2020 and mid-term strategic management plan MUV 2013 to grow into a global leading business partner for green energy management, we adhere to the following 3 principles in a bid to deliver mutual values between our overseas offices and local people who are the beneficiaries of our volunteer services : first, global social contribution activities that lead customer values, second, global social contribution activities that build on our corporate vision, third, social contribution activities that strike the right balance among global standards, the environment and values to seek harmony in global social contribution activities.

Environmental Protection Campaigns in the Philippines

Our Ilijan Office in the Philippines marked the Day of Environmental Protection and Trash Clean-up together with our local staff and citizens, volunteering in beach areas near the power plants where we operate. The event was held in conjunction with KEILCO, our client company, as part of the '25th International Coastal Clean-up Day', Philippines' nation-wide campaign held on September 25, 2010. This annual event aims to protect the environment surrounding power plants that are being polluted by various harmful substances and is attended by our Ilijan Office every year so that we may conduct our business more stably by forging closer ties between the Ilijan combined cycle power plant, an eco-friendly power plant, and local people living nearby and enhancing our corporate brand image.

Donations to Help Flood Victims in Pakistan

We are servicing Daharki combined cycle power plant and we donated USD 40,000 raised by all KEPCO KPS employees to the Embassy of Pakistan in Korea on August 26, 2010 to help the nation where 5 days of heavy rainfalls started from late July killed more than 1,000 people and left 20 million homeless.

Other Global Social Contribution Activities

Our Vemagiri Office in India held the “Scooping Rice of Love” event on April 28, 2008 together with our local partner ONGC, offering meals to 150 people including Hansen’s disease patients. Our ‘Happy Together’ event held in the GMR site in India on June 18, 2008 invited families of our local staff and local people for plant tours and lunch meals, giving children hope for a bright future. As part of our efforts to aid developing nations in developing plant maintenance technology which is critical to the operation of social infrastructure facilities, we invited 8 maintenance workers at the National Electricity Corporation of Sudan for 4 weeks from October 5 to October 30 in 2009 and trained them on power plant maintenance technology in our Human Resource Development Center located in Taeon.

RESPECTFUL WORKPLACE

“

KEPCO KPS nurtures competent individuals who can proactively respond to the age of globalization and creates a pleasant workplace that delivers satisfaction to all employees.

”



KEPCO KPS needs to promote talented individuals with global competitiveness

For sustainable growth, KEPCO KPS needs to tap into the overseas market. This requires the recruitment of competent local employees and it presents quite a challenge to the company since it has been operating primarily in less developed nations rather than advanced nations.

This is why KEPCO KPS needs global talents who are capable of working in local offices. In particular, the company needs more highly competent individuals who can handle diversified and advanced facilities and assign these top-level staff to core maintenance jobs.

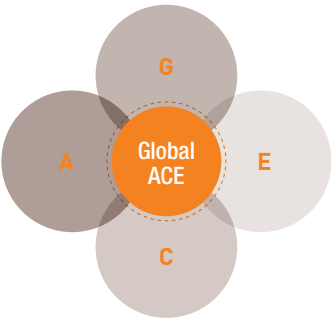
With globally-competitive individuals nurtured through thorough training programs, KEPCO KPS would be able to take a leap forward as a world-class plant maintenance service provider.

Wook, Seonwoo, Senior Manager at KEPCO

Human Resources Development

The right people the company aims to nurture at KEPCO KPS is summarized as GLOBAL ACE (Globally Advanced Customer-centered Expert). KEPCO KPS's systematic human resources development systems ensure that its employees grow into global leaders with the passion for what they do and the top-quality expertise.

• KEPCO KPS's Right People



Globally Advanced
Securing competitiveness to take the initiative in the global market through sustained innovation

Customer-centered
Seeing things from a customer's perspective and satisfying customer needs

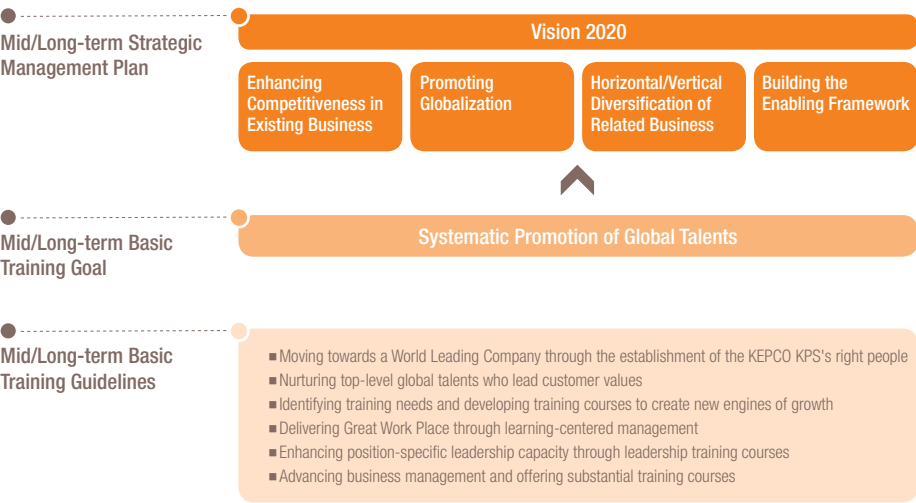
Expert
Gaining top-level expertise in the plant service industry with continued learning and technical training

KEPCO KPS's Right People

We defined the KEPCO KPS's right people as GLOBAL ACE (Globally Advanced Customer-centered Expert) in order to identify and nurture global talents who have the passion and the top-quality expertise to perform their job duties. The KEPCO KPS's right people we strive to promote is capable of seeing things from a customer's perspective and satisfying customer needs, securing competitiveness to take the initiative in the global market through sustained innovation and growing into top-level experts in the plant service industry with continued learning and technical training.

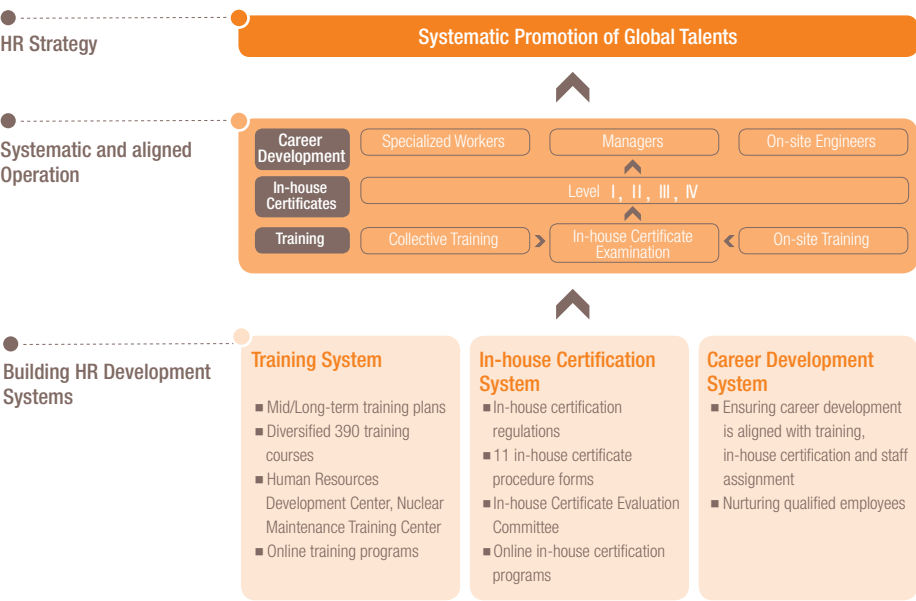
Human Resources Development Systems

Our mid/long-term staff training plans are set up based on the analysis of the need for human resources development and the identification of needed improvements. We also set up in-house certification plans aligned with career development programs and project personnel development plans which serve as a basis for our annual training plans.

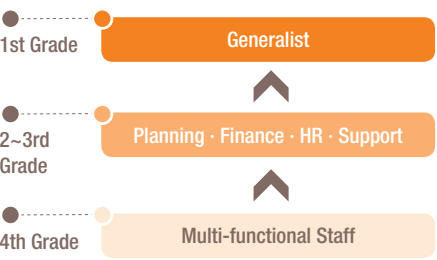


Systematic Human Resources Development Systems

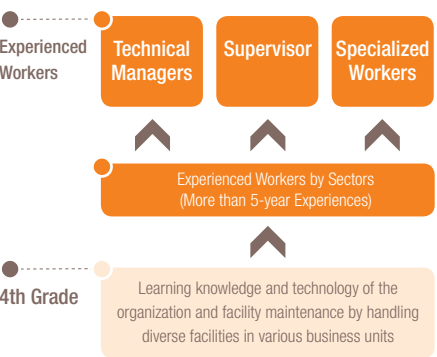
In ensuring effective HR development and advancement & specialization of HR capacity to achieve Global ACE, we built career development programs and HR development systems such as training programs and in-house certification programs and make sure they are mutually aligned and operated in a systematic manner.



• Career Path (Office Workers)



• Career Path (Technical Workers)



• Certificate of Best HRD



• Entrance Ceremony of KEPCO KPS Corporate University



Career Development Programs

To strengthen our employees' capacity through the specialization of human resources and the identification of potential capacity, we set up systematic position-specific and job-specific career development systems. Under these systems, office workers are nurtured into generalists who are capable of contributing to the growth of the company with comprehensive understanding of the organization and diversified experiences. To promote professional technical workers, their job duties are aligned with sector-specific in-house certificates and certified technical workers are placed in relevant job positions. These technical workers obtain certificates in connection with training programs and are promoted to supervisors. Those who meet specific qualifications are developed into specialized workers through the decision made by a selection committee or promoted into technical managers.

Training System

Our training programs are connected with the in-house certificate systems to promote top-level technical workers who contribute to trouble-free project operations and technical competitiveness and to enhance capacity of our human resources. These programs are classified into basic, specialized, engineering and development courses by position and job groups and 390 courses are incorporated into our mid/long-term training plans.

• Human Resource Development Training System Framework

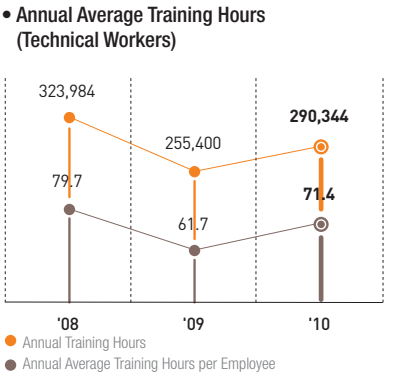
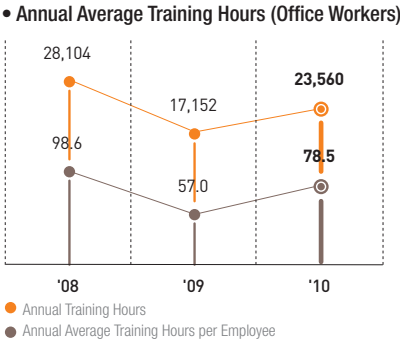
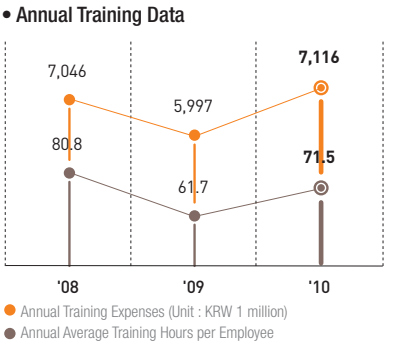
Years in Service	Job Grade	Personnel Rank	Technical Level	In-house Certification	Basic Course			Global Talent Course	Human Resource Management Course	Practical Course	Diagnostics Course	Engineering Course	Basic Course												
					New Recruits/ Newly Promoted	Language	Leadership						In-house	Korea	Overseas										
30	1st Grade (Vice President)	Rank 10	Superb	IV			Creative Leadership Course	Trustworthy Communication Course				Mechanics / Measurement / Electricity / Welding	In-house Certification Maintenance Course (III)	On-site OJT & Generation System Training Course (On-site Training)	Language Training Course	Executive Course	Management Training Course								
29							Change Leadership Course		Leader Core Capacity Course																
28						Incoming Executive Manager Course				Strategy & Planning Course															
27	1st Grade (Director)									Wide Process Innovation Course															
26								Change & Innovation Leader Course	Customer Satisfaction Management Course																
25																									
24																									
23																									
22	2nd Grade	Rank 9	Advanced	III			Performance Management Leadership Course	Team Building Leadership Course																	
21																									
20							Incoming Middle Manager Course																		
19																									
18																									
17																									
16																									
15																									
14																									
13	3rd Grade	Rank 7	Middle	II				Self Leadership Course																	
12																									
11																									
10							Incoming Elementary Manager Course																		
9																									
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4	4th Grade	Rank 3~4	Elementary	I																					
3																									
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1		Rank 1~2																							

On-site Training & Self-development Training for Organizational Capacity Building

We offer systematized and diversified training channels and motivation programs to ensure effective learning of knowledge and technology through the facilitation of on-site training. Our on-site learning practices include on-site staff OJT training accompanied by experts, generation systems training, in-house certificate maintenance training, office site OJT training, presentations of maintenance cases, R&D Workshop and quality circle activities. We also provide 140 correspondence training courses and 70 cyber training courses annually to support self-initiated learning and offer incentives for learning according to individual training needs.

Training Programs that Meet Wide-ranging Needs

We support various job capacity improvement training programs to enhance our maintenance technology and provide long-term fully-time commissioned training courses including overseas project expert courses, public enterprise policy courses, and Seoul National University executive courses. We also operate our own corporate university and master's degree programs. Besides the Fathers' School programs, provide outplacement support courses & start-up assistance courses to help retirees-to-be come up with their own life plan after retirement. We re-hire these retirees-to-be to utilize their experiences in maintenance work and offer continued training as well.



In-house Certification System

To enhance the quality of our maintenance services by using qualified personnel in respective generation facilities, we provide training both on theoretical background of various maintenance technology and practical on-site application. In particular, these training courses are aligned with our government-authorized in-house certification systems.

● Qualifications for In-house Certificates by Grades

Grade	Qualification Levels	Career Requirements	Training Requirements		Physical Requirements	Qualification Tests	Required No. of Years
			On-site Training	Training Center Course			
Level IV	Level III(1) +Level II(3)				Eyesight : 0.8 Normal Body	Higher than 80 score points in screening evaluations	15~
Level III	Level II	3 years	Level III Granting Qualifications On-site Training	Specialized Course		Higher than 70% per question	9~14
Level II	Level I	2 years	Level II Granting Qualifications On-site Training	Practical Course		Higher than 70% on average	5~8
Level I	Joining the company	1.5~2.5 years	Level I Granting Qualifications On-site Training	Basic Course		-	2~3

Building Infrastructure to Operate Training Programs

We offer 340 training courses a year on average to enhance our organizational performance through the provision of diverse learning opportunities and the support for capacity development. We also set aside professional personnel in charge of these training programs. Our training center provides consigned training courses not only to KEPCO KPS staff but also maintenance workers of other Korean companies and overseas partners.

Fair and Balanced ‘Performance-centered HR System’

We carry out performance evaluations once a year as part of our performance-centered HR systems. Our performance evaluations are divided into ‘capacity evaluations’ and ‘performance evaluations’: capacity evaluations are to assess capacity-specific behavioral characteristic levels by categorizing individual job capacity into competency and attitude and performance evaluations are to assess job performance during the evaluation period. Under this system, our employees have interviews with evaluators to determine their target job duties and submit them in written form and evaluators observe and monitor these employees’ job performance and capacity and conduct more than 1 interview to produce evaluation documents. To address the shortcomings of such single-source evaluations and ensure objectivity and fairness of the appraisal system, multi-source evaluations are performed as well by boss, co-workers and junior staff.

The outcome of these evaluations is used as basic data for HR management and incorporated in deciding promotion, placement, training, salary and performance bonus. In so doing, we are building a performance-centered corporate culture where fair opportunities are guaranteed to anyone who qualifies for them.

Promotion of Global Talents

Hiring and promoting top-level individuals is the fundamental prerequisite for KEPCO KPS to ensure sustainable growth amid rapidly-changing business environments and cut-throat global competition. At KEPCO KPS, systematized HR systems and programs help and nurture global leaders with the passion and the top-quality expertise for their job duties.

● ISO 18436 Certificate of Training Body



Developing Personnel for Overseas Projects to Grow into a Global Company

Our overseas project personnel pool is made up of the established employee group (470 employees) with overseas project capacity and experiences and the new recruit group (12 employees) dedicated for overseas projects and these staff are given separate training according to the required capacity.

Promoting Staff with International Certificates to Cope with Future Demands

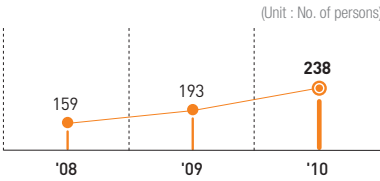
We are working hard to make inroads into the overseas power plant maintenance market to maximize our corporate value in the future and to secure future engines of growth. As part of such efforts, we are nurturing competent personnel certified with international certificates that are acknowledged in the global power plant maintenance market such as ISO 18436 (condition monitoring and diagnostics of machines), EDM/UST, and MAL/MLT. We were recognized as Korea’s only ISO 18436 training body (Category I, II, III) equipped with qualified trainers and facilities and 100 of our employees were certified ISO 18436.

Promoting Global Talents with Global Competitiveness

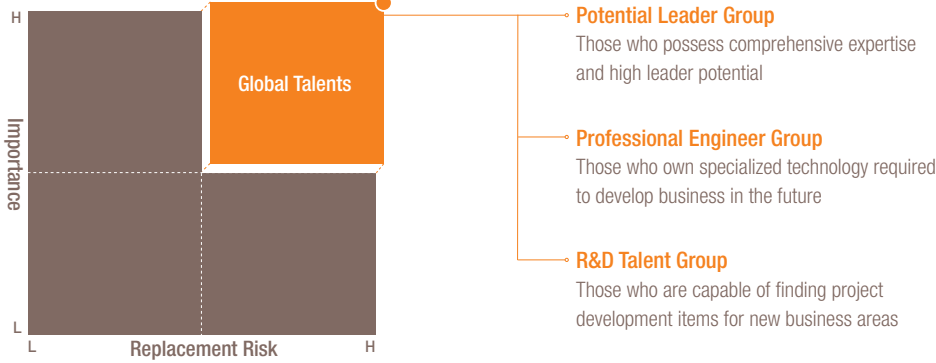
We are promoting globally competent individuals through the career development programs that aim to nurture next-generation leaders with the right capacity and technology in order to grow into a global company and to generate business outcomes. We define global talents as core employees who are highly critical to our business performance and present high replacement risks and classify them into 3 groups of Potential Leader Group, Professional Engineer Group and R&D Talent Group.

Potential Leader Group includes those who have high growth potential and are working in overseas sites and they are chosen out of the overseas project personnel pool and trained with language courses and operation programs. Professional Engineer Group is made up of supervisors, technicians and experts with core maintenance technology competence and is nurtured through the in-house certification systems, training and specialized worker systems. R&D Talent Group includes PhD-holders and researchers who have capacity to develop new business and is developed through the specialized worker systems, open recruitment systems and training.

● KEPCO KPS Performance in Global Talent Development



● KEPCO KPS’s Definition of Global Talents



● Level of importance in meeting business goals

- Does their business performance have grave impact on the overall business outcome of the company?
- Do they possess the core capacity/technology to the achievement of business goals and the corporate strategies?

● Replacement Risk

- In case they quit, is it difficult to re-hire such talents through head-hunters or the internal development process or is the re-hiring costly?

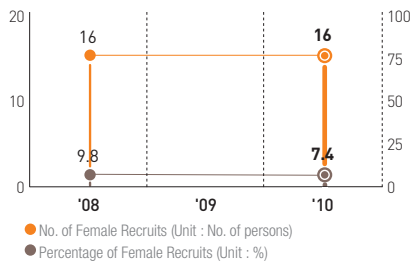
Protection of Human Rights and Prevention of Discrimination

KEPCO KPS believes that its greatest asset is its employees. For valued employees, the company is to deliver world-class working environments and creates a healthy and best-of-class workplace through systematized and diversified HR development programs and welfare benefits.

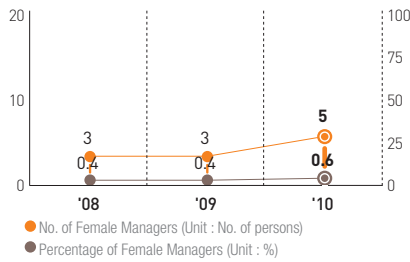
• Data on New Recruits

Category	2008	2009	2010
No. of New Recruits (No. of persons)	164	-	217

• Data on Female Employment



• Female Managers



Employee Data

The number of KEPCO KPS employees stands at 4,349 as of the end of December 2010. We hired 217 in 2010 in accordance with the government policy, doing our part in solving the youth unemployment issue which is emerging as a serious social concern.

Category	2008	2009	2010
No. of Employees (No. of persons)	4,474	4,387	4,349
Average Length of Service (No. of years)	15.4	16.3	17.0
Turnover (No. of voluntary resignation/Total No. of employees)	0.9%	1.0%	1.0%

※ The 2010 total employee number does not include full-time internship

※ The calculation of turnover rates excluded involuntary resignations such as regular retirement.

Respecting the Dignity of Our Employees

We champion our people-centered management philosophy where 'we respect the dignity and the value of individual employees and aim for fair HR practices and best-of-class welfare'. We treat each and every KEPCO KPS employee as a dignified human being and strive to build systems for fair business practices. In recruiting new employees, we do not discriminate against them on the grounds of gender, age, education or hometown in a bid to establish fair and open recruitment systems where only individual ability matters.

Human Rights Protection and Gender Equality

We fully comply with the Labor Standard Law of Korea and ILO's regulations to ban child labor and forced labor. We offer regular sexual harassment prevention training twice a year (one in the first half and the other in the second half) to all our employees to ensure protection of human rights. The number of female managers is also increasing through continued recruitment and promotion of female workers.

• Employee Data by Business Areas

(Unit : No. of persons)

Business Areas	Gender	No. of Employees			
		Regular Workers	Contract Workers	Others	Total
Headquarters	Male	315	14	-	329
	Female	22	7	-	29
Hydro & Thermal	Male	1,566	111	-	1,677
	Female	25	21	-	46
Nuclear	Male	1,576	70	-	1,646
	Female	21	8	-	29
Transmission & Substation	Male	341	12	-	353
	Female	1	-	-	1
Other Offices	Male	396	171	195	762
	Female	9	11	16	36
Others	Male	72	1	-	73
Total		4,344	426	211	4,981

• Notes) No. of employees

■ Excluding 5 executive employees

■ Others mean full-time internship

■ No part-time job

■ Hydro & Thermal : Hydro & Thermal Offices, Technology Mobile Service Offices

■ Nuclear : Nuclear Power Offices

■ Transmission & Substation : Transmission & Substation Offices

■ Other Offices : Training Center, Technology Service Center, New Renewal Energy & Plant Service Center, Anyang Branch Office, Hwaseong Branch Office, Songdo Cogeneration Branch Office and Incheon Airport Branch Office

■ Others : Overseas Offices, Labor Union

• Data on Physically-challenged Employees



Increasing Employment of the Physically-challenged

To offer more job opportunities to the disabled who are relatively disadvantaged compared to their able-bodied counterparts in terms of employment, we give additional scores to the physically-challenged applicants in hiring new recruits. The number of physically-challenged employees keeps growing every year and currently, their number is above the statutory criteria at 2.3%.

Category	2008	2009	2010
No. of Physically-challenged Employees (No. of persons)	130	146	155
Percentage of Physically-challenged Employees (%)	2.34	2.65	2.88

※ The 2008 statutory criteria for the employment of the physically-challenged was 2.0%

※ The calculation of the physically-challenged employees includes the number of day workers and contract workers.

Hiring Graduates of Universities in Non-metropolitan Areas

We do not discriminate against graduates of universities in non-metropolitan areas in hiring new recruits in accordance with our performance-centered employment principle. Out of the university graduates we hired in 2010, 51.8% (72 persons) of total were from universities in non-metropolitan areas. In particular, we provide internship programs to young people living near the power plants, helping ease the youth unemployment in local areas.

Support for Retirees

Our outplacement programs support retirees in planning their life after retirement and improve satisfaction of our employees. These programs primarily deal with finding a new job, starting his/her own business and developing one's capacity, assisting participating employees in designing another new chapter in their life. In addition, those who retire due to their age but still own top-level technical skills are re-hired for technology transfer, which enable us to get the most out of these top-quality human resources, instills a sense of pride to these retirees as a KEPCO KPS member and guarantees a stable and comfortable life at the later stage of their life.

• Re-hiring of Retirees

Category	2008	2009	2010
No. of Retirees (No. of persons)	66	87	110
No. of Retirees Re-hired (No. of persons)	-	12	31

※ Hiring retirees began in 2009

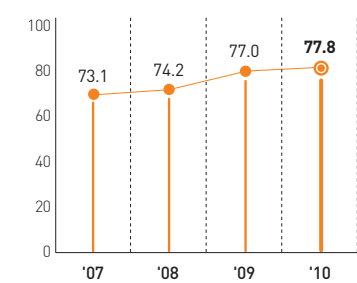
Employee Satisfaction Survey

Our employee satisfaction survey is conducted once a year to create a great workplace through the systematic measurement of employee satisfaction and continued improvements. The survey is modeled on KS-ESI (Korea Standard-Employee Satisfaction Index) developed by the Korean Standards Association and professional third-party research agencies are commissioned to perform the survey. Major issues found in the survey outcome are notified to relevant departments as feedback to ensure improvement is made. The 2010 employee satisfaction index stood at 77.8 score points and it continues to increase.

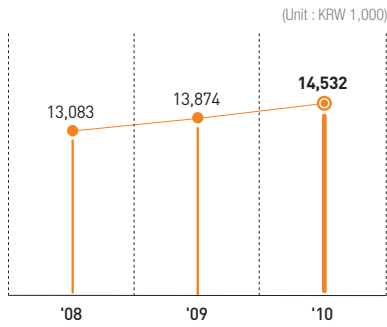
• Outcome of Employee Satisfaction Surveys

Type of Factors	2007	2008	2009	2010
Corporate Factors	76.5	77.3	82.4	83.7
Environmental Factors	64.8	64.9	67.3	68.2
Compensation Factors	65.2	66.7	70.4	69.0
Relationship Factors	76.8	78.1	79.2	80.3
Work Factors	76.0	77.3	78.6	79.9
Total	73.1	74.2	77.0	77.8

• Outcome of Employee Satisfaction Surveys



• Fring Benefits per Employee



• Father's School



• Aerial View of the New Company Building to be Built



Welfare System for Fair Work-Life Balance

For happy employees and a healthy and pleasant workplace, we benchmarked Korean and overseas companies with outstanding welfare systems and conducted in-house group interviews and surveys to set up our mid/long-term welfare plans called 'NEW KEPCO KPS Welfare 2010'. We also selected welfare items by incorporating various needs of our employees and improved optional services such as point collection in alignment with the use of welfare cards and discounts at gas stations. We are offering such family-friendly welfare systems as the Father's School and the Happy Family Day(our employees can go home early every Friday to spend quality time with their family) since we believe that organizational vitality comes from our employees' happy family life. Our headquarters and 23 offices have installed fitness centers to help our employees exercise after work. Other welfare programs include anti-smoking clinic services & anti-smoking funds(launched in March 2010) and EAP(Employee Assistance Program).

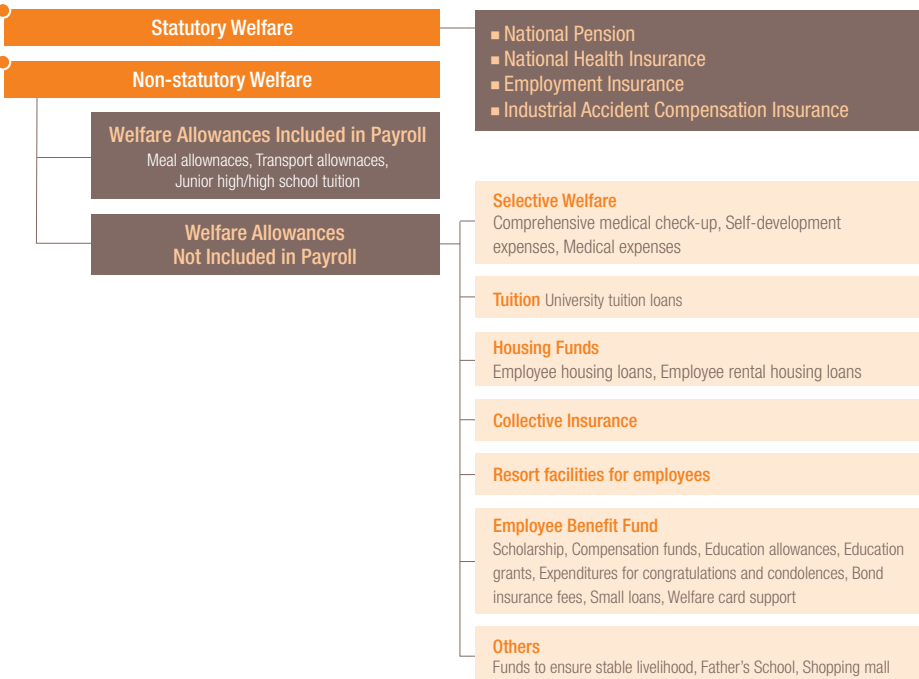
We are fully committed to improving our employees' satisfaction with the corporate welfare systems through the publication of 'Welfare Guidebook' which explains the overall KEPCO KPS welfare systems in detail and describes ways to use these systems conveniently, the publication of 'e-Guidebook' to help retirees-to-be plan for their stable life after retirement and the introduction of retirement pension systems to guarantee security and stability for the aged.

Those who are fulfilling their duties in remote overseas sites are provided with work allowances, residence & commuting vehicles, and additional days off for better conditions of work. When KEPCO KPS went public, with an IPO in 2007, the employee stock ownership association benefited from the preferred allotment of 20% equity interest, which actually led to increase in real income of our employees. (Initial offering price was KRW 13,300 in 2007 and this rose to KRW 52,400 at the end of December 2010)

Government's Relocation Plan and KEPCO KPS's Response

Our headquarters will be relocated to the City of Naju in Jeollanam-do in accordance with the Korean government's plan to move the headquarters of public institutions to local areas. The new company building will be built on a 52,894㎡ land with total square of 37,059.29㎡. The 19-story building with 1 basement level will be equipped with energy-saving, intelligent and eco-friendly systems (Intelligent Building System) and high-speed internet network systems to enable our employees to work in the optimal working environment. To cope with the planned relocation, we will consider to build company housing (accommodating 231 households) to ensure residential stability of our employees and the relocation will be funded by our own employee benefit fund and the sale of our current company building.

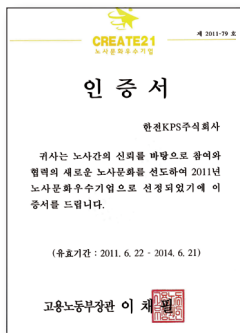
• KEPCO KPS Welfare System Map



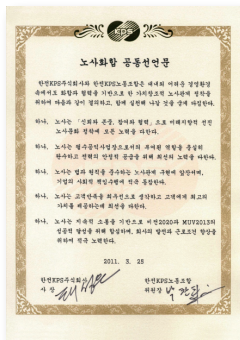
Win-Win Labor Relations

KEPCO KPS strives to ensure stronger communication continuously between labor and management based on its own corporate culture of cooperative labor relations. KEPCO KPS employees and the company are united in one to make concerted efforts to achieve the KEPCO KPS vision.

• Certificate of Company with Outstanding Labor-Management Culture



• Labor-Management Joint Declaration



• Signing Ceremony of the Wage Negotiations in 2010



Establishing a Advanced Labor-Management Culture that Creates Values

We comply with the Protection Agreement on the Freedom on Association and Right to Organize of our labor union (ILO Convention Nos. 87, 98). We are working to establish participatory and cooperative labor-management relations based on trust and both our labor union and management are moving towards the shared goal of advanced labor-management relations that create values.

We are in full compliance with all labor-related regulations in Korea and overseas including the Labor Standard Law, Trade Union Law and Labor Relations Coordination Act. Our labor union is affiliated with the Federation of Korean Trade Unions and its members are 3,508 in total, which account for 81% of total KEPCO KPS employees as of December 2010.

Our Joint Labor-Management Conference is attended by 9 labor union members and another 9 from management and the conference meetings are held regularly to build consensus on major management issues and increase bilateral communication on such issues. In particular, the conference met 5 times in 2010 and all of these meetings were held with 100% attendance rates to share sincere dialogue. The conference meetings made great contributions to achieving the best-ever business performance since the establishment of the company based on win-win labor-management partnership.

We make sure that our labor union has a say on matters that have grave impact on the employment status of our staff. When staffing adjustments take place for reasons of urgent management issues through collective bargaining, we reach consensus with the labor union in advance and if there are staffing changes to unionized employees due to merger or hand-over, the labor union is entitled to 90-day prior notice and its consent is sought. These endeavors demonstrate that we are sincerely working towards employment stability of our staff.

Building Labor-Management Consensus for Authentic Communication

We hold sincere dialogue with our labor union through various communication channels. Thanks so such efforts, we were able to conclude wage negotiations without any conflict for 9 consecutive years, which led to stability in labor relations and the establishment of a reasonable labor-management culture.

Type of Activity	Details
Informal Meeting between the Representative of Labor and Management	Representatives of Labor and Management visit each other's office and worksites together
Management and the Labor Union Headquarters	Presentations of pending issues in the hydro& thermal, nuclear and transmission & substation business
Informal Gathering between Office Managers and the Labor Union Headquarters	Presentations on each office manager's pending issues and major matters to be implemented
Joint Labor-Management Conference	Discussions on pending issues through Joint Labor-Management Conference meetings and collective bargaining
Grievance Committee	Year-round operation of meetings attended by both labor and management
KEPCO KPS Funding Committee	
Presentation on Pending Management Issues	Expanding consensus through presentations of pending issues for labor union executives

Declaration of Permanent Harmony between Labor and Management

KEPCO KPS labor and management made the joint declaration that both parties would help the company fully serve its role as an essential utilities business and do its utmost to guarantee stable supply of electricity and that they would actively participate in meeting their social responsibility. It shows that KEPCO KPS, as a public enterprise, puts satisfaction of the general public and customers as top priority.

Sustained efforts of labor and management at KEPCO KPS led to increases in corporate productivity and competitiveness and such accomplishments were recognized by the Ministry of Employment and Labor and we were chosen as a company with outstanding labor-management culture in 2011.

Safety & Health

KEPCO KPS is working on various fronts to prevent accidents in the first place as part of its efforts to deliver a healthy workplace free from accidents and diseases. KEPCO KPS trains all of its employees on safety issues, doing its utmost to create safe conditions of work.

• Corporate Brand for Safety and Disaster Management



- KEPCO KPS as a company safe from industrial accidents and disasters
- KEPCO KPS as a company that respects life and puts top priority on safety
- KEPCO KPS as a company that provides high-end maintenance services safely

Safety Management

We adopted KOSHA 18001 for health and safety management systems and are working in various ways to ensure safety at workplace. All types of site work are subject to risk evaluations to build pre-job readiness and regular monitoring is conducted to check whether safety activities are carried out as planned.

We offer safety training courses for each position level from new recruits to executives. We are also highly active in accident prevention activities such as Tool Box Meeting (TBM), Pre Job Briefing (PJB), hazardous work instruction systems and firearms permission systems.

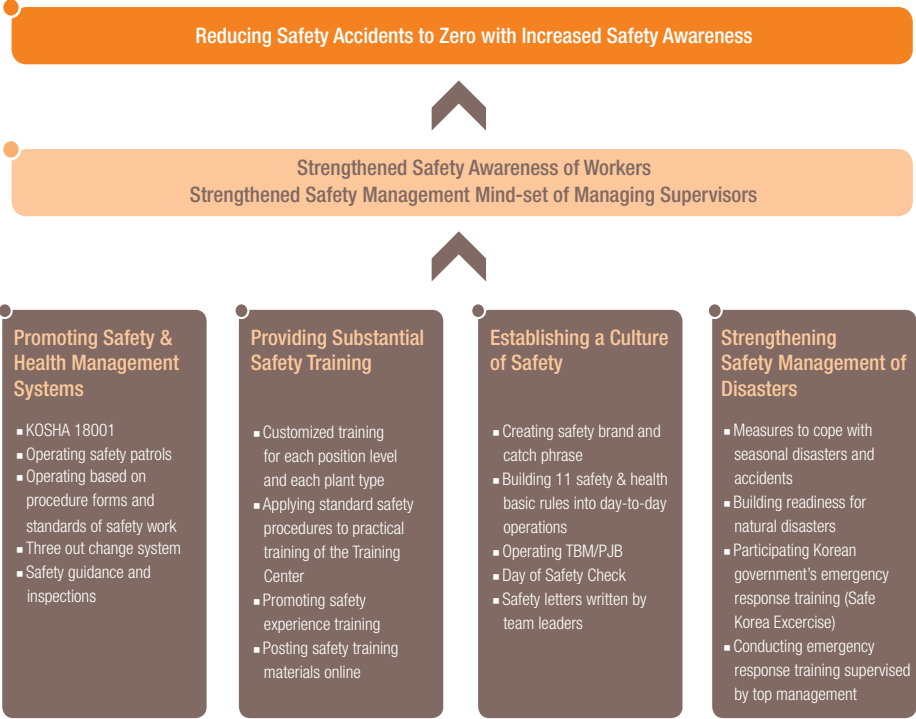
Our Safety & Disaster Management Team built safety package systems into our Enterprise Portal (EP) to perform safety activities effectively and to create site-centered safety, health and disaster activity support systems. Under these systems, breaking news of accidents, reports, procedure forms, various safety regulations and teaching materials (video, power point materials and documents) are offered. Meanwhile, our worksites ensure real-time application of appropriate safety training materials and set up 11 safety and health basic rules to be observed in day-to-day operations, increasing the effectiveness of on-site safety activities.

We also help our business partners elevate their safety performance through such supports as safety & health training and safety guidance and inspections. In particular, we provide comprehensive supports including various facility safety gears and site-focused safety training materials so that lively communication and information-sharing take place among our business partners.

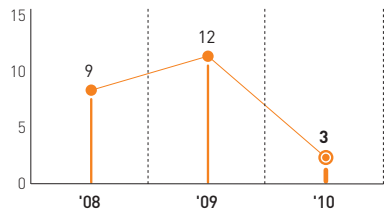
• Pre Job Safety Briefing



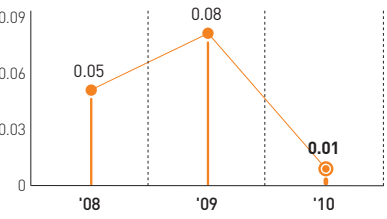
• Safety Activity Framework and Detailed Actions



• No. of Accidents



• Injury Rates



Occupational Health & Safety Committee

Formal Occupational Health & Safety Committees are run at 50 KEPCO KPS sites nationwide and the Joint Labor-Management conference takes on this role in small sites. The committee gathers suggestions made in respective sites and reflects them in site operations to enhance the safety and health of employees. The committee meets once every three months in each site and discusses plans to prevent industrial accidents and recurrence of such accidents. The result is made public to all employees transparently.

Major Industrial Safety Indicators

Year	Industry-wide Injury Rates	KEPCO KPS		
		Injury Rates	Severity Rates	No. of Fatalities
2008	0.71	0.05	0.56	1
2009	0.70	0.08	0.95	2
2010	0.69	0.01	0.44	1

※ Injury rates(Converted injury rates)=converted NO. of injured workers/No. of regular workers x 100

Health Management

Our health managers are working in 15 major sites in Korea to improve staff health, prevent diseases and offer first-aid services. For sites with 50 or more employees, these management services are provided by commissioned health management agencies. In particular, we enable our employees to manage their individual health track records, which leads to increased effectiveness of health policies and improvement actions.

General and specialized medical check-ups are performed every year and those working under hazardous conditions are given special health diagnostic services every year : those working in noisy sites receive noise-induced deafness tests and those exposed to chemicals receive liver function and blood cell tests. We support medical expenses of comprehensive check-ups for our employees and those working at nuclear power plants are entitled to radiation disorder tests and cancer tests every year. In particular, those who show symptoms are provided with counseling with health managers and health management agencies stationed in sites and issued health control diaries to check their health conditions regularly. We offer group training to prevent musculoskeletal diseases and encourage employees to do stretching exercises in order to make muscular joints more flexible and thus to prevent these diseases. Our employees' physical strength is precisely measured to clearly identify the right level of exercise for individual employees in a scientific and systematic manner. On monthly Sports Day, our employees take part in various physical activities to enhance fitness and health management.

• Physical Activities



• Fitness Activities



Our Performance

- Economic Performance Data
- Environmental Performance Data
- Social Performance Data

Economic Performance Data

Financial Performance

Stability We have remained unleveraged since 2001 and are staying highly stable and sound in terms of financial structure with the current ratio of 610.0% and the debt ratio of 27.2% in 2010.

(Unit : %)			
Category	2008	2009	2010
Current Ratio	456.0	520.8	610.0
Debt Ratio	34.5	28.1	27.2
Total Borrowings to Total Assets	-	-	-
Interest Coverage Ratio	-	-	-

Profitability Continued upward pressure on fixed costs is expected considering plant company's cost reduction efforts and labor cost factors. We are working hard to grow more profitable through sustained sales growth and cost reduction.

(Unit : %)			
Category	2008	2009	2010
Ratio of Operating Profit to Net Sales	9.5	13.7	13.6
Ratio of Net Profit to Net Sales	9.0	12.0	11.7
Return on Assets	13.1	16.7	15.6
Return on Equity	17.5	21.9	19.8

Growth Potential We have been continuously growing with our 2010 sales rising by 4.6% from the previous year. To become more proactive in responding to internal/external environment changes in the maintenance service market in the upcoming years, we not only seek sustained growth in existing business but also expand overseas business as a new engine of growth.

(Unit : %)			
Category	2008	2009	2010
Net Sales Growth Rate	12.1	5.4	4.6
Growth Rate of Stockholders' Equity	10.0	14.7	10.7
Growth Rate of Net Income	7.7	40.3	2.1
Growth Rate of Total Assets	11.1	9.2	9.9

Increasing Shareholder Values

Our corporate value (market cap) surged by 23% from KRW 1.917 trillion at the end of 2009 to KRW 2.358 trillion at the end of 2010. Not only this, we paid KRW 1,100 in dividend to our shareholders, which is 5.5 times higher than the par value (50.3% of dividend payout ratio), enhancing shareholder values further with high investment returns.

Category	Initial Offering Price (A)	End of 2009	End of 2010 (B)	Rate of Change(B/A)
Date	Dec. 14, 2007	Dec. 30, 2009	Dec. 30, 2010	
Stock Price	KRW 13,300	KRW 42,600	KRW 52,400	
Market Cap	KRW 598.5 billion	KRW 1.917 trillion	KRW 2.358 trillion	↑294.0%
Foreign Ownership	0.85%	4.35%	4.78%	
KOSPI Index	1,895.05	1,124.47	2,051.00	↑8.2%

Environmental Performance Data

Use of Raw Materials

The raw materials that we use are procured by our customers and we do not purchase any additional materials.

Recycling Rate

Recyclable scrap metal generated from our operation is handled by recycling companies to ensure that it is fully reused and recycled. Supplies provided by our customers are returned back for recycling and the chip or maintenance replacements generated out of processing operations performed at the GT Technology Service Center are also recycled.

• Generated and Recycled Scrap Metal

(Unit : kg)				
Category	2008	2009	2010	Total
Generated Scrap Metal	8,900	1,100	2,200	12,200

The GT Technology Service Center also recycles some 20 tons of wooden box a year that are used as packaging materials for maintenance components and materials for repair maintenance and commissioned manufacturing when they enter or leave warehouses. In addition, we make sure appropriate paper boxes are used to increase recycling rates and plastic boxes are also used that can be collected and reused. The disposal of wooden boxes as packaging materials is performed by management service providers in full compliance with relevant regulations to ensure they are recycled.

Air, Water and Soil Pollutants

Our primary responsibility is to provide maintenance services at power plant facilities for 6 power plant companies and private power plants. Our GT Technology Service Center belongs to category No. 4 of air quality management site and has installed dust trap facilities to minimize substances emitted to the atmosphere during operations. Its work environments are also measured every year in the first and second half respectively for proper management.

Since we utilize tap water, there are no supply sources affected by water usage and all the wastewater discharged by our offices is commonly treated by the wastewater treatment facilities at the power plants where we operate. We never use such ozone-destroying chemicals as CFC and do not discharge the kinds of waste stipulated in the Basel Convention. There was no single violation of environmental regulations during the reporting period.

Environmental Expenses

• ISO 9001&14001 Certificate Maintenance Inspection Expenses

(Unit : KRW)				
Category	2008	2009	2010	Total
Expenses	6,400,000	3,400,000	3,400,000	13,200,000

• Environmental Waste Treatment Expenses

(Unit : KRW)				
Category	2008	2009	2010	Total
Expenses	165,047,524	164,049,529	272,412,273	436,461,802

※ The expenses cover relevant company-wide operations and the 2008 data were estimated.

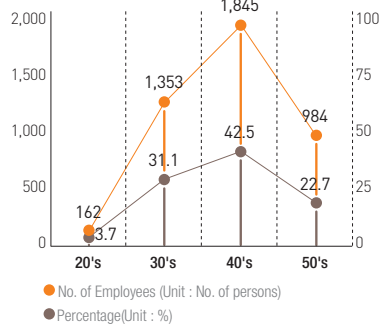
• Environmental Waste Treatment

(Unit : ton)				
Category	2008	2009	2010	Total
Waste Synthetic Resin	29	28	31	88

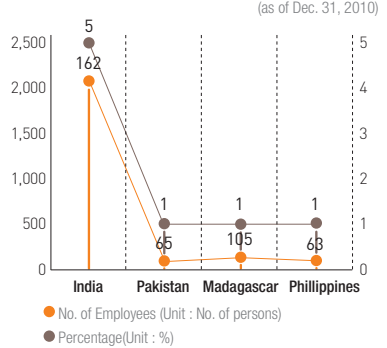
※ The data cover the office buildings owned by KEPCO KPS only including the headquarters and the GT Technology Service Center.

Social Performance Data

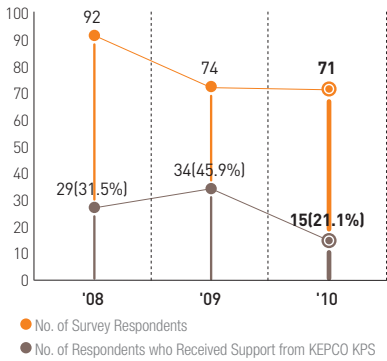
• Employees by Age Groups (as of Dec. 31, 2010)



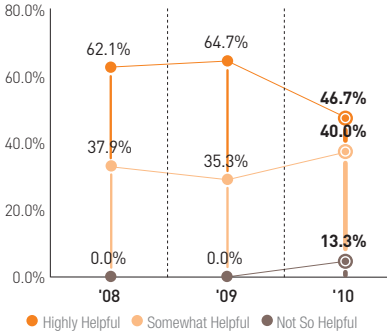
• Local Employees at Overseas Offices (as of Dec. 31, 2010)



• Survey on SME Support Projects



• Satisfaction of Companies who Benefited from KEPCO KPS Support Projects



Data on Physically-challenged Employees

Category	2008	2009	2010
No. of Physically-challenged Employees (No. of persons)	130	146	155
Percentage of Physically-challenged Employees (%)	2.34	2.65	2.88
No. of Regular Employees (No. of persons)	5,422	5,507	5,374

※ The calculation of the number of regular employees includes contract workers and day workers.

Data on Female Employees

Category	2008		2009		2010	
	Number (No. of persons)	Percentage (%)	Number (No. of persons)	Percentage (%)	Number (No. of persons)	Percentage (%)
Female Employees	80	1.8	78	1.8	78	1.8
Female Managers	3	0.4	3	0.4	5	0.6

Years of Service by Gender (3-year Data)

Category	Male	Female	Total
Current Employees as of the End of 2008	15.2	5.7	15.0
Current Employees as of the End of 2009	16.1	6.5	15.9
Current Employees as of the End of 2010	16.8	7.3	16.6

Reinstatement and Employment Maintenance after Parental Leave

Gender	2008	2009	2010	Total
Male	-	-	1	1
Female	2	1	1	4
Total	2	1	2	5

Note 1) Reinstatement rate : 100%

Formula : No. of reinstated employees after parental leave / total No. of employees on parental leave × 100%

Note 2) Employment maintenance rate : 100%

Formula : No. of current employees(as of Dec. 31, 2010) who were previously on parental leave / total No. of employees who were previously on parental leave(2008~2010)

Note 3) One employee is currently on parental leave in 2010 and was excluded in calculating the reinstatement rate and the employment maintenance rate.

Average Wage of Male/Female Employees by Employee Categories

Category	2008		2009		2010	
	Male	Female	Male	Female	Male	Female
Executives	199,116	-	170,124	-	186,242	-
Employees	62,153	41,002	61,333	40,703	59,602	38,611

Note) 1. Employees : Excluding welfare benefits included in payroll

2. Executives : Based on full attendance (Integrated disclosure criteria for public institutions applied)

※ Male and female employees are not discriminated against in terms of wage for work of equal value. As female workers' years of service are shorter than their male counterparts, they are paid relatively less. Our newly-hired employees are guaranteed a wage level that is 231.8% of the statutory minimum wage.

Appendix

- Sustainability Management Principles
- Code of Ethics
- Assurance Report
- ISO 26000 Compliance Assessment Report
- GRI 6 3.1 / ISO 26000 Index
- GRI Application Level Check Statement
- Glossary

Sustainability Management Principles

All KEPCO KPS employees are determined to make sure that the company would contribute toward the sustainable development of society, nation and human kind and achieve sustainable growth and development into the world’s best-of-class total plant service provider through the fulfillment of social responsibilities as a leading power plant maintenance company and the sustainability management that values all stakeholders with respect to economy, environment, society and human race.

Economy : Sustained Growth

- We continue to find new engines of growth to become more profitable and establish sound financial structure to improve our corporate value.
- We lead the development of maintenance engineering technology through continued technology innovation.
- We enhance management efficiency and secure competitive edge through constant and self-initiated management innovation

Society : Right Way Management

- We enhance transparency in our conduct of business through the stringent work process and disclosure in accordance with ethical management principles.
- We stick to our sharing-driven management philosophy to fulfill our social responsibility.
- We strengthen our partnership with all stakeholders to drive mutual values forwards.

Environment : Eco-friendliness

- We adopt environment-conscious technology to make our maintenance services more eco-friendly.
- We strive to develop new and renewable energy technology to help solve future energy issues.
- We preserve the planet earth by addressing climate change issues together with KEPCO affiliated companies.

People : People-orientation

- We endeavor to foster globally competent individuals who are creative and professional.
- We establish mutually-beneficial labor-management culture and seek continuous improvements in the quality of life of our employees through welfare benefits.
- We respect human rights in the conduct of business including prevention of accidents at workplace & staff health promotion, improved treatment for the less privileged in society and prohibition on all types of discrimination.

Code of Ethics

1 . Value Creation for Customers

We create and deliver new values that our customers need from a customer perspective.

1 . Promotion of Shareholder Interest

We help promote shareholder interest through increased corporate values based on cost reduction and productivity improvement.

1 . People-centered Management

We respect the dignity and value of individual employees and deliver fair HR and best-of-class welfare policies.

1 . Pursuit of Stakeholder Trust

We preserve the honor of KEPCO KPS and ensure fairness in the conduct of business based on integrity and honesty in order to become a company that is trusted.

1 . Fulfillment of Social Responsibility

We respect fundamental values upheld by society, comply with statutory regulations and contribute toward the development of the national economy and society.

Rules of Conduct

Customer Ethics

- Respect for customers
- Value creation for customers
- Promotion of customer satisfaction

Shareholder Ethics

- Profitability enhancement
- Transparent disclosure of information

Ethics for Employees

- Respect for employees' dignity
- Fair HR operations, Equal opportunities
- Promotion of competent individuals
- Improvement of quality of life

Employee Ethics

- Fair job performance
- Prohibition on bribery and special treatment
- Prohibition on unfair practices including abuse of authority
- Protection of corporate property
- Self-development
- Prohibition on employment by other companies
- Harmony of the labor and the management
- Prohibition of unfair stock trading
- Prohibition on sexual harassment and gender discrimination
- Prohibition on transactions with companies run by KEPCO KPS employees

Social Ethics

- Fulfillment of social responsibility
- Legal compliance & Fair trade
- Prohibition on political interventions

Assurance Report on the KEPCO KPS Sustainability Report 2010

To the Management and Stakeholders of KEPCO KPS

● Introduction

The Korean Standards Association (KSA) was commissioned by KEPCO Plant Service & Engineering Co., Ltd. (KEPCO KPS) to provide independent assurance of the 'KEPCO KPS Sustainability Report 2010' (the 'Report'). We looked at the evidence of the data, achievements and related systems contained in this Report to present the independent assurance report. KEPCO KPS is responsible for collating, analyzing and organizing the information used to generate this report and as well as all the claims made therein.

● Independence

We have no interest for the purpose of profit-making across the whole business spectrum of KEPCO KPS other than the third-party assurance engagement of this Report. We also hold no bias against KEPCO KPS stakeholders.

● Scope

The assurance covers the entire content of this Report including activities carried out to create this Report between January 1, 2009 and December 31, 2010 as well as the company's systems and activities in the 2009 and 2010 fiscal years. The financial information was assured through the comparison with the 2009 and 2010 Audit Reports.

● Assurance Standards and Credibility

Our assurance engagement was performed in accordance with the AccountAbility 1000 assurance standards 2008 (AA1000AS 2008) and GRI G3.1 Guidelines. In addition, the AA1000AS principles of inclusivity, materiality and responsiveness were utilized as criteria of our assurance engagement. The credibility of the information within the Report was assured with a moderate level of assurance.

● Type

Our assurance engagement is a Type 2 assurance as defined in the AA1000AS 2008. It means that we verified the accuracy and quality with respect to the sustainability management achievements described in the statements of KEPCO KPS and the Report in accordance with the principle of reporting responsibility set forth in AA1000AS 2008.

● Methodology

We used the following methods to collate the necessary information, materials and evidence with regards to the assurance scope.

- Review of the reporting process including stakeholder identification & engagement and materiality analysis
- Research of media reports and online materials produced on KEPCO KPS during the reporting period
- Physical inspections of the KEPCO KPS headquarters and offices
- Review of the management systems and processes used for the creation of this Report
- Follow-up verification of the internal documents and basic data
- Interviews with KEPCO KPS employees in charge of respective aspects of sustainability management

● Conclusions and Opinion

We are not aware of any material errors or biases in the content of the Report with respect to KEPCO KPS's sustainability management.

■ Inclusivity (Does the organization include stakeholders in developing and making responsible and strategic responses with regard to sustainability?)

KEPCO KPS is aware of its responsibility to report to stakeholders who influence the company or are influenced by the company. Its stakeholder identification and engagement process is systematically operated.

■ Materiality (Does the organization include material information in the Report to enable stakeholders to make informed judgment and decisions and take actions?)

KEPCO KPS set up process to understand sustainability management issues through benchmarking of industry peers, media research, and interviews with internal/external stakeholders and to identify issues of interest to stakeholders in order to make sure that material issues are addressed in the Report. The company is also working to set up process to monitor and build on the achievements made with respect to these issues continuously.

■ Responsiveness (Does the organization respond to concerns of stakeholders in the report? Does the organization implement policies and relevant standards to deal with material sustainability issues and concerns?)

KEPCO KPS incorporates material issues of sustainability management into its organizational guidelines and activities and also responds to issues of interest to stakeholders. The company strives to make its sustainability management practices consistent and communicate them to stakeholders.

● Sector-specific Opinion and Recommendations

We present the following recommendations for KEPCO KPS to build company-wide sustainability management strategies and lay the basis to respond to relevant issues continuously.

■ Economy

The recent nuclear power plant accident in Japan prompted countries around the world to think seriously about whether to continue their nuclear power generation as a major policy challenge. We believe that the company would benefit from supplementing its strategies to respond to changes in the global electric power market such as the shrinking nuclear power market and accelerating development of alternative energy sources in order to ensure sustained expansion of overseas business, which is one of KEPCO KPS's core strategic tasks.

■ Environment

KEPCO KPS is advised to align its environmental, safety, health and risk management systems for their effective implementation.

■ Society

The company needs to evaluate and improve its activities to meet social responsibility in accordance with ISO 26000. In particular, we believe that KEPCO KPS would benefit from improving its management systems to secure and promote human resources that serve as one of the most critical engines of growth since such practices play a fundamental role in building core competence given the nature of the plant maintenance service industry. Meanwhile, overseas business entails wide-ranging issues with regard to labor and human rights as it is conducted in an environment different from that of Korea and the company would benefit from building systems to ensure systematic response to these issues.



July 14, 2011
Chang-Ryong, Kim
KSA Chairman & CEO

Chang Ryong Kim

KEPCO KPS ISO 26000 Compliance Assessment Report

The Korean Standards Association developed the checklist to assess an organization's performance in meeting its social responsibility in accordance with ISO 26000, international standards on social responsibility, as part of the project carried out by the Korean Agency for Technology & Standards under the Ministry of Knowledge Economy. This report presents the outcome of our assessment of KEPCO KPS's social responsibility management process and its achievements in ISO 26000's 7 core subjects based on the checklist.

KEPCO KPS's social responsibility management aims to achieve its purpose of establishment, which is to contribute to stable supply of energy through maintenance and repair of power plant facilities.

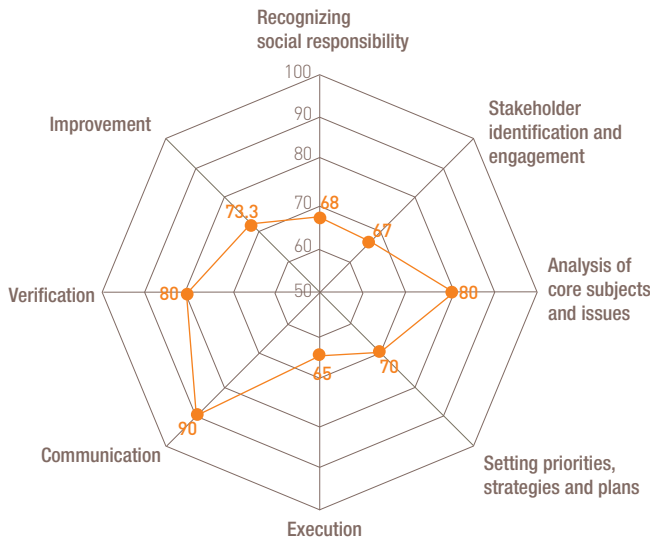
The company is fully aware of its relationship with stakeholders in dealing with social responsibility issues and making efforts to respect customers and employees and to earn their trust in order to become a company that grows together with stakeholders.

KEPCO KPS's systems to manage and address its economic, social and environmental impact are up and running but it needs to come up with ways to make its social responsibility management more systemized.

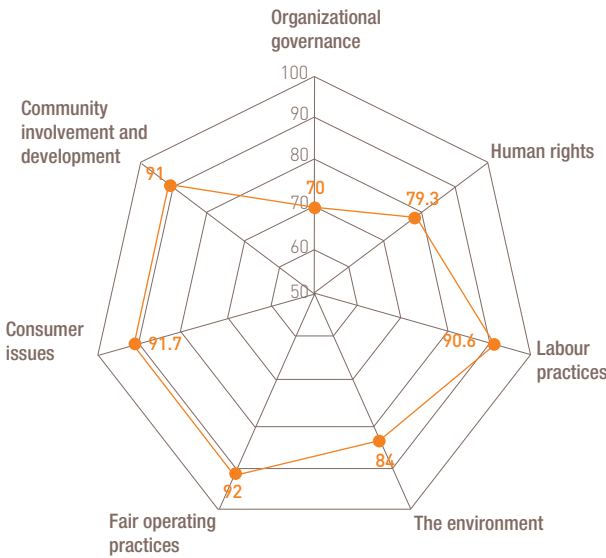
In other words, the company is advised to identify material areas of its social responsibility and sustainability management and to ensure they are better aligned and conform with strategies in a bid to build more detailed action plans.

In addition, the company is expected to develop policies to prevent violations of labor rights and human rights that may come with the conduct of overseas business and to contribute to community development through the engagement of local communities abroad and corporate philanthropic activities.

• Outcomes of the Assessment of KEPCO KPS Social Responsibility Management Systems



• KEPCO KPS Achievements in Fulfilling Social Responsibility



July 14, 2011
Chang-Ryong, Kim
KSA Chairman & CEO

Chang Ryong Kim



ISO 26000 Compliance Assessment Checklist Structure : Overview and Framework

ISO 26000 Compliance Assessment Checklist(total 1,000 point)

Process – 360 point

Making assessments based on the process of building organizational social responsibility systems as presented in ISO 26000 (Recognizing, engagement, analysis, strategy, execution, communication, verification, improvement). Enabling the organization to integrate social responsibility into its current management systems and to improve it continuously.

Achievement- 640 point

Making assessments of the level of an organization's achievement on the 7 core subject of ISO 26000(organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development). Helping the organization to easily understand the concepts and terms in 7 core subjects, 37 issues and the expectations related to the issues and to assess on its own how well it is implementing them.

Assessment of process(8 steps)

Step1	Recognizing social responsibility Reviewing the current status based on the commitment of CEO
Step2	Stakeholder identification and Engagement Reviewing stakeholders' interests and expectations and setting up engagement strategies
Step3	Analysis of core subjects and issues Listing up the issues by reviewing the issues and analyzing internal capability
Step4	Setting priorities, strategies and plans Prioritizing the issues that need to be improved and managed taking account of organization's capability and setting up the goals and implementation plans
Step5	Execution Executing the strategies, vision, goals and implementation plans and monitoring the performance of social responsibility regularly
Step6	Communication Communicating with stakeholders through the issuance of performance reports
Step7	Verification Activities and reports to enhance the credibility of performance
Step8	Improvement Reviewing performance regularly and building on it continuously

Assessment of achievement(7 core subjects)

Organizational governance Activities of respecting the principles of social responsibility and integrating them to business practices
Human rights Activities of respecting and protecting the human rights within an organization and its scope of influence.
Labour practices Policy and practices influencing the labour environment of employees of an organization and its subcontracted organizations
The environment Activities of integrated approach to decrease the impacts of an organization to the environment by taking account of the meaning of organization's decisions and activities.
Fair operating practices Activities of giving attention to the ethical behavior of the transactions between an organization and other organizations such as partners or suppliers
Consumer issues Activities of protecting consumers' rights such as consumer education, fair and transparent marketing information and contract, sustainable consumption promotion, etc
Community involvement and development Activities of trying to maximize the resources and opportunities while recognizing and respecting the right of the community.

Integrating Social Responsibility into the Entire Organization

Contributing towards Sustainable Development

GRI G3.1 / ISO 26000 Index

※ Reporting level : ● Fully Reported ● Partially Reported ○ Not Reported - Not Applicable

GRI	GRI Index	ISO 26000	ISO 26000 Core Subjects and Issues	Reported	Page	Remarks
	The principle of stakeholder engagement	6.8.2	Community involvement	●	20-21	
	Boundary protocol	6.6.5	Promoting social responsibility in the value chain	●	Front Cover	
Strategy and Analysis						
1.1	Statement from the most senior decision-maker of the organization.	6.2	Organizational governance	●	2-3	
1.2	Description of key impacts, risks, and opportunities.	6.2		●	10-11	
Organizational Profile						
2.1	Name of the organization.			●	4	
2.2	Primary brands, products, and/or services.			●	4	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6.2	Organizational governance	●	5	
2.4	Location of organization's headquarters.			●	5	
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.			●	4-5	
2.6	Nature of ownership and legal form.			●	14	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			●	4	
2.8	Scale of the reporting organization.			●	4-5, 76	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.			●		No significant change
2.10	Awards received in the reporting period.			●	6-7	
Report Parameter						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.			●	Front Cover	
3.2	Date of most recent previous report (if any).			●	Front Cover	
3.3	Reporting cycle (annual, biennial, etc.)			●	Front Cover	
3.4	Contact point for questions regarding the report or its contents.			●	Front Cover	
3.5	Process for defining report content.			●	20-21	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).			●	Front Cover	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).			●	Front Cover	
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.			●	Front Cover	
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.			●	Front Cover	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).			●	Front Cover	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.			●	Front Cover	
3.12	Table identifying the location of the Standard Disclosures in the report.			●	86-89	
3.13	Policy and current practice with regard to seeking external assurance for the report.	7.5.3	Assurance	●	82-83	
Governance, Commitments & 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.	6.2	Organizational governance	●	14-15	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	6.2		●	15	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	6.2		●	15	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6.2		●	15, 71	
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).	6.2		●	14-15	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	6.2		●	14-15	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	6.2		●	14-15	
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.	6.2		●	80-81	
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.	6.2		●	11-12, 14, 80-81	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	6.2		●	11, 14	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	6.2		●	18-19	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	6.2		●	12	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	6.2		●	13	
4.14	List of stakeholder groups engaged by the organization.	6.2		●	20-21	
4.15	Basis for identification and selection of stakeholders with whom to engage.	6.2		●	20-21	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	6.2		●	20-21	
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.	6.2		●	20-21	


GRI	GRI Index	ISO 26000	ISO 26000 Core Subjects and Issues	Reported	Page	Remarks
Economic Disclosure on Management Approach				●	10-11, 25-26, 44-45	
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.	6.8/6.8.3/6.8.7/6.8.9	Community involvement and development/Community involvement/Wealth and income creation/Social investment	●	25	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	6.5.5	Climate change and mitigation	●	47-48	
EC3	Coverage of the organization's defined benefit plan obligations.	6.4.4/6.8	Conditions of work and social protection/Community involvement and development	●	70	
EC4	Significant financial assistance received from government.			●	25	
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	6.4.4/6.8	Conditions of work and social protection/Community involvement and development	●	78	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	6.6.6/6.8/6.8.5/6.8.7	Promoting social responsibility in the value chain/Community involvement and development/Employment creation and skills/Social investment	●	56, 58	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	6.8/6.8.5/6.8.7	Community involvement and development/Employment creation and skills/Social investment	●	68, 78	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	6.3.9/6.8/6.8.3/6.8.4/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights/Community involvement and development/Community involvement/Education and culture/Technology development and access/Wealth and Income Creation/Social investment	●	59-61	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	6.3.9/6.6.6/6.6.7/6.7.8/6.8/6.8.5/6.8.6/6.8.7/6.8.9	Economic, social and cultural rights/Promoting social responsibility in the value chain/Respect for property rights/Access to essential services/Community involvement and development/Employment Creation and Skill development/Technology development and access/Wealth and income creation/Social investment	●	24-25	
Environmental Disclosure on Management Approach				●	10-11, 44, 47, 50, 60, 77	
EN1	Materials used by weight or volume.	6.5/6.5.4	The environment/Sustainable resource use	—		No occurrence except oil, due to industry characteristics.
EN2	Percentage of materials used that are recycled input materials.			—		No occurrence, due to industry characteristics.
EN3	Direct energy consumption by primary energy source.			●	51	
EN4	Indirect energy consumption by primary source.			●	51	
EN5	Energy saved due to conservation and efficiency improvements.			●	51	Data is being aggregated currently
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.			●	47-49	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.			●	51	
EN8	Total water withdrawal by source.			●	77	
EN9	Water sources significantly affected by withdrawal of water.			●	77	
EN10	Percentage and total volume of water recycled and reused.			●	77	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	6.5/6.5.6	The environment/Protection of environment, biodiversity and rehabilitation of natural habits	—		No operation site with high biodiversity value area is existed due to industry characteristics.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.			—		Low impact on biodiversity is existed due to industry characteristics.
EN13	Habitats protected or restored.			●	60, 61	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.			●	60, 61	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.			—		No operation site in areas.
EN16	Total direct and indirect greenhouse gas emissions by weight.	6.5/6.5.5	The environment/Climate change and mitigation	●	51	
EN17	Other relevant indirect greenhouse gas emissions by weight.			●	51	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.			●	51	Data is being aggregated currently
EN19	Emissions of ozone-depleting substances by weight.	6.5/6.5.3	The environment/Prevention of pollution	●	77	
EN20	NOx, SOx, and other significant air emissions by type and weight.			●	77	
EN21	Total water discharge by quality and destination.			●	77	
EN22	Total weight of waste by type and disposal method.			●	77	
EN23	Total number and volume of significant spills.			●	51	
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.			●	77	
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.	6.5/6.5.4/6.5.6	The environment/Sustainable resource use/Protection of environment, biodiversity and rehabilitation of natural habits	●	77	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	6.5/6.5.4/6.6.6/6.7.5	The environment/Sustainable resource use/Promoting social responsibility in the value chain/Sustainable consumption	●	44-46	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	6.5/6.5.4/6.7.5	The environment/Sustainable resource use/Sustainable consumption	—		No packaging material used
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	6.5	The environment	●	77	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	6.5/6.5.4/6.6.6	The environment/Sustainable resource use/Promoting social responsibility in the value chain	●	51	
EN30	Total environmental protection expenditures and investments by type.	6.5	The environment	●	77	

※ Reporting level : ● Fully Reported ● Partially Reported ○ Not Reported - Not Applicable

GRI	GRI Index	ISO 26000	ISO 26000 Core Subjects and Issues	Reported	Page	Remarks
Product Responsibility Disclosure on Management Approach				●	11, 29, 38, 52–53	
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.	6.3.9/6.6.6/ 6.7.6/7.4/6.7.5	Economic, social and cultural rights/Promoting social responsibility in the value chain/ Consumer issue/Protecting consumers' health and safety/Sustainable consumption	●	46, 52–53	
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.			●	52–53	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	6.7/6.7.3/6.7.4/ 6.7.5/6.7.6/6.7.9	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/Protecting consumer's health and safety/Sustainable consumption/Consumer service, support, and complaint and	●	52–53	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		dispute resolution/Education and awareness	—		No occurrence, due to industry characteristics.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	6.7/6.7.4/6.7.5/ 6.7.6/6.7.8/6.7.9	Consumer issue/Protecting consumer's health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Access to essential services/Education and awareness	●	30	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	6.7/6.7.3/6.7.6/6.7.9	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/ Consumer service, support, and complaint and dispute resolution	●	29–30	
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.			●		No Violation
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	6.7/6.7.7	Consumer issue/Consumer data protection and privacy	●		No Violation
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	6.7/6.7.6	Consumer issue/Consumer service, support, and complaint and dispute resolution	●		No Violation

※ The Korean Standards Association provided an independent assurance of KEPCO KPS's Sustainability Report 2010 and confirms that the report is rated Application Level 'A+'.

UN Global Compact



WE SUPPORT

In September 2007, KEPCO KPS joined the UN Global Compact, the UN-led international agreements on corporate social responsibility and is fully complying with its 10 principles in the 4 areas of human rights, labour standard, environment and anti-corruption.

Principle

- Human Rights**

Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 : make sure that they are not complicit in human rights abuses.
- Labour Standard**

Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 : the elimination of all forms of forced and compulsory labour;

Principle 5 : the effective abolition of child labour; and

Principle 6 : the elimination of discrimination in respect of employment and occupation.
- Environment**

Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and

Principle 9 : encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**

Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that **KEPCO KPS** has presented its report “2010 KEPCO KPS Sustainability Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 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 G3.1 Guidelines.

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

Amsterdam, 27 September 2011

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because KEPCO KPS has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

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. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 August 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Glossary

- **Flue Gas Desulfurizer** : Facility to reduce sulfur dioxide in flue gas generated at power plants
- **Flue Gas Denitrogenizer** : Air quality control facility to eliminate nitrogen oxide and dioxin that come out of various emitting facilities (incinerators, boilers and melting furnaces)
- **APR 1400 (Advanced Power Reactor 1400)** : New type of light-water reactor with 1400MW capacity
- **BOP(Balance of Plant)** : Auxiliary components not included in the primary system itself
- **BOT(Build-Operate-Transfer)** : The concession contract under which public infrastructure is financed, designed, constructed and operated by a private entity and later transferred to the local government
- **EPC(Engineering, Procurement, Construction)** : Design-Build project, Turnkey project where the contractor is involved in the whole spectrum of concerned activities from purchase of engineering materials to construction
- **EPRI** : Electric Power Research Institute
- **ERM(Enterprise Risk Management)** : New risk management methodology to manage visible/invisible management risks at an integrated company-wide level in order to minimize losses a company would suffer
- **GT** : Gas Turbine
- **HVDC(High Voltage Direct Current)** : High voltage direct current transmission
- **IFRS(International Financial Reporting Standards)** : Unified international accounting standards established by the International Accounting Standards Board(IASB) through the narrowing-down of diverse accounting principles and auditing criteria of countries around the world
- **IGCC** : Integrated Gasification Combined Cycle
- **IPP** : Independent Power Producer
- **Joint Venture** : Overseas investment where more than 2 companies, individuals and government organizations jointly participate in the operation of the concerned company
- **MCR** : Main Control Room
- **MSDS(Material Safety Data Sheet)** : Sheet that contains information necessary to use and manage chemicals in a safe manner
- **OCTF(One Cycle Trouble Free)** : Continuous operations without any breakdown/outage of the power plant between planned outage maintenances
- **O&M** : Operation & Maintenance
- **PJB** : Pre-Job-Briefing
- **ROM** : Plant Rehabilitation Operation & Maintenances
- **RPS(Renewable Portfolio Standard)** : Quota system that mandates certain percentage of new and renewable energy to be used
- **SCM(Supply Chain Management)** : Management solution to effectively handle product manufacturing process (component procurement, production plans, delivery and inventory management)
- **SNG** : Synthetic Natural Gas
- **SPC** : Special Purpose Company
- **UN Global Compact** : UN-initiated declaratory pledge that calls for multinational companies to proactively respond to wide-ranging issues that arise together with the globalization of the world economy
- **VaR(Value at Risk)** : Estimated threshold value of losses that a company may suffer in case of risks on a specific portfolio

Stakeholder Opinion Survey

We welcome your invaluable feedback on our Sustainability Report 2010

We will make sure that your opinions and suggestions are reviewed and fully reflected in our next sustainability report.

You can e-mail (sustainability@kps.co.kr) or fax us to present your candid opinions.

● Receiver

Fax. 031-710-4099

KEPCO KPS Management Planning Team

● Sender (Can be left blank)

Name _

Gender _

Job _

1. Which of the following group do you belong to?

- | | | |
|--|---|---|
| <input type="checkbox"/> Customers | <input type="checkbox"/> Investors/Shareholders | <input type="checkbox"/> Business Partners |
| <input type="checkbox"/> Local Citizens | <input type="checkbox"/> Civil Organizations | <input type="checkbox"/> Employees of KEPCO
Affiliated Companies |
| <input type="checkbox"/> Research Institutes | <input type="checkbox"/> Government Officials | |
| <input type="checkbox"/> Employees
of KEPCO KPS | <input type="checkbox"/> Media outlets | <input type="checkbox"/> Others () |

2. How did you learn about KEPCO KPS Sustainability Reports?

- | | |
|--|--|
| <input type="checkbox"/> KEPCO KPS Corporate Website | <input type="checkbox"/> Seminars/Lectures/Exhibitions |
| <input type="checkbox"/> Newspapers/Magazines | <input type="checkbox"/> Other Websites |
| <input type="checkbox"/> KEPCO KPS Employees | <input type="checkbox"/> Others () |

3. Which of the following did you find most interesting in this report?

- | | |
|--|--|
| <input type="checkbox"/> Sustainability at KEPCO KPS | <input type="checkbox"/> Sustainable Innovation |
| <input type="checkbox"/> Global Frontier | <input type="checkbox"/> Green Energy Management |
| <input type="checkbox"/> Sharing Values | <input type="checkbox"/> Respectful Workplace |

4. Which of the following do you think should be improved in this report?

- | | |
|--|--|
| <input type="checkbox"/> Sustainability at KEPCO KPS | <input type="checkbox"/> Sustainable Innovation |
| <input type="checkbox"/> Global Frontier | <input type="checkbox"/> Green Energy Management |
| <input type="checkbox"/> Sharing Values | <input type="checkbox"/> Respectful Workplace |

5. How do you evaluate this report?

- | | | | | | |
|-----------------------|---|------------------------------------|----------------------------------|--------------------------------------|---|
| Ease of Understanding | <input type="checkbox"/> Highly Satisfied | <input type="checkbox"/> Satisfied | <input type="checkbox"/> Average | <input type="checkbox"/> Unsatisfied | <input type="checkbox"/> Highly Unsatisfied |
| Amount of Information | <input type="checkbox"/> Highly Satisfied | <input type="checkbox"/> Satisfied | <input type="checkbox"/> Average | <input type="checkbox"/> Unsatisfied | <input type="checkbox"/> Highly Unsatisfied |
| Overall Satisfaction | <input type="checkbox"/> Highly Satisfied | <input type="checkbox"/> Satisfied | <input type="checkbox"/> Average | <input type="checkbox"/> Unsatisfied | <input type="checkbox"/> Highly Unsatisfied |

6. Please feel free to say anything about the KEPCO KPS Sustainability Report 2010.

