



## About the Sustainability Report

### About the 1<sup>st</sup> sustainability report

While issuing this 1<sup>st</sup> report, KOSPO plans to issue the sustainability report on a yearly basis.

The scope of report covers Seoul HQ and 7 business locations based on the data from January 1, 2007 to December 31, 2007, with the exceptions of particulars that also include the activities after the mentioned term. In case of quantitative performance, we have included the data of 3~6 years prior to 2007 in order to suggest the trend.

The financial performance of this report is prepared in compliance with the general corporate accounting standard, and the environmental and social performances are prepared according to the related legislations or internal data measurement and calculation standards.

This report is in compliance with GRI guideline and G3 guideline.

Korean won(The rest is KRW) is used as a standard currency in this report, while other units are marked together with each numerical value.

In order to enhance reliability, this report was checked by GRI . Contact below address for more detailed information.

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## Dear Stakeholders and Partners

We at KOSPO, regards environmental friendliness, ethical management, and respect for human as our first and foremost missions in order to re-establish ourselves as a 'Clean and Global Company' that leads the global energy market and to fulfill our social responsibilities as a corporation in continuing development of sustainable power.

## CEO Message

### Dear Stakeholders

Since the establishment after the separation from KEPCO in 2001, KOSPO has been pursuing the vision of 'Clean company that leads the global energy market' through our continuing effort for innovation based on the spirit of challenge and creation.

As a result, KOSPO has excelled the sales revenue of 3 trillion KRW in 2006 for the first time as thermal energy company in Korea, and achieved No. 1 market share and the highest productivity of labor. Also, we have been achieving the highest level in all areas of energy facility operation including power generation performance, thermal efficiency, in-facility power ratio, and usage rate for 7 consecutive years. Our excellent business performances have been recognized as No. 1 in 2005 by Power Generation Company Management Evaluation and 2 consecutive winnings in 2006~2007 awarded by KMAC.

However, KOSPO will not rest on our past performances but will continue to promote sustainable business management to realize our corporate vision and become the company that all shareholders can rely on by fulfilling our social and economic responsibilities and pursuing the balanced environmental responsibility based on stable energy supply, in this energy industry that faces fierce competition and ever-changing management environment. Also, we are committed to enhance the corporate competitiveness by focusing on the fruitful business in preparation of the new energy industry structure and improving ourselves to more practical company through creative management and localized practical management for future oriented change and innovation.

### Promise for New History of Light and Energy

KOSPO seeks to write a new history of light and energy in the energy industry. For this, we have determined 4 core areas to drive our focus in becoming the world's best company that realizes sustainable growth. We pledge our solid commitment under following 4 criteria by the fields.

First, we will create new motive forces for economic growth such as construction of new power plants, promotion of overseas projects and resource development, expansion of renewable energy, and promotion of direct introduction of LNG, based on stable sales and secured profit. Also, we will exert to continue technology development by enlarging the investment to R&D.

Second, we will act as environmental-friendly management to prevent environment pollution and reduce the greenhouse gas emission. As we see

the environment as the investment and not as the cost, we will expand the anti-pollution facilities, optimize the operation of environment facilities, and promote the environmental management system that will minimize the environmental impact by limiting the use of hazardous chemical substances and expanding the recycling of by-products. Also, in order to respond to the Climate Change Convention that had been emerged as the international issue, we will focus on developing technologies that reduce the greenhouse gas emission, alternative energies such as wind and solar power energy, and CDM business.

Third, we have joined the UN Global Compact in recognition of the fact that ethical management is directly connected to the survival of a company, which will serve as a momentum for us to enforce more transparent management, ethical management and social contribution. Through continuing system improvement, we will enhance the transparency in contracts and agreements, and listen to our customers by enforcing the internal and external monitoring system to fulfill our responsibility as the corporate citizen.

Furthermore, we will promote voluntary and strategic social contribution activities to become a company that gives hopes to unfortunate neighbors, and continue to create successful model case of mutual benefit through practical aid to middle and small companies.

Fourth, we will focus our capacity on respecting the human right and enhancing the quality of the lives of our employees. In order to realize our corporate principle of vitality oriented management that respects human rights, we will realize an equal opportunity employment and performance and capacity oriented human resource policies, and develop training process to cultivate high quality manpower. In terms of safety, health and welfare, we will expand the welfare programs that will fulfill the expectation of our employees, and continue to create a workplace with full of pride and dignity in where the creativity and passion of all members are respected. Through such sustainable business management, KOSPO is committed to provide stable and high quality energy to our customers at low cost, realize 5 trillion KRW in sales revenue by 2011 as our mid/long term target, active response to various changes in the internal and external market, and continue our technology development, to grow as the 'Clean & Global company' that contributes to the bright future of mankind. Thank you.

President & CEO Kim, Sang Kab





# About KOSPO

## Governance

KOSPO is a power generation company which was separated from KEPCO on April 2nd, 2001 according to the Act on Promotion of Power Industry Restructuring. The total number of stocks of the company is 46,180 thousand, and the capital stock reaches 230.9 billion KRW among which 100% is owned by KEPCO.

### Board of Directors

KOSPO is operated by the board of directors which was organized according to the commercial law of Korea. The board of directors consists of 7 executives who are 3 permanent executives including the representative of the company and 4 non-permanent external executives. The auditor is entitled to attend the board of directors meeting and make a statement. Also, the company has a board of directors' secretariat office that handles the board of director's affairs. In order to realize the utilization of the special characteristics of work and implement responsible management, the representative executive who is in charge of general business of the company is also holding the chairman position of the board of directors. The executives and auditor are selected from the candidates who were recommended by the president recommendation committee or designated by the president, non-permanent executives and the board of directors, during the general shareholders' meeting.

#### Board of Directors Member Status

Classification	Name	Career
Internal Executives	Kim, Sang Kab	President & CEO
	Kim, Seung Il	Senior Vice President, Chief of Planning & Management Div
	Chang, Sin Gyu	Senior Vice President, Chief of Technology Div.
External Executives	Kim, Jong Hee	Former president of KCAB
	Kim, Moon Duk	Chief of transmission and substation HQ, KEPCO
	Kim, Hak Gi	Former administrator, the office of secretary to president
	Yang, Tae Hoon	Haemaru Law Firm

### Operation of Board of Directors

The board of directors, as the supreme decision making organization, it deliberates and resolves major policies such as corporate management plan, target, budget, settlement, and market management contract, etc. As such, the board informs the proposing department of the bill no later than 7 days before the opening day so that the proposed bills are actually reviewed and resolved during the board of directors. Also, the board provides the management information to the non-permanent executives at all times by allowing them to access to the internal document process system(Intranet).

#### Members of Board of Directors

Classification	Number of occurrence	Number of deliberation			Participation of external executives(%)
		Resolved	Reported	TOTAL	
2007	8 times	24	6	30	93.8
2006	11 times	22	9	31	88.6
2005	9 times	15	9	24	94.1
2004	9 times	20	13	33	100

### Fair Evaluation of Business Performance and Reward

In order to induce responsible management of the president and permanent executives, KOSPO implements reward system in connection with the performance evaluation. As a part of our effort to enhance the business performance, we have entered into the president management agreement with our parent company, KEPCO, on the business goal to be achieved during the term of office, authority and responsibility, and incentive. Also, the internal management agreement is entered into between the president and the permanent executives to evaluate the performance and reward accordingly. The external executives are granted the incentives according to the regulations of the board of directors. For our employees, we have introduced 2 evaluation systems that assess performance and capacity in order to enhance the personal capacity of employees and increase the business efficiency. First, the performance evaluation measures the organizational performance and personal performance according to the BSC which was introduced in 2005, and determines the performance level by individual. The bonus is paid by graded standard that ranges from 200% to 0% based on 5 grade relative evaluation, and the organization and employee who have generated the best performance are provided with the reward and the opportunity of overseas training. Meanwhile, the capacity evaluation is the work record average that evaluates integrity, responsibility, work impulse, and work performance by individual. It is conducted bi-annually and the result is reflected in promotion and approval. The performance evaluation and the capacity evaluation are applied to all employees except for the new hires, overseas dispatched employees, and long term trainees.

## About Company

### Status

The major businesses of KOSPO are power generation, development of power resources, and related subsidiary businesses. The company is operated as a subsidiary of KEPCO with 100% capital investment from KEPCO, and sells the entire energy production to KEPCO via KPX(Korea Power Exchange). Other than promoting the sale of KOSEP, the government has not yet reached a conclusion on the privatization of the state companies. However, KOSPO is focusing its capacity on profit enhancement and management innovation in preparation of possible changes in business management environment.

### Organization

As of the end of December, 2007, the company has 1,910 employees. The headquarters located in Seoul is composed of 5 departments(Planning, Administration, Business, Power Generation and Construction), 2 offices(Audit & Inspection, Management innovation) and 2 teams(Overseas Business, Business Development). KOSPO operates 6 thermal power plants and 1 power construction nationwide : Hadong Thermal Power Site Division(Hadong T/P Div.), Shinincheon Combined Cycle Site Division(Shinincheon C/C Div.), Busan Combined Cycle Site Division(Busan C/C Div.) , Youngnam Thermal Power Plant(Youngnam T/P), Namjeju Thermal Power Plant(Namjeju T/P), Cheongpyeong Pumped Storage Power Plant(Cheongpyeong PSP), and Yeongwol Thermal Power Construction Office(Yeongwol T/P).

### Power Generation Facility

As of the end of December 2007, the company owns 7,788MW which is 11.4% of total power generation facilities within Korea. Also, the thermal unit 7 and 8 are under construction in Hadong-kun, Kyungsangnam-do with total capacity of 1,000MW, which are scheduled to be completed in 2009. Other plants under construction include Youngwol combined cycle power plant(900MW) in Youngwol-kun, Kangwon-do with the completion scheduled in 2010, and 20MW capacity wind farm in Sungsan and Taebaek. The construction of the latter will begin within this year of which completion is scheduled in 2009.

## KOSPO, The Representative Energy Company of Korea

KOSPO is the representative energy company of Korea that operates 6 thermal power plants including the main power plant in Hadong T/P Div., Cheongpyeong PSP, and Hankyung wind farm in Jeju Island. With the external growth through solid management, KOSPO earned highest accomplishments in generation capacity, thermal efficiency and facility utilization among 5 Korean thermal energy companies along with our strive to fulfill social responsibility as a corporation, KOSPO was nominated as No 1 in 2005 management evaluation on energy companies and first to receive 2006 KMAC for the best state corporate. Today, KOSPO is taking yet another step toward to the bright future.



**Korea's First Pumped Storage Power Plant**  
**Cheongpyeong Pumped Storage Power Plant**  
(649-2, Bokjang-ri, Gapeyong-eup, Gapeyong-kun, Gyeonggi-do)  
Capacity: 400MW(200 X 2units)

This plant is Korea's first pure pumped storage power plant of which power generator is located underground and is also the non-pollution power plant that pumps with surplus power during the night and generates the power during the day. Also, the plant features excellent availability so that it is responsible for emergency power supply to metropolitan area. It also serves as a publicity business location for metropolitan areas this power plant secures abundant resources in adjacent area around Namee Island.

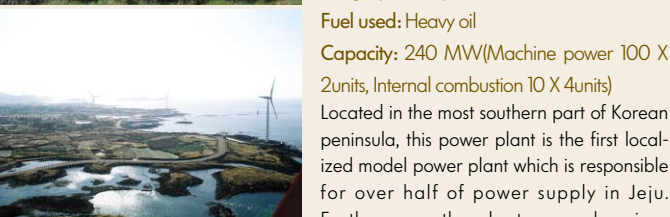


**Motive Power for Development of Metropolitan Industry**  
**Shinincheon Combined Cycle Power Site Div.**  
(674-13, Kyungseo-dong, Seo-ku, Incheon)  
Fuel used: LNG Capacity: 1,800 MW(G/T 150 X 8units, S/T 150 X 4units)

Located in the gateway to Incheon International Airport which is Northeast Asia's hub in 21<sup>st</sup> century, this power plant plays a major role in stabilizing the power supply to metropolitan areas and Gyeonggi-do. Its capacity is the largest in Korea along with Busan C/C Div. as the single thermal power plant. With the latest automated system in the facilities and state-of-the-art frequency control capability, the plant is making a significant contribution to the stable operation of power system.

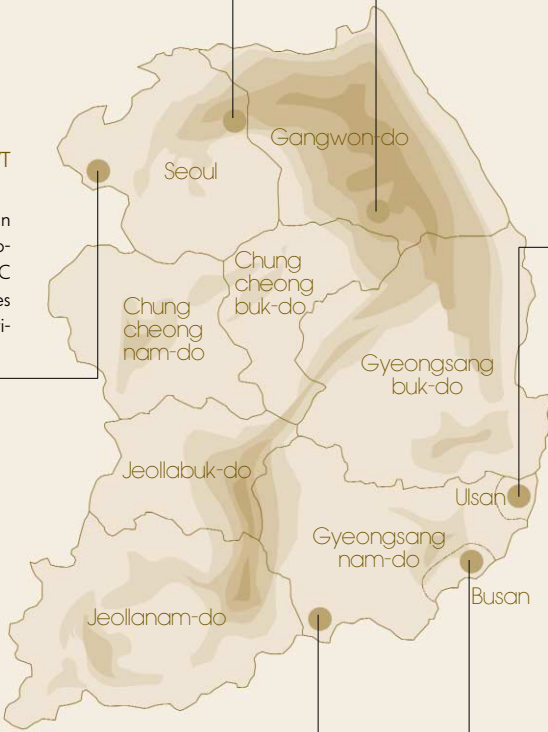


**Center of Power Supply in Clean Jeju Area**  
**Namjeju Thermal Power Plant**  
(610, Hwasoon-ri, Anduk-myun, Seogwipo-si, Jeju)  
Fuel used: Heavy oil  
Capacity: 240 MW(Machine power 100 X 2units, Internal combustion 10 X 4units)



Located in the most southern part of Korean peninsula, this power plant is the first localized model power plant which is responsible for over half of power supply in Jeju. Furthermore, the plant secured various types of power plant facilities such as machine power, internal combustion, combined cycle, and wind power. It is an environment-friendly power plant that is equipped with perfect anti-pollution facility for its tourist zone. The plant has Hallim Power Plant as its subsidiary business and also owns Hankyung wind farm which is the first commercial wind power plant in Korea.

- Hallim Power Plant(620, Dongmyeong-ri, Hallim -eup, Jeju-si, Jeju)  
Fuel used: Kerosene Capacity: 150 MW(G/T 35 X 2units, S/T 35 X 1unit)
- Hankyung Wind Farm(Yongsoori Region, Hankyung-myun, Jeju-si, Jeju)  
Capacity: 21 MW(35MW X 5units, 15MW X 4units)



**Reborn as Clean LNG Power Plant**  
**Youngwol Thermal Power Construction Office**  
(702, Jungyang-ri, Youngwol-eup, Youngwol-kun, Kangwon-do)  
Fuel used: LNG Capacity: 900 MW(Under construction)

As Korea's first anthracite power plant, this plant used to be responsible for 50% of the entire power supply in Korea during 1960s with the longest history of operation for 36 years. However, since the demolition in 2001 due to deterioration, it was reborn as the environment-friendly power plant that incorporates the missions of resolving the power deficiency in metropolitan areas and maintaining the balanced development of local economy in Kangwon-do and the nation. With its scheduled completion in 2010, this plant will be reconstructed as the plant that uses clean LNG fuel.



**Driving Force of Economic Development in Ulsan Area**  
**Youngnam Thermal Power Plant**  
(29, Maeam-dong, Nam-ku, Ulsan)  
Fuel used: Heavy oil  
Capacity: 400 MW(200 X 2units)

This plant serves as the driving force of power supply to Ulsan area where is known as industrial capital of Korea. Since its establishment in 1971, this plant has been operated for base load purpose and later reassembled as the Daily Start & Stop(DSS) plant for elastic response to the changing demand for power supply in 1980's. As such, the plant reflects the history of the economic growth of Korea.



**Metropolitan Areas' Environment-Friendly Power Plant**  
**Busan Combined Cycle Power Site Div.**  
(759-8, Gamcheon 1 dong, Saha-ku, Busan)  
Fuel used: LNG Capacity: 1,800 MW(G/T 150 X 8units, S/T 150 X 4units)

Busan C/C Div. located in a dense apartment complex area within the Busan metropolitan areas, is responsible for power supply in Busan, the 2<sup>nd</sup> largest city in Korea. It is the world's first environment-friendly power plant that was designed and built with the coal reclamation on the coal yard of the existing coal thermal power plant. The plant, for the first time in the world, has developed and established the visual smoke reduction facility of non-catalyst type, and has made a significant improvement of urban aesthetics by modeling(landscape lighting) the energy facility with the light.



**The Epitome of Korea's Standard Coal Thermal Power Plant**  
**Hadong Thermal Power Site Div.**  
(310, Gaduk-ri, Geumsung-myun, Hadong-kun, Kyungsangnam-do)  
Fuel used: Bituminous coal Capacity: 3,000MW(500 X 6units) ※1,000MW(500 X 2units under construction)

Hadong T/P Div. is the representative power plant of Youngnam area, which is equipped with 6 units of 500MW coal thermal power plants with 90% of local materials in compliance with Korean standard. The plant generates the highest thermal efficiency among the coal thermal energy types at a low energy cost. Also, the plant is equipped with perfect anti-pollution facilities such as desulfurization and denitrification facilities, and is promoting the cultivation of parks in order to become the community friendly plant. The unit 7 and 8, which are expected to be completed in December 2008 and June 2009, respectively, will further add vitality to the local economy.





## Value shift

At KOSPO, Our vision is to make "clean company that leads the global energy market". To accomplish corporate spirit and vision, KOSPO has set the target of 5 trillion KRW of sales revenue in 2011 as a part of our mission. In order to implement such mission, we have selected 25 practice tasks for 4 areas which are 'Pursuit of change and innovation', 'Enhancement of corporate value', 'Optimal operation of management resource', and 'Practice of customer oriented management'.



## Infinite Speed Development

'3,727,257,028,510' is the sales revenue(KRW) earned by KOSPO in 2007. 2007 was the year that KOSPO made the most significant growth since its establishment including the highest net profit of 264.4 billion KRW. Such accomplishment was made possible through one of Korea's best power operation technologies and continuing development of clean energy. However, KOSPO will not rest with the present accomplishments. With even more superior technical development and innovation, we are devoted to excel 5 trillion KRW of sales revenue in 2011.

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# ENERGY Player

The success of today is the energy to create the value of tomorrow. Nothing stops KOSPO's effort to become the representative energy company of Korea that realizes sustainable management for better future.

## Clean & Global Company

Under the corporate principle of 'To respect customers and contribute to society through technology innovation', KOSPO envisages to become the 'Clean & Global Company that leads the global energy market'.

Corporate Principle	To respect customers and contribute to society through technology innovation			
Vision	A clean company that leads the global energy market			
Sub- Vision	Internal customer	Business area	Scope of growth	Customer
	Core manpower cultivation, welfare realization	Clean & Global Energy Company	Over 5 trillion KRW of sales revenue by 2011	Reliable and clean company
Management Policy	Profit oriented and fruitful management	Vitality-oriented human management	Open management for labor-human management coexistence	Future-oriented change and innovation
Strategy Pursued	Promotion of change and innovation	Enhancement of corporate value	Optimal operation of business resource	Practice of business management that respects customers
Strategic Task	<ul style="list-style-type: none"><li>• Promotion of sustainable business innovation</li><li>• Creation of dynamic and creative corporate culture</li><li>• Revitalization of knowledge based business management</li><li>• Organization management innovation</li><li>• Establishment of strategic performance management system</li></ul>	<ul style="list-style-type: none"><li>• Securement of long term financial soundness</li><li>• Cost reduction/profit enhancement</li><li>• Operation of profit oriented energy market</li><li>• Enhancement of KOSPO brand value</li><li>• Promotion of overseas projects</li><li>• Promotion of new business</li></ul>	<ul style="list-style-type: none"><li>• Enhanced efficiency of energy operation</li><li>• Promotion of optimal power plant construction</li><li>• Establishment of foundation for digital management</li><li>• Stabilization of advanced quality and safety system</li><li>• Establishment of company-wise risk management system</li><li>• Enforcement of R&amp;D</li><li>• Stabilization of energy fuel and efficient purchase</li><li>• Manpower cultivation</li></ul>	<ul style="list-style-type: none"><li>• Establishment of integral corporate image</li><li>• Development of valid social contribution</li><li>• Establishment of new cooperation model to support middle and small companies</li><li>• Revitalization of employee satisfaction driven management</li><li>• Establishment of reasonable labor-management relationship</li><li>• Active promotion of environment-friendly management</li></ul>

### Corporate Principle

KOSPO has set our corporate principle as 'to respect the customers and contribute to the society through technology innovation'. In order to realize such principle, KOSPO will achieve the expected profit and value of our external customers and realize the humanity that respects the dignity of our employees, based on respect, trust and human-oriented management. Also, we are committed to make further contribution to the development of local communities through execution of technology innovation, environmental and ethical management, and localized management that will become the stepping stone for sustainable growth and enhance our corporate value.

### Vision

KOSPO values our vision of 'Becoming a clean company that leads the global energy market'. Here, the global energy market implies our intention to break out from the limited framework of the existing domestic energy business and to expand the business area to free, open, and non-competitive world market, while leading such market implies our goal to secure market share with low-cost energy production

For KOSPO, 2008 is the year of growth. We will not dwell on our success but continue to put our utmost effort to realize better tomorrow.

by playing a leading and dominant roles in energy market in order to realize the best business index. Also, the clean company implies our intention to realize a reliable company that gains full trust from internal and external customers by achieving profitability, efficiency, responsibility, and moral capacity that satisfies the global standard. In order to accomplish such vision, all employees of KOSPO will put utmost effort to become a reliable company that gains the trust from our customers and realize 5 trillion KRW sales revenue by 2011 and embodiment of 'Clean & Global Energy Company'.

### Business Management Policy

KOSPO has established solid profit-oriented management, vitality-oriented humanity management, open management that pursues mutual benefit of the labor force and management, and future-oriented innovative management as the business management policies. As the specific action plans for those policies, we have selected 25 practice tasks from 4 areas which are pursuit of change and innovation, enhancement of corporate value, optimal operation of business resource, and customer oriented business practice.

## Are you ready?

KOSPO has finished all necessary preparation for realizing the vision for future into today's reality. With the vision of realizing the permanently sustainable energy company, we will focus all our capacity in leading the global energy market. This is our mission for the happiness of mankind as an energy player.



# BUSINESS Player

KOSPO invests for the sustainable future. This is a promise that KOSPO offers for the next generation. As an energy company that seeks for the happiness of mankind, KOSPO will fulfill our responsibilities and duties and deliver sustainable management.

Lee, Sung Sun  
Team leader, HR team of contractor

# NO.1 Energy

The confidence of KOSPO starts from "Faith". It is a strong faith for a success that makes us believe 'everything is achievable'. Such faith drives us to establish a sound financial structure and high reliability, and pursue the world's best energy operation technology R&D to enhance our capacity in the global energy market. It is also the purpose of KOSPO as an energy player.

## Characteristics of Energy Industry

The electricity is a motive force of national economic growth and an inevitable resource in our daily lives. In particular, the electricity is immune to storage or renewal and is hardly replaced by other types of energy.

## Marketability of the Industry

The power generation industry is closely connected with economic growth, although the increase rate of energy power sales had been higher than economic growth and the decrease rate had been less dramatic even during the economic slowdown. The energy consumption peaks during the summer when the demand for cooling increases. Recently, the energy trade during winter has been dramatically increasing due to increased demand for heating and distribution of nighttime electronics.

## Competition

The KEPCO, which was sole player of the monopoly system in the past, was separated of its power generation department on April 2, 2001 which became the foundation of 6 power generation companies including KOSPO that adopted competitive system. KOSPO sells energy production to KEPCO via power exchange market after the competition with the other separated companies and private energy companies. As of 2007, KOSPO accounts for 11.4%(7,766MW) of facility

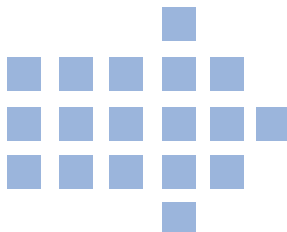
capacity, 13.4%(50,268GWH) of sales volume, and 17.6%(3,721.3 billion KRW) of sales amount in market share.

## Related Industry Status

As the demand for electricity, gas and high quality energy keeps increasing upon the economic development, the on-time construction of energy facilities is a necessity for a stable supply. On the other hand, it is expected that the attainable obligation to reduce the greenhouse gas according to the Climate Change Convention will affect the energy reduction, emission zone trade system, carbon tax, and other policies, and the competitions between the energy sources and between the same energy will accelerate.

## Prospect for Internal/ External Economic Environment Changes

It is expected to be inevitable for companies to establish global greenhouse gas reduction system, and reduce energy consumption as well as fossil fuel dependency. Thus, the development of alternative energy and advancement of energy industry to high tech industry are expected. Also, the energy industry will face full-scale competition and integration with IT industry and e-commerce. Meanwhile, the international oil price is expected to remain upward trend due to intensified competition between the countries to secure resources, and the power supply and gas will increase their shares in energy demand due to the acceleration of high-quality energy demand. The fuels require for the power generation in KOSPO are bituminous coal, LNG, heavy oil, and boiler kerosene, among which the bituminous coal are directly purchased from overseas and others are purchased through a domestic affiliate.



Value Shift



# Innovation for Communication

Owing to the encouragement of the stakeholders, KOSPO was able to grow as the representative energy company of Korea. As such, the seamless communication with the stakeholders is the key in determining the orientation of the sustainable management. KOSPO will put utmost effort to grasp more opportunities for growth by securing the corporate culture that values various stakeholders.



### Communication with Stakeholders

In today's plural society, the significance of sustainable management can be found not only in the increased economic value but also in fulfillment of environmental and social responsibilities. Therefore, it is important for the companies to communicate with related stakeholders and reflect their opinions on corporate management. By means of communication with the stakeholders, the companies will be able to promote increased reliability and value of the company. KOSPO has defined the stakeholders as the groups that interact with the corporate activities. As a result, the stakeholders are classified to employees, KEPCO and investors who are shareholders and customers of energy, the government that governs the state company policy, KPX and affiliates, local governments, and NGO. Various opinions of these stakeholders are

collected through shareholders' meeting, seminars, policy seminars, ombudsman, and other monitoring activities to be reflected in corporate strategy.

### Stakeholder Group Communication Channel and Major Issues

Classification	Communication Channel	Core Topic and Interest
Employee	Meeting with CEO, CEO letter, business status fair, junior board, joint labor-management conference, predicament department, company newsletter, welfare system, satisfaction survey, social contribution activity	Welfare improvement, self-realization, employment guarantee
KEPCO (Shareholder)	General shareholders' meeting, board of directors, energy company presidents' meeting	Maximized shareholders' value
Investor	IR activity, electronic bulletin system	Opening of information
Government	Policy aid committee, various government policies (quorum, budget, etc.)	Securement of public interest, management innovation, anti-corruption, audit, tax
KPX	Trade board of directors, general meeting, various committees(cost evaluation, rule amendment, information opening, system operation support), policy seminar	Seamless power supply trade
Affiliates	Seminar, project promotion meeting, CEO letter, mid and small company policy, satisfaction survey, operation of meeting body	Transparent management, equity, fair business
Local community	Community seminar, Ombudsman system, local aid project review committee	Contribution to local economy
NGO	Chief engineers' meeting, sponsor to social contribution, opinion gathering, hotlines, etc.	Environment preservation, social contribution

### Promotion of Management Innovation

The uncertainties of management environment such as energy supply and sharp increase of price, restructuring of energy industry, and deepening and ever-changing of environmental regulations are expected to continue, which is why all companies must promote continuous innovation for their survival and development. To realize our business goal of reaching 5 trillion KRW of sales revenue by 2011, KOSPO is developing integral innovation activities by developing 'V-KOSPO', a unique innovation promotion system.

### V-KOSPO

'V-KOSPO' is KOSPO's own business innovation model that motivates all employees to participate in the existing innovation activities and workout program, the GE's innovation method. Here, 'V' stands for Vitality, Vision, and Victory. Based on those spirits, we promote 'participating innovation, cultivation of motive power for future growth, and innovation oriented management'. First, we have promoted the vitality of organizations by encouraging all employees to take part in debate culture and no-barrier communication. Through such, KOSPO was able to innovate our business process and system to a new organization culture with 'concise, rapid, confident, and no-wall between departments', and began a new voyage toward the short-term goal of stabilizing global management system. Based on the short term goal, we are promoting the all-time innovation activities by innovating core capacity and management system as a part of our effort to secure global competitiveness. By introducing participation-oriented workout system with practice programs of V-KOSPO innovation activity, we were able to settle the debate culture and enhance the problem solving capacity. Also, we continue to pursue the enforced and performance oriented innovation through action learning and PI(Process innovation). Furthermore, KOSPO has executed empowerment to delegate over 42% of authority to the lower ladder by developing work and role

function restructuring. KOSPO has established innovation committee that identifies the economic, social, environmental and overall corporate performances, and proposes the strategic orientation for effective innovation.



### Impact

As a result of promoting V-KOSPO activity, KOSPO has achieved approximately 61.4 billion KRW worth of business improvement effect through implementation of 237 innovation tasks and approximately 7.5 billion KRW worth of cost reduction through work improvement and proposal system in 2007. Both activities were led by 1,770 employees. Furthermore, we have reached 3 trillion KRW in sales revenue for the first time as an energy company, with net profit of 226.4 billion KRW which was the highest number since the incorporation.

With such contribution to stabilizing the innovation oriented corporate culture, KOSPO received KMAC Grand prize for 2 consecutive years in 2006 and 2007. Furthermore, KOSPO has not only received the best manager award in 2007 but was also selected as the best 5 stage institute for 3 consecutive years in the government innovation assessment.

### Effort for Securement of Motive Power for Growth



KOSPO is pursuing diversification of our energy business by promoting the construction of combined cycle power plants in Youngwol and Andong, and a composite power generation complex that covers bituminous coal, LNG





and anthracite in Samchuk, enhancing renewable energy projects such as the wind power plant which will be the first in Korea as well as the solar energy and fuel cell projects within Hadong and Pusan complex powerplant main offices, and by promoting group energy projects in Songdo complex, administrative capital, and Yangju Okjung as well as overseas areas. Also, for Banwol Combined Heat and Thermal power ESCO project in cooperation with stx Inc. and the economic efficiency of fuel procurement, KOSPO is preparing for direct purchase of LNG and continues to promote certification of greenhouse gas(CO<sub>2</sub>) reduction project and its overseas sales.

Overseas Projects

KOSPO is promoting overseas projects based on technologies accumulated from domestic projects under the goal of creating value. We have dispatched 2 specialists to support test operation at Vemagiri C/C in India, operated the outsourcing master plan establishment for power supply network in Cambodia with KEPCO and established long-term energy development plan and provided energy consulting. Meanwhile, KOSPO is planning to participate in the coal thermal power generation project of Sebukit, Indonesia. Once the project is determined, we will take part in construction management, power plant operation and maintenance. Also,

Overseas Projects in Progress

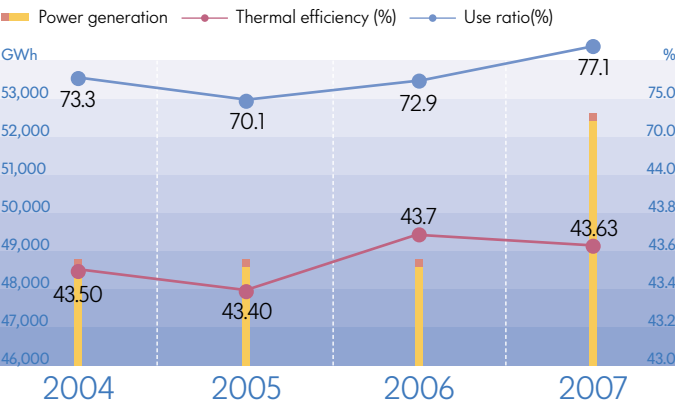
Country	Project Name	Progress
Oman	Duqm Project	Feasibility study completed
Indonesia	Sebukit peat thermal	Agreement with EPC negotiated
	Bintan coal thermal O&M project	Determining participation to project
Libya	National power development plan consulting	Under implementation
China	300MW wind project in Jian Tongyu County	CDM connected project

KOSPO keeps promoting the consulting project of long-term power supply development plan which was performed in Libya with KEPCO as a major outsourcing business.

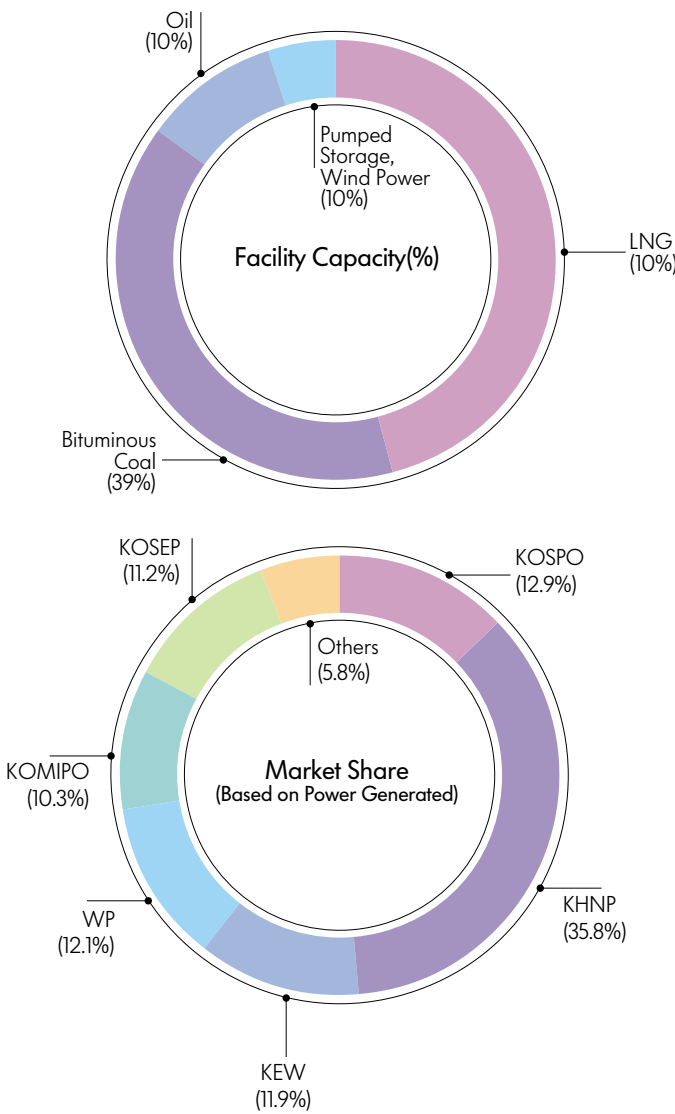
Optimal Operation of Energy Facility

The facility capacity of KOSPO 7,766MW which accounts for 11.4% of total energy facility capacity in Korea(12.9% based on power generation). The main facility of the company is the leak load(4,105MW). Despite the absolute deficiency of base and intermediate load facilities, KOSPO still maintains the highest efficiency level in all areas of energy facility operation including generation volume, thermal efficiency and power plant internal consumption.

Power Generation and Thermal Efficiency



Facility Capacity and Market Share



Improvement of Reliability of Generating Facility

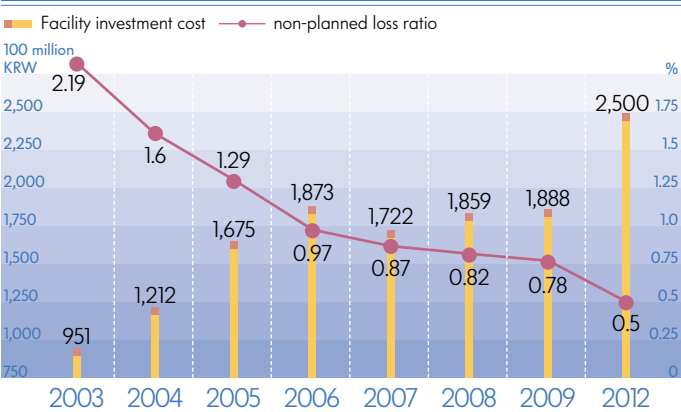
Classification	2007	2008	2009	2016
Non-planned loss(%)	0.91	0.86	0.78	0.5
Number of breakdown by facility	0.2	-	0.1	-

Establishment of Composite Facility Reliability Management System

Under the goals of minimized non-planned loss and zero breakdowns, KOSPO has implemented composite analysis on the emergency breakdowns, output reductions, and intermediate shut-down maintenance occasions for the past 5 years for the first time for an energy company. The company is currently developing maintenance system that is appropriate for specific features of each facility and decisively putting facility investment in order to resolve the fundamental reasons of similar breakdowns that frequently occur. In 2007, the company has established PROMIA sys-

tem to realize the advanced facility reliability management system for energy facilities. This system is a future-oriented composite facility reliability management system that combines the breakdown management, performance management, and real-time facility operation information management in horizontal axis, and prediction diagnosis and prevention system in vertical axis. As a result of such effort, the non-planned loss in 2007 has reduced by 60% from 2.19% in 2003 to 0.87%, which is expected to stay below 0.5% in 2012.

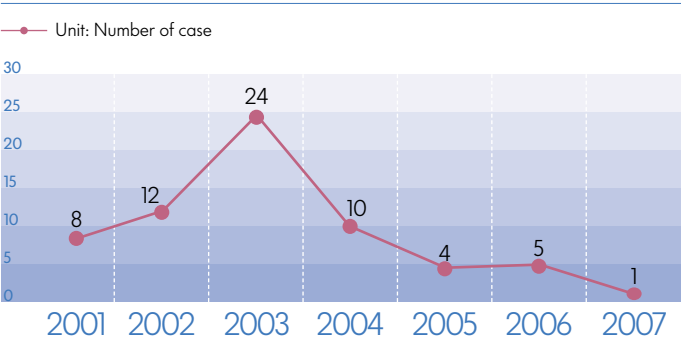
Non-Planned Loss by Year



Highly-Significant Decrease of Emergency Breakdown

The market share of KOSPO for combined cycle power plant in Korea is 48% which is the highest in all domestic companies. The complex generator serves as frequency adjuster and can be operated under extreme conditions such as daily operation from day in and day out, frequent increase/decrease of output. As such, it is accounted for 68% of breakdowns since the corporate separation. By facility, the control card and protective relay for electricity, control facility accounts for 92% of total breakdown occurrences. In order to reduce the breakdown occurrence, KOSPO has optimized the material and maintenance practice of high-temperature parts of combined cycle power plant, replaced the deteriorated facilities after implementing close diagnosis on the energy facilities that have been put to long term operation of over 10 years, reinforced the defect facilities, and tried to prevent possible breakdowns in alliance with maintenance companies and manufacturers. As a result, the break down occurrence has significantly decreased since 2004.

Breakdown Trend by Year





(Unit: Billion KRW)

Promotion of R&D for Prior Occupation of Core Technologies					
Classification	2006 actual	2007 actual	2008 plan	2009 target	2016 target
• Development fee (Including R&D cost)	204	273	300	330	Currently being established
• Vs. revenue Investment ratio(%)	0.62	0.73	0.79	0.84	
• R&D cost	57.4	69.7	87.3	110	Over 350 (yearly 20% ↑)

Prospect for Domestic/Overseas Energy Industry and Energy Technology

The global energy industry is expected to see increased power generation using coal, natural gas and nuclear energy due to limited oil deposits and deteriorated availability. The energy efficiency and clean development are expected to emerge as the core technologies. The domestic power industry is expected to see the conversion to low-growth industrial structure in terms of power demand, while the competition is expected to accelerate due to the participation of private operators in the power generation market. Also, the power network is expected to be built through intellectual power system such as green energy-oriented power systems and electric IT technology.

Technical Development Strategy

KOSPO is promoting technical development in consideration of our technical capability and management conditions. The purpose of technical development is to preoccupy the core technologies in power management area and to accomplish our vision by establishing selective and focused investment strategies through effective use of core capabilities and optimization of technical development operation system.

- \*Priority development of operation technology for power facilities in possession
- \*Cultivation of promising technologies to preoccupy the future market
- \*Technical development that reflects the environmental change in power industry such as Climate Change Convention
- \*Increased energy efficiency and CCT(Clean Coal Technology) promotion in preparation of high oil price
- \*Development and promotion of new power generation systems including securement of renewable energy, near zero emission technology

Operation of Advanced Technical Development System

To reinvigorate technology and R&D, KOSPO has established advanced technical development system in 2007, which is our own technical development operation system to preoccupy the core energy operation technologies through enforcement of R&D organization, introduction and process improvement of 22 new systems, advanced technology sharing, and effective utilization of technical resources. In addition, we plan to completely open R&D operation system by means of securement of strategic operation of internal/external resources and establishment of technical resource infra, and secure the leading R&D manpower up to 6% of total number of employees in order to enforce competitiveness in internal technology.

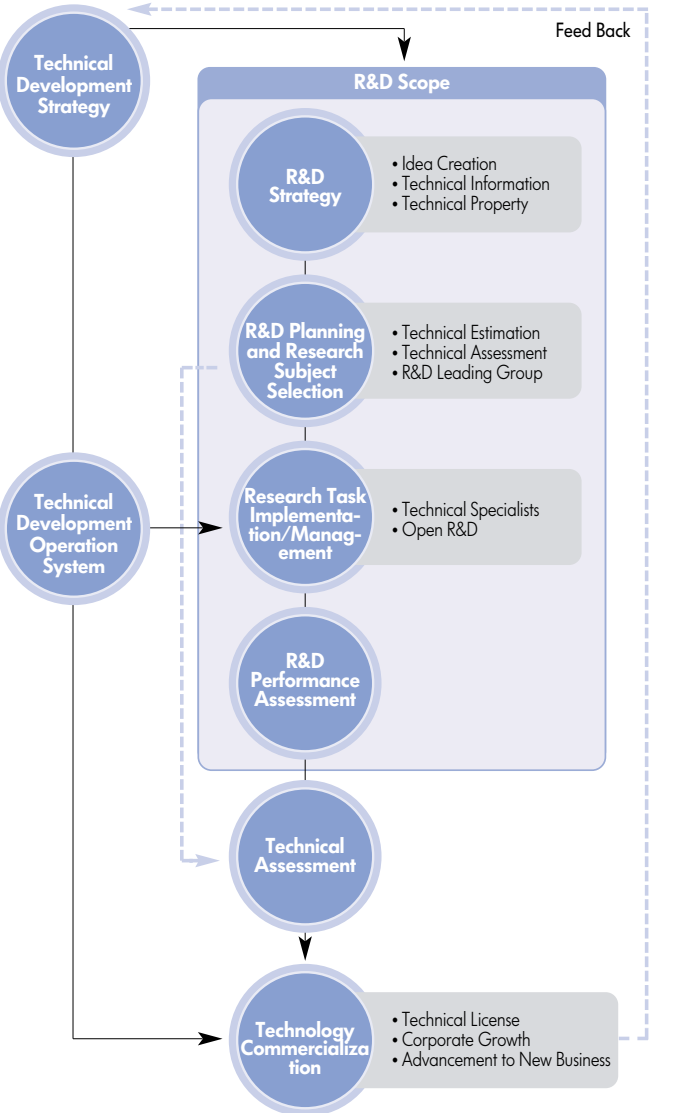
Introduction of Technical Management System

In order to realize corporate vision through selective development operation and priority technical innovation as a result of estimation on the possible changes in domestic and foreign environments, KOSPO has established mid/long-term R&D plan(2005~2014). Also, as a part of our effort to promote consumption-oriented mid/long-term technical development

for the next 10 years as well as enhancement of technical competitiveness and value creation, we operate a technical management system specifically designed for KOSPO.

Priority and Core Technical Development Area

In order to preoccupy core technologies, KOSPO promotes practical R&D by selecting 18 priority development technologies in 4 technical development areas based on our technical development strategy. Also, through systematic cultivation of technical specialists, we continue to accumulate our own technologies that will help us preoccupy the core development operation technologies.



I KOSPO Technology Management System I

Technical Development Area	Technologies to Develop
Generating Facility Operation Technology	6 including Improvement of Reliability
Responsive Technology for Climate Change Convention	2 including Enhancement of Energy Efficiency
Renewable Energy Utilization Technology	6 including Wind Energy
New Development System	4 including Use of Fuel Cell

Public Subscription of Research Task and Research Organization

As a part of our effort to promote the open R&D operation system, KOSPO offers public subscription of R&D task that is in line with our technical development policy through corporate website throughout the year. For the R&D task that is internally proposed, we recruit appropriate R&D organization after technical evaluation.

Intellectual Property Ownership

As of December 2007, KOSPO holds total of 157 intellectual properties including 95 patents, 40 utility models, 6 trademarks, and 16 overseas patents as a result of technical development and intellectual production activities. Among which, 58 cases were registered after corporate separation, and the number of intellectual property registration keeps increasing each year.

Types of Intellectual Properties	Number of Intellectual Properties in Possession	Number of Registration Since Corporate Restructuring
TOTAL	157	58
Patent	95	19
Utility model	40	31
Trademark	6	6
Overseas patent	16	2

Effort to Improve Financial Structure

For a company, the significance of sustainable development lies in increasing the economic value that can be shared by all stakeholders. For this, KOSPO has accomplished the highest sales revenue and net profit among entire Korean thermal energy companies in 2007. By converting the high interest loan to low interest loan to secure the financial integrity, we were able to reduce the average interest rate of the loan to 4.82% and maintain the liability ratio at 61.6%. KOSPO has received the highest AAA rating from Korea's 3 major credit rating companies, A1 from Moody's, and A- rating from S&P, which enabled us to procure high quality fund.

Improvement of Financial Structure and Credit Rating						
Classification	2002	2003	2004	2005	2006	2007
Debt ratio(%)	86.4	84.6	67.9	61.2	52.9	61.6
Loan interest (%)	6.83	6.03	5.14	5.02	4.79	4.82
Credit rating (Moody's/S&P)	-/BBB+	A3/BBB+	A3/A-	A2/A-	A1/A-	A1/A-

Mid/Long Term Financial Estimate Outlook

In addition to the completion of Hadong T/P Div. unit 7 and 8 by 2010, the cost for the construction and various facility maintenance projects for Youngwol and Andong combined cycle power plant and Samchuk composite plant, and overseas project investment for mine development in Australia and Oman is expected to be over 600 billion KRW per year until 2015. The cost required for new construction will be set off by the increase

in energy sales income(internally reserved fund) upon new power plant construction and domestic/foreign loan. Below is the mid/long term investment plan.

(Unit : 100 million KRW)

Classification	2008	2009	2010	2011	2013	2015
Investment	4,683	9,233	4,752	7,396	4,821	10,677

Creation and Distribution of Economic Value

(Unit : Billion KRW)

	2004	2005	2006	2007
Direct economic value created				
① Income	27,431	28,676	33,500	37,455
Economic value distributed				
② Operation cost	19,970	21,657	25,589	28,978
③ Salary and benefit	1,102	1,202	1,221	1,317
④ Capital expense	865	795	871	1,132
⑤ Tax	1,577	836	1,118	1,240
⑥ Investment to local community	73	71	82	96
Economic value reserved				
①-(②+③+④+⑤+⑥)	3,844	4,115	4,619	4,692

Economic Efficiency of Fuel Purchase

KOSPO uses natural resources such as bituminous coal, LNG, heavy oil, and kerosene. The limestone is used for the operation of desulfurized facilities in Hadong and Youngnam thermal plants. The fuel cost accounts for 78% of corporate cost, thus the cost reduction through stable fuel purchase not only affects the operational performance but also the national economy to a great degree. In particular, the company is very active in directly introducing LNG that takes account more than 73% of the total fuel cost. As a part of our effort to overcome the price fluctuation in bituminous coal market, we have saved 18\$/ton in comparison with the international standard cost for bituminous coal purchase through utilization of various purchase strategies(multi-sourcing and index pricing methods) as well as dispersing the timing of entering into coal purchase contract agreement throughout the year.

(Unit : %)

Bituminous Coal Purchase Rate by Nations				
Classification	2004	2005	2006	2007
Australia	40	42	40	29
China	32	21	14	16
Indonesia	18	30	42	45
Others(Russia, Canada)	10	7	4	9

(Unit : US\$/Ton)

Bituminous Coal Price(Based on Australian Coal)		
Nation	Delivery price	Amount saved
International market price	65.48	-
KOSPO purchase price	47.90	17.58



# Risk Management

As an energy company, KOSPO is putting utmost effort in providing stable energy supply. For this, we have adopted a forecast and diagnosis system which is capable of monitoring the working energy facilities that supply the stable energy resources in all directions. Also, to minimize the damage from various disasters and accidents, we not only established the independent safety management system but also prepared a systematic and rapid responsive system with virtual accident trainings by its type.



## Risk Management



KOSPO endeavors to remove or minimize the potential risk factors in advance in order to maintain sustainable business management and enhance the corporate value in this rapidly changing business environment. Such risk management consists of financial, fuel, and facility operation sectors.

### Risk Management System

The final responsibility of the risk management is born by the representative executive, while the specific decision making such as determining the policy and risk limitation is made by the board of directors. Also, the working group that consists of the employees in respective department serves the role of suggesting and identifying such risk limit and reporting to risk management committee. The risk management committee consists of manager level employees report major decisions and reviews to the board of directors.

### Financial Risk

In financial area, securing the resources for power plant construction on time and managing the risk due to foreign exchange rate fluctuation are the two most important works. KOSPO has established the internal foreign exchange risk management policy and systematic and reasonable decision making system in order to remove and minimize the potential risk factors from the uncertain management environment in advance. In particular, during the foreign exchange management committee, an external foreign exchange specialist is invited to provide consulting that could enhance the accuracy of the foreign exchange forecast.

### Fuel Risk

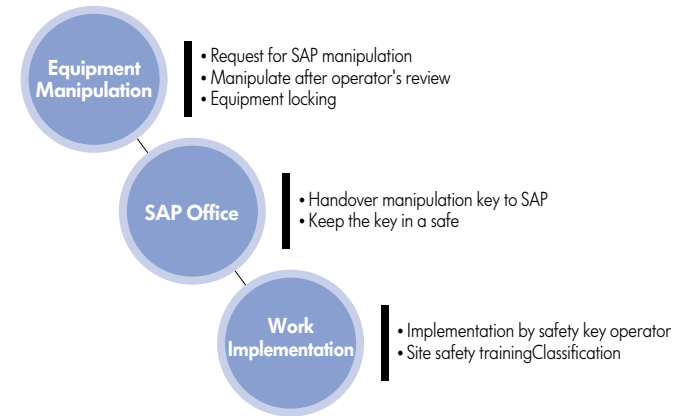
As of 2007, the fuel cost accounts for 78%(2,739.7 billion KRW) of the total cost of KOSPO. To secure the required fuel on time is inevitable for stability in power generation. Such energy fuels, due to high dependency on import, are not only vulnerable to the fluctuations in external procurement environment, but are also exposed to the risk of external factors that are easily affected by price fluctuation. In order to overcome this, KOSPO is actively responding with such strategies by creating portfolio by country through analysis on risk matrix by export countries, diversification of import source, and reduction of dependency on unit supplier. Also, we are maintaining the ratio of the long term contract for the coal purchase and transport to be over 70% of the total contract, in order to provide stable procurement and overcome price fluctuation. As a part of our effort to secure stable energy procurement source, KOSPO is actively participating in joint development of overseas resources with other GENCO companies.

### Facility Operation Risk

Under the goals of minimized non-planned loss and zero breakdowns, KOSPO has established the integral facility reliability management system such as our own unique maintenance system and specialist cultivation system. Also, we have improved the IT based fault diagnosis technology and adopted the forecast and diagnosis system that monitors the facilities that are vulnerable to frequent breakdowns. As a result, the non-planned loss in 2007 has decreased to 0.87% from 2.19% in 2003, and the number of breakdown occurrences has decreased from 24 by 1.15 power plants, which are the highest among all Korean energy companies, have accomplished no breakdown operations for a long period.

### Establishment of Safety Management System

In order to minimize the damage from various disasters and accidents, KOSPO has established a systematic and rapid emergency response system by operating emergency response measures by its type and conducting the virtual accident training at all times. Major energy facilities and equipments are specified as special management facility and undergo regular safety diagnosis and close examinations. Also, all business places have established safety management system with KOSPO 18001(Safety and Health Management System) certificate. According to the new workplace safety system that is promoted by KOSPO, the central control center which is the core facility of the plant is operated by SAP(Senior Authorized Person) office that executes the electric safety manager's role at workplaces, including preliminary risk evaluation prior to operation, organizational process review, issue of safety policies and approval of machine manipulation. Also, Key Lock system is applied to the types of works that are easily exposed to human and facility damages due to high temperature, high pressure, and electricity-related accident. The Key Lock system provides real time control that will enhance the safety in the workplace. As a result of our effort, we have accomplished zero disaster due to safety accident and survived natural disasters that have recently occurred such as typhoons or localized downpours.



Classification	Hadong	Shin incheon	Busan	Young nam	Cheong pyeong	Nam jeju	Hallim
Multiples achieved	2 time	8 time	5 time	10 time	12 time	20 time	15 time
Date achieved(plan)	(08.09.15)	(07.11.26)	08.03.23	07.12.31	08.01.11	(08.08.28)	(08.06.16)
Number of days until achievement (As of 07.12.31)	262	2,951	1,677	4,081	5,529	9,686	6,760



# Think Tomorrow

The reason for KOSPO not slowing down with current accomplishments is for better tomorrow. We will continue to exert to develop and manage the energies that are required for the national development and enhanced quality of life of the people in environment-friendly manner. At KOSPO, we think of tomorrow.

## Environmental Management Overview

### Power Plant and Environmental Impact

The environmental pollutants generated during the electricity production can be classified to air pollutant, water pollutant and waste, at large. The air pollutants that are generated during fuel combustion in boiler include sulfur oxides, nitrogen dioxides, and dust, while the water pollutants that are generated during the demineralized water production and boiler water quality control and the operation of desulfurization facility including COD(Chemical Oxygen Demand) and SS(Suspended Solids). In order to reduce the air pollutants, KOSPO is exerting to reduce the emission concentration and emission volume by installing the state of art desulfurization, de-NOx facilities, and electric precipitator, and disposing the water pollutants in desulfurize waste and water treatment facilities and general waste treatment facilities that are installed in each power plant. Various types of wastes that are generated during the power plant operation are either recycled or used as the resources to the greatest extent in order to comply with the government policy for the construction of resource circulation society. Also, we recycle the ash as the cement raw material, which allows us to reduce the landfill and secure profit through the additional sale.

### Environmental Vision and Strategy

KOSPO pursues the sustainable development by minimizing the pollutant emission through establishment of systematic environmental management system and sustainable environmental improvement activities. Also, we are committed to become a corporation that actively response to the Climate Change Convention, by means of reduction of greenhouse gas emission, development of greenhouse gas capture and storage technology, and improvement of facility efficiency. Furthermore, we will become a corporation that fulfills the social responsibility of a corporate body that loves the nature and environment, by creating parks within the thermal power plants and making the environment-friendly thermal power plan. For this,

we have established our environmental vision of Realizing Envi-Clean Company that leads the sustainable business management and announced the environment policy that sets for the action plans back in October 2003.

\*Envi -> Implies Environment + Envy



# ECO Player

KOSPO is well aware that the continuous investment and interest in the preservation of our environment is the beginning of the sustainable energy development. This is why the environmental management system should be the core motive power for KOSPO in our pursuit of the sustainable business management for the next generation and the entire society.





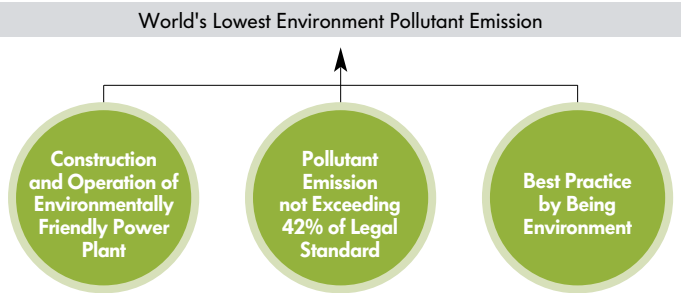
Establishment of Long/ Mid Term Environment-Friendly Management Plan

In order to respond to the domestic and overseas environment changes and to realize sustainable development, KOSPO has established Long/Mid term environmental Management Master Plan in August, 2007. We will continue to establish specific targets by phase for reduction of pollutant emission, recycling, and development of new renewable energy, and exert to realize them.

Environmental Goal

We will reduce the emission density of sulfur dioxides and nitrogen oxides by 10~33% and 10~50%, respectively, for each business place by 2012 vs. 2006. For greenhouse gas reduction, we will first establish the long/mid term target and then further set up the responsive measures according to the future government policy. In terms of waste recycling, our goal is to achieve the recycling rate for ash of the coal recommended by the government and to recycle the entire volume of desulfurized plaster.

World's Lowest Environment Pollutant Emission Eco-Action



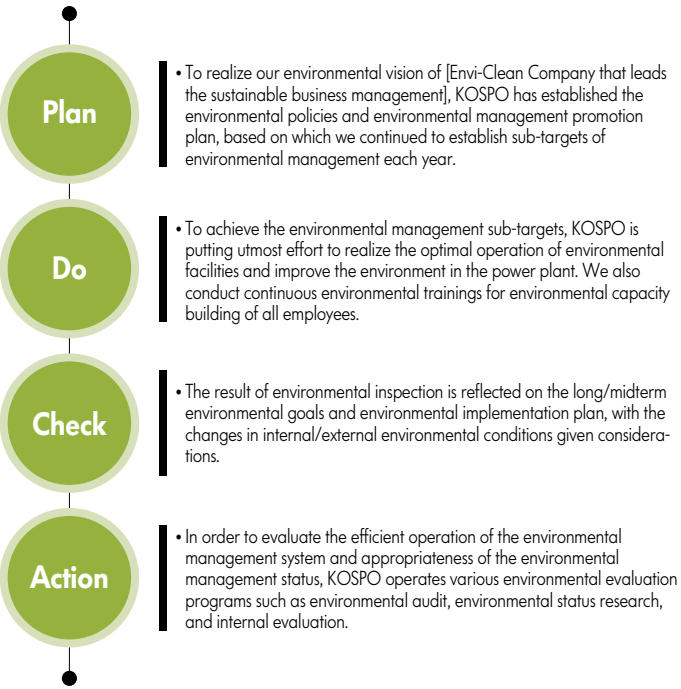
Mid/Long Term Environmental Pollutant Reduction Target and Investment Cost				
Classification		2007	2009	2012
Minimization of pollutant emission	Sulfur oxides(g/KWh)	0.133	0.121	0.118
	Nitrogen dioxides(g/KWh)	0.229	0.252	0.224
	Dust(g/KWh)	0.009	0.005	0.005
	CO <sub>2</sub> (g/KWh)	0.629	0.652	0.653
Resource recycling	Ash(%)	57	70	72
	Desulfurized plaster(%)	98	100	100
Investment to environmental facility	Investment(billion KRW)	38.25	215.7	23.1
Investment to new renewable energy	Investment(billion KRW)	72.3	170.0	TBD

(Unit : %)

Resource Recycling Target				
Classification	Actual	Target		
	2007	2009	2012	2016
Fly ash	57	70	72	75
Desulfurized plaster	98	100	100	100

Environmental Management System

Environmental Management System(EMS) consists of [Plan→ Do→ Check] system to induce the environment improvement in a continuous and systematic fashion.



Operation of Environmental Audit System

In order to minimize the environmental management risk by evaluating the efficient operation of the environment management system and appropriateness of the environmental management, KOSPO conducts annual environmental audit.

The environmental audit is enforced for post management purpose in relation with certification of the ISO 14001 and designation as environment-friendly plant. The audit consists of internal audit(independent session) and external audit. The result of this audit is either corrected at once or reflected on the long/mid term environmental goals and annual implementation plan for further improvement, depending on each case.

2007 Audit Result				
Classification	Power Plant	Number of Case Indicated	Details of Indications	Remark
Environment-friendly corporate performance evaluation	Shinincheon, Hadong	None	None	-
ISO 14001 certificate renewal appraisal('06)	HQ, Hadong, Shinincheon, Youngnam, Busan	None	Proposal for improvement (13 cases)	ISO 14001 Internal audit
ISO 14001 Internal audit	All locations	51 cases	Complaint (24 cases) Observation (27 cases)	
Inspection by external organization	All locations	None	None	-
ISO 14001 External audit	All locations	-	Proposal for improvement (18 cases)	

Environmental Impact Survey

According to the Article 25 of Law on Environmental Impact Evaluation on Environment, Traffic and Disaster, KOSPO has implemented environmental impact survey and reviewed the performance of the business that are subject to the environmental impact evaluation agreement. The survey result is reported to the government approval authority(Ministry of Commerce, Industry and Energy) and conference group(Local Environment Center) of the Ministry of Environment.

※ **Environmental Impact Survey Period** : From the ground breaking to 5 years from the completion or until the time agreed with the Ministry of Environment

Voluntary Environmental Management Agreement

KOSPO is putting utmost effort to comply with environment related laws such as air environment, water environment and waste. Hadong T/P Div. and Youngnam T/P have entered into the voluntary environmental management agreement with the Ministry of Environment, while Shinincheon C/C Div. has entered into the voluntary environmental management agreement with the local government. As such, KOSPO is minimizing the emission of environment pollutant with even more strict standards than the legal limit.

Power plant	Classification	Subject	Date contracted	Valid period	Partner
Hwadong	Voluntary environmental management agreement	NOx	2005.10.28	2006.1~2010.12	Ministry of Environment
Shin incheon		NOx	2004.11.26	2005.1~2009.12	Incheon Local Government
Youngnam		SOx, NOx, dust	2006.3.29	2006.1~2010.12	Ministry of Environment

Designated as the Environment-Friendly Plant

As a result of our continuous effort to realize our environmental vision of 'Envi-Clean Company that leads the sustainable management', Hadong T/P Div., and Busan C/C Div. were designated as the environment-friendly plant by the Ministry of Environment.

Power Plant	Date Designated	Valid Period	Designator
Hwadong	2008.1.23	2008.1.22 ~ 2013.1.21	Ministry of Environment
Shinincheon	2008.2.19	2008.2.18 ~ 2013.2.17	Ministry of Environment
Youngnam	2006.12.27	2006.12.27 ~ 2009.12.26	Ministry of Environment

ISO 14001(Environmental Management System) Certificate

To realize advanced environmental management, KOSPO has established the environmental management system with KOSPO HQ and all workplaces acquiring the ISO 14001 certificates, an advanced environmental management system, all simultaneously in December 2003 for the first time in Korea. Since then, KOSPO has been continuing the effort to maintain the environmental management system certificate and was recertified with ISO from the authorized certification grant organization in December 2006.



ISO 14001 Letter of Appointment

Beautiful Power Plant Campaign

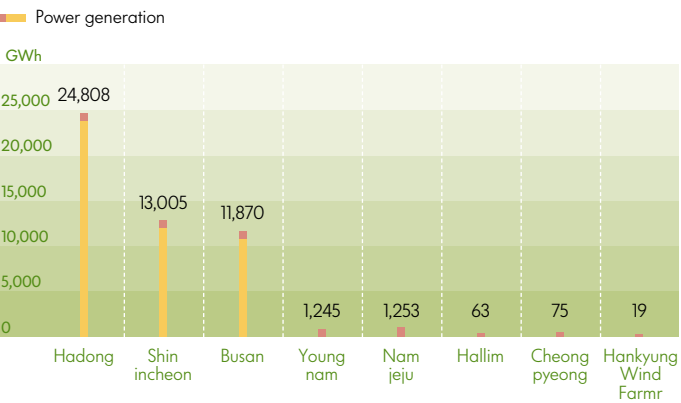


Night View of Main Office

To secure safety in plant site, improve the work environment, maintain clean workplace, and create the workplace filled with love, trust and happiness by destroying the walls between different classes, KOSPO promotes 'Beautiful Power Plant Campaign'. The major contents of the campaign are My-Machine system that promotes all employees to participate in 1 on 1 facility love campaign, garden decoration by team, and clean workplace, facility love through workplace improvement, family affairs through family events along with the settlement of safety culture, and company love campaign through breaking down the barriers between the employees and making the best workplace movement.

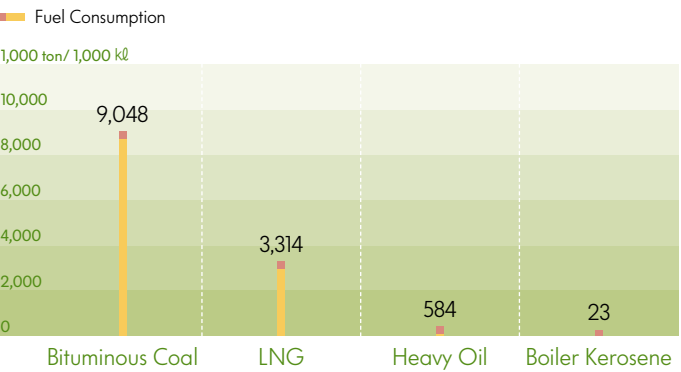
Power Generation

The power generation in 2007 was 52,337GWh which has increased by 3,759GWh(7.7%) from last year. The power generated from Hadong, Shin Incheon, and Pusan plants reach 49,638GWh, which accounts for 84.8% of the total power generation.



Fuel Consumption

2007 fuel consumption can be broken down into 9,048 thousand tons of bituminous coal and 3,314 thousand tons of LNG, which increased by 280 thousand tons(3.2%) and 277 thousand tons(9.1%), respectively, due to increased power generation.





Effort to Minimize Environmental Impact

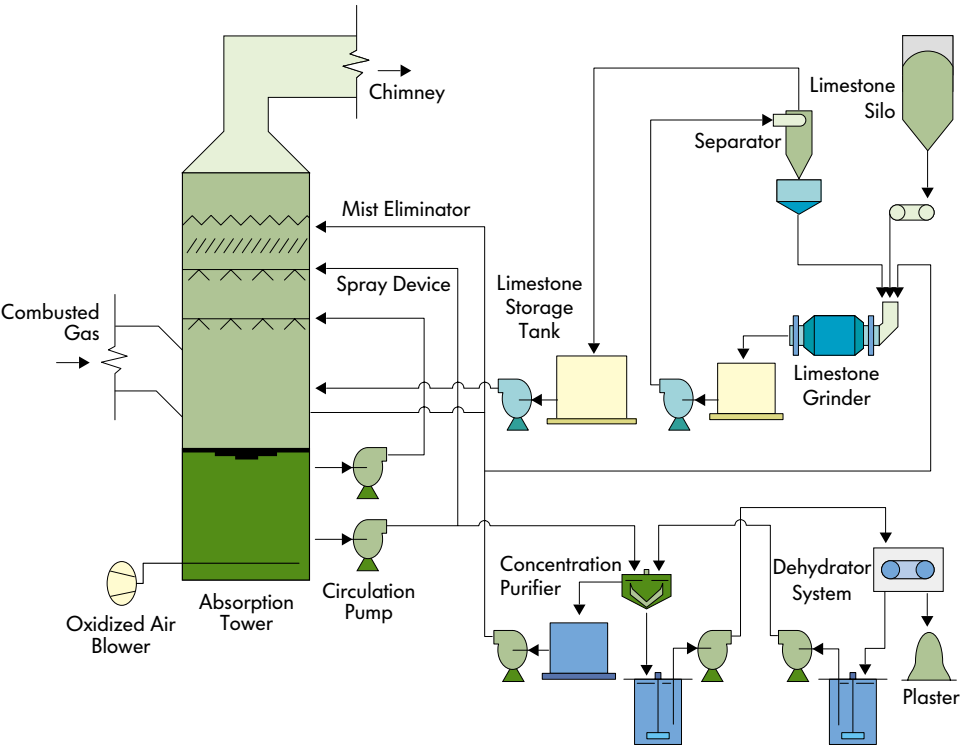
Minimization of Air Pollutant Emission

The air pollutants that are generated during the power generation include sulfur dioxide, nitrogen oxides, and dust. KOSPO, in order to minimize the emission of air pollutants, have installed the newest flue gas desulfurization facility systems and electric precipitator in the coal power plants including Hadong T/P Div., unit 3 and 4 in Namjeju T/P, and Youngnam T/P, Shinincheon C/C Div. and Busan C/C Div. are using the clean energy, LNG, and Namjeju diegel engines are using low-sulfur heavy oil.

Also, in order to reduce the nitrogen oxides, KOSPO has installed the latest SCR type De-NOx facilities in unit 1~6 in Hadong T/P, unit 2 in Youngnam T/P, unit 1~4 in Namjeju diegel engines , unit 3~4 in Namjeju T/P. Shinincheon C/C Div. and Busan C/C Div.that use the clean energy of LNG have also installed the world's newest dry low-nitrogen burner, in order to reduce nitrogen oxides.

Furthermore, KOSPO is planning to install the latest flue gas desulfurization facility, de-NOx facility(SCR), and EP. In unit 7 and 8 of Hadong plant to minimize the air pollutant emission.

※ **SCR** : Selective Catalytic Reduction



| Flue Gas Desulfurization Facility Overview |

Yellow Plume Reduction Facility

The combined cycle power plant that are located in the metropolitan areas have caused the yellow plume during the operation from start up to shut down that led to the civil appeals from the local community and caused difficulties in stable operation of the Gas Turbine.

In order to solve such problem, KOSPO has developed the yellow plume reduction technology for the first time in the world and installed the yellow plume reduction facility in all units within Busan C/C Div.. All units in Shinincheon C/C Div. are also being installed with such facility.



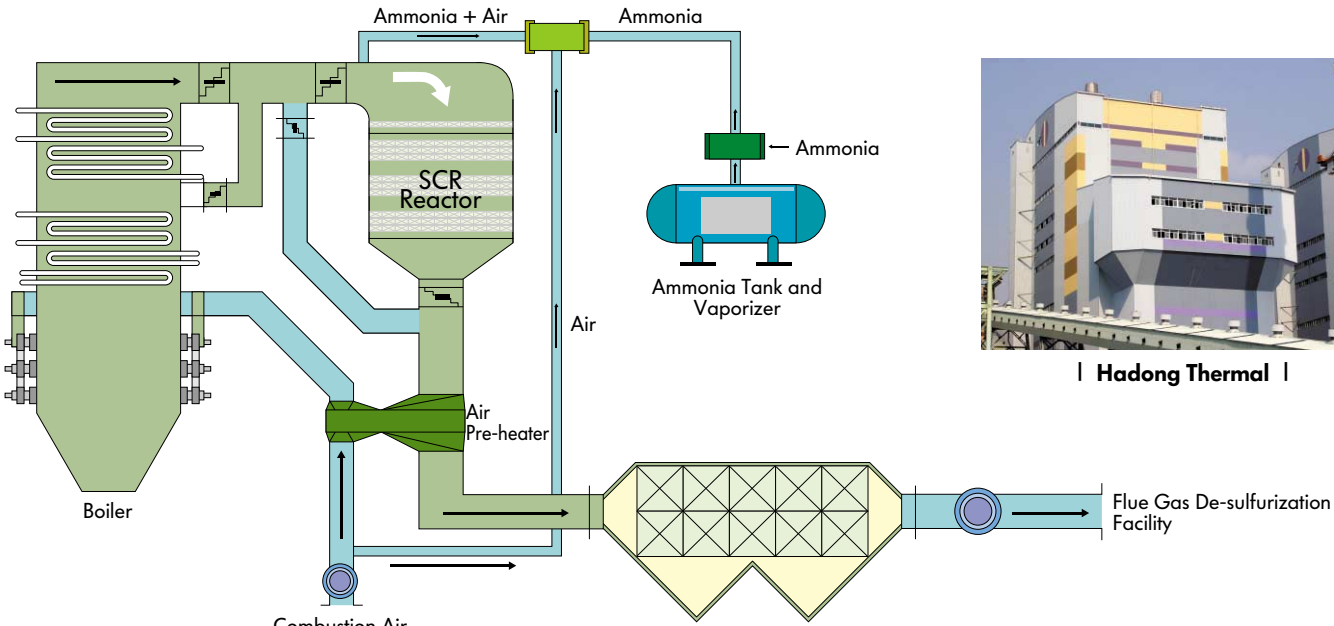
| Flue Gas Reduction Facility in Shinincheon C/C Plant |

SOx Emission												
Power Plant		Emission Allowance(ppm)		Emission Density(ppm)				Emission Unit(g/KWh)				Protective Facility
		Until 2005	Since 2006	2004	2005	2006	2007	2004	2005	2006	2007	
Hadong	#1~#6	100	100	35	27	28	29	0.265	0.202	0.214	0.249	Flue Gas
Youngnam	#1, 2	180	180	44	37	33	33	0.322	0.266	0.242	0.344	Desulfurization
Namjeju	Steam power #3,4	-	70	-	-	14	18	-	-	0.314	0.158	System
	Interior	270	270	68	99	99	118	1.322	1.977	1.745	1.088	Uses low-sulfur heavy oil
Hallim	#1, 2	270	270	11	12	6	8	0.094	0.104	0.046	0.095	Uses kerosene

※ **Shinincheon C/C, Busan C/C** : Excluded from SOx regulation    ※ **Completion of Namjeju Steam #3, 4 construction** : 2006. 9(#3), 2007. 3(#4)

NOx Emission												
Power Plant		Emission Allowance(ppm)		Emission Density(ppm)				Emission Unit(g/KWh)				Preventive Facility
		Until 2005	Since 2006	2004	2005	2006	2007	2004	2005	2006	2007	
Hadong	#1~#6	250	250	127	109	88	44	0.694	0.600	0.483	0.270	De-NOx facility
Shin incheon	#9~16	150	150	22	18	16	17	0.169	0.141	0.128	0.144	Dry-Low NOx Burner (Water Injection)
Busan	#1~8	150	150	13	12	11	10	0.087	0.079	0.073	0.065	Low NOx Burner(SNCR)
Youngnam	# 1	250	250	178	175	149	176	0.886	0.875	0.744	1.226	LNA
	# 2	150	150	140	108	105	113	0.778	0.601	0.585	0.827	SCR
Nam jeju	Steam power #3,4	-	70	-	-	26	33	-	-	0.420	0.202	SCR
	Interior	600	600	662	424	423	396	9.278	6.071	5.380	5.085	SCR
Hallim	#1, 2	400	400	231	222	194	224	1.416	1.381	1.166	4.146	Water Injection

※ **LNA**: Low NOx Atpmizer, **SNCR**: Selective Catalytic Reductoin    ※ **Namjeju Thermal Steam Plants unit 3, 4 construction completed**: 2006.9(unit 3), 2007.3(#4)



| De-NOx (SCR) Facility System Chart |



| Hadong Thermal |

Dust Emission												
Power Plant		Emission Allowance(mg/Sm³)		Emission Density(mg/Sm³)				Emission Unit(g/KWh)				Preventive Facility
		2005	2006	2004	2005	2006	2007	2004	2005	2006	2007	
Hadong	#1~#6	40	40	3	3	4	5	0.007	0.008	0.009	0.017	Electric precipitator
Youngnam	# 1, 2	40	40	4	6	3	2	0.011	0.015	0.008	0.008	Electric precipitator
Nam jeju	Steam power #3,4	-	20	-	-	1	2	-	-	0.010	0.006	Electric precipitator
	Diegel engine	40	40	8	8	7	8	0.055	0.053	0.040	0.046	Electric dust collector
Hallim	#1, 2	40	40	5	4	3	3	0.014	0.011	0.009	0.016	Uses Kerosene

※ **Shinincheon , Busan**: Excluded from dust regulation  
※ **Namjeju T/P unit 3,4 construction completed**: 2006.9(unit 3),2007.3(unit 4)



Water Treatment



Desulfurization Waste Water Treatment Facility in Hadong Thermal Plant

Minimization of Environmental Impact Through Waste Water Treatment

For the appropriate treatment of waste water during boiler water quality control, de-mineralized water production and desulfurization facility operation, we are operating general waste water treatment facility and desulfurization waste water treatment facility, respectively.

Drainage Management of the Warm Sea Water

The electricity is produced with high temperature and high pressure steam, which is then reused as water after condensation process. At this time, KOSPO uses the sea water as the cooling water that condensates the steam, and maintains the appropriate control of usage volume and the temperature difference between water intake/out take.

Chemical Use

KOSPO is using 15 types of chemicals in corrosion prevention, de-mineralized water production and waste water treatment in plants. Such chemicals used in various water treatment processes are converted to non hazardous substances after waste water treatment process. KOSPO continues to exert to maximize the efficient use of chemicals and minimize the environmental impact, and implements non-injection of hydrazine, use of high efficiency flocculant, improvement of facility preservation scheme, and development of alternative chemical process.

Usage of Chemicals			
Name	Usage	Name	Usage
hydrochloric acid caustic soda	• Water treatment Facility De-mineralized Water Production • Condensed Water Polishing Plant: Boiler Water Purification • Waste Water Treatment Facility: PH control	Hydrazine Ammonia Water Sodium phosphate	• Boiler water treatment: Anti-corrosion
Coagulant aids Aluminum sulfate	• Water Treatment Facility: De-mineralized Water Production • Waste Water Treatment Facility: Turbidity Element Removal	Sodium Carbonate Sodium Metabisulfite Sodium Hypochlorite	• De-sulfurization Waste Water Treatment Facility: Heavy Metal and COD Removal
Anti Foam Agent	• Discharge channel for foam removal	Ferrous Sulfate Monohydrate	• Sea Water Treatment for cooling: Anti-corrosion
Chlorine Dioxide	• Drinking Water Treatment: Sterilization	Seed for microorganism	• Sewage Treatment: BOD removal, etc

Mid/Long Term Chemical Reduction Plan

Introduction of the Newest Water Treatment Technology - Hydrazine non-injection, Oxygen Treatment, etc.	Process Improvement - Improvement of De-sulfurized Water Supply
Development of Chemical Alternative Process - Change of Flocculent Chemicals	Improvement of Facility Preservation Scheme

Noise and Soil Pollution Management

As a part of our effort to control noise in power plant, KOSPO is operating our plants in lower emission level than the emission level allowed by law by installing various facilities within the buildings and placing silencers and soundproofing walls in power plants. Also, we heavily focus on soil pollution control through regular soil pollution inspection on the oil tank surroundings by national certified organization.

Power Plant	Test Subject	Test Item	Test Result	Test Organization
Hadong	Oil tank	TPH		Research Institute for Agriculture and Life Science, Gyeongsang National University
Busan	Oil tank	TPH	Appro- priate	Environmental Management Corporation
Youngnam	Oil tank	TPH		Korea industrial certification Institute
Namjeju	Oil tank	TPH		Institute of Health and Environment of the local government
Hallim	Oil tank	TPH		Natural Environment Research Institute

※ TPH : Total Petroleum Hydrocarbons  
※ Shinincheon C/C Div. : No oil tank

Wastes and By-products Recycling

In power plants, approximately 30 types of wastes including ash that is generated after coal combustion, desulfurized plaster which is a by-product of desulfurization facility, waste oil that is generated from the plant facility maintenance, waste lags, and waste synthetic resins. To utilize these wastes as resource and dispose them in accordance with law, KOSPO currently recycles 12 types of wastes including waste lime and desulfurized plaster, and outsource the treatment of non-recyclable wastes such as ash and waste lags to certified disposal companies.

Major Wastes Generated from Power Plant

• General waste	- General waste, waste water slime, heavy oil ash, desulfurized slime, waste refractories, waste lags, waste synthetic rubber, waste synthetic resin, waste activated carbon, waste concrete(construction waste in business place), etc.
• Specified waste	- Waste oil(liquid, solid), waste paint, waste acid, waste solvent, etc.

PCBs(Poly-Chlorinated Biphenyls) Management

Since the voluntary agreement with the government to eradicate PCBs in October 2004, KOSPO has been exerting to eliminate the usage of domestic PCBs by 2015. In particular, we have contributed to the establishment of PCBs waste treatment system by participating in PCBs safety treatment appraisal committee which was hosted by the government and served as industry representative. And we have continue to promote 9 PCBs related research tasks in cooperation with the Ministry of Environment and other energy groups from 2005 to 2007.

Ashes and De-sulfurized Plaster Recycling

Ashes generated at Hadong T/P Div. are used for various purposes including concrete additive, raw material for cements, and landfill material. However, the plant continues to expand the demand in order to increase the recycling ratio. The entire amount of desulfurized plaster that is generated from the desulfurization facility is recycled as the material for cement and plaster board.

Reclaim rate of products sold and their package materials

KOSPO's product is the electricity, and unable to be packed.

Investment in Environmental Facility

KOSPO has been continuously investing in the installation of environmental facilities. In particular, we have invested approximately 65.9 billion KRW of environmental cost in the design and installation of De-NOx facility in Hadong T/P Div. unit 1~6 and the installation of yellow plume reduction facility in Busan C/C Div. We will further invest approximately 100 billion KRW including 93.7 billion KRW in the installation of environmental facility during the construction of Hadong unit 7 and 8.

Classification of Environmental Cost

• Environmental investment cost	- Installation , maintenance and environment improvemental cost
• Environmental facility operation cost	- Electricity, water supply , ash recirculation , chemical , labor , emission tax, waste treatment , environmental meter, maintenance cost, etc.
• Environmental technology development cost	- R&D , survey , training cost, etc.

(Unit : Billion KRW)

Environmental Cost by Year

Classification	2005	2006	2007	Remark
Environmental investment cost	89.8	511.8	382.5	Installation cost for environmental facilities such as desulfurization and denitrification
Environmental facility operation cost	327.2	344.7	393.9	Facility operation cost
Environment related R&D cost	3.8	11.7	9.8	Environment related R&D cost
TOTAL	420.8	868.2	786.2	

Promise for Environment

In order to secure the foundation for future growth and to establish the reliable corporate trust that contributes to the development of local society based on harmony between the energy plant and surrounding environment, KOSPO has established our environmental vision as 'Realization of Envi-Clean Company that leads the sustainable business management', and announced the environmental policy that serves as the action guideline for all employees in April 2005.

Environmental Policy

Realizing that 'Environment is both source and foundation of life', KOSPO is committed to produce environment-friendly electricity and has established the following environmental policies to stabilize the environment-friendly conditions.

1. To pursue realization of 'sustainable development' that pursues both environment preservation and economic growth as the principle of our environmental policy, and to continuously promote regular environmental impact evaluation and improvement activities for all business processes.
2. To clear the roles and responsibilities of each organization for prevention of environmental pollution and to induce all employees to become the environment guards through environmental consciousness training.
3. In operating the power generation facilities, to establish more strict management target and to minimize the pollutant emission in order to comply with the applicable laws, regulations, and agreements with the local governments.
4. To secure transparency and reliability of our environmental management in power generation business by establishing the opening environmental management system and opening the environmental information to the public.
5. To construct the resource recycling society and to lead in the creation of that grows together with the local society by taking account of utilization of wastes as the resource from the beginning and maximizing the recycling practice.

In recognition of the fact that the achievement of such environmental management policy depends on the solid will and sense of responsibility of all our employees as well as CEO, affiliates, and contractors, we will continue to practice to the best of our abilities and lead in creating the community with local societies as a part of our sustainable community support project.

2007. 8 President of KOSPO



# Climate Change and Response

Our vision of 'Leading the world energy market through technical innovation' pursues clean environment. And, the pursuit of clean environment is leading to environment oriented business management based on our solid sense of responsibility for environment. As our effort to respond to the Climate Change Convention, KOSPO has established long/mid term roadmap and continues to focus our ability on technical innovation that will reduce the greenhouse gas and energy as well as development of new renewable energy.

## Establishment of Responsive Foundation for Climate Change Convention

Upon the effectuation of Climate Change Convention Kyoto Protocol that set for the due period of greenhouse gas reduction for advanced countries in February 2005, it is expected the greenhouse gas reduction obligation will be effectuated in Korea from 2013 and the government has organized the countermeasure teams for 8 major industries including power generation and steel etc. The government has established integral countermeasure that includes the operation of Climate Change Convention countermeasure committee, establishment of greenhouse gas emission statistics, development of alternative energy, and development of greenhouse gas reduction technology. In order to respond to the Climate Change Convention, KOSPO has been actively participating in trading model project of the greenhouse gas reduction and voluntary reduction convention project that are led by the government. In the mean time, we are also putting our utmost effort to develop our own CO<sub>2</sub> reduction technology and alternative energy.

Establishment of Responsive Foundation for Climate Change Convention	Enhancement of Responsiveness to Climate Change Convention
<ul style="list-style-type: none"><li>• Establish energy reduction technology database</li><li>• Study greenhouse gas reduction potential and reduction technology</li><li>• Develop greenhouse gas emission calculation guideline</li><li>• Participate in virtual trade for greenhouse gas emission zone</li></ul>	<ul style="list-style-type: none"><li>• Participate in Energy industry countermeasure committee of Ministry of Commerce, Industry and Energy</li><li>• Participate in Energy specialists forum</li><li>• Implement Climate change countermeasure team of KORCHAM</li><li>• Secure Korea's largest LNG complex thermal power plant (Up to 48% of total energy facility capacity in Korea)</li></ul>
Expansion of New Renewable Energy and Promotion of CDM Business	Development of New Renewable Energy
<ul style="list-style-type: none"><li>• Promote expansion of new renewable energy(wind energy) -Invest 165 billion KRW by 2008</li><li>• Promote CDM business -Hankyung wind farm phase 2(completed), Sungsan wind farm, Taebaek wind farm</li></ul>	<ul style="list-style-type: none"><li>• <b>Hankyung wind power Phase 1 · 2:</b> completed in 2004.3 and 2008.2</li><li>• <b>Sungsan wind power, Taebaek wind power:</b> Under construction</li><li>• <b>Pyeongchang wind farm, Jeju Namwon wind farm:</b> Under feasibility study</li><li>• <b>Hadong small scale hydro power:</b> Under the review of construction master plan</li></ul>

## Emission of CO<sub>2</sub> and Ozone Depleting Substance

The total volume of emitted greenhouse gas in 2007 was 32,891 thousand tons, while there was no ozone depleting substance such as CFC, HCFC, halon, or Methylbromide were found.

KOSPO CO <sub>2</sub> Emission Status				
Classification	2004	2005	2006	2007
Volume generated(GWh)	48,434	46,482	48,578	52,338
Volume emitted(thousand tons)	30,943	30,125	30,646	32,891
Unit volume emitted(g/KWh)	0.639	0.648	0.631	0.628

※ The above table is the performance of all business places of KOSPO.

CO <sub>2</sub> emission by Energy in Korea			
Classification		Amount emitted(million tons)	Share(%)
Fuel com-bustion	Energy industry	165.0	33.7
	Manufacturing and construction	148.5	30.3
	Transport	96.6	19.7
	Mining and others	74.4	15.2
Fugitive emission	Coal mining	1	0.2
	Oil and natural gas	4.8	1.0
TOTAL		490.2	100.0
KOSPO		30.9	6.3

## Establishment of Greenhouse Gas Monitoring System

KOSPO has established 'Greenhouse gas monitoring system' in 2006 in order to secure accurate CO<sub>2</sub> emission volume and statistics. Also, in order to secure data reliability, we are applying IPCC(Intergovernmental Panel on Climate Change) and using the greenhouse gas reduction effect analysis to induce economic and efficient facility investment. Such analysis result will be utilized as the response data for the Climate Change Convention related policies such as obligatory reduction allotment and greenhouse reduction performance.

## Establishment of Long/Mid Term Roadmap for Climate Change Convention

In order to establish a responsive strategy to the Climate Change Convention, KOSPO has been establishing "Long/Mid term roadmap for Climate Change Convention" since August 2007, which includes long/mid term roadmap, establishment of action plan, establishment of reduction target, identification of greenhouse inventory, and identification of reduction potential. The advantage of identification of greenhouse gas inventory is that it allows us to identify the greenhouse gas emission volume and the reduction potential very specifically in establishing the reduction target, which can be utilized as base data in promoting the reduction projects.

## Internal Emission Trading MOU

On February 15, 2006, KOSPO has entered into MOU for implementation of internal emission trading system with the Ministry of Commerce, Industry and Energy, as a part of our joint-response to the Climate Change Convention. The internal emission trading system is conducted by companies on a voluntary basis to manage and reduce the greenhouse gas. This system induces the companies or business places to participate in trading their emission zones according to the internal reduction target and performance.

## Greenhouse Gas Reduction Project and CDM Project

KOSPO is actively responding by participating in Climate Change Convention working group, establishing greenhouse gas management system, developing greenhouse gas reduction technology, and promoting CDM project. Among the greenhouse gas emission reduction projects, the turbo changer replacement project in Namjeju diegel engine unit 1 and 2 has been certified of its enhanced efficiency in reducing the greenhouse gas for the first time in Korea ('07. 11. 29 Ministry of Commerce, Industry and Energy), and Hankyung wind farm project phase 1 has been also certified of its reduction effect and is currently promoting the sales to CCX(Chicago Climate Exchange) in US. Also, Hankyung wind farm project phase 2 was registered in UNFCCC(United Nation Framework Convention on Climate Change) as a CDM project in October 17, 2007. Thus, it is expected that annual CO<sub>2</sub> reduction will reach 30,000 tons, and we expect further reduction of 120,000 tons a year which equates to approximately 1,430 million KRW on additional CDM project registry for Sungsan and Taebaek wind power plants.

## Promotion of Energy Saving

KOSPO has established mid/long term energy management plan by phase and is currently establishing the real-time operation information and performance monitoring system for enhanced efficiency. Also, for cost saving and improvement of non-efficient loss factors through reasonable energy use, we are promoting VESA(Voluntary Energy Saving Action). As a result, we have saved 12,684 ton of oil per year which equates to approximately 3,130 million KRW.

Establishment of Long-term Energy Saving Goal Through Efficiency Increase				
Classification	2007	2008	2009	2016
Thermal Efficiency(%) Improvement	0.02 ↑	0.03 ↑	0.03 ↑	0.03 ↑
Energy Saving(TOE)	13,600	14,300	15,000	16,000

## Facility Improvement

Facility improvement was made as a part of our effort to save energy. First, we have implemented steam trap replacement in thermal power plant, reduction of evaporation thermal unit, and prevention of HRSG flue gas leak. Secondly, we have installed high efficiency power generation plant by installing the high efficiency energy structure and designing and constructing the energy saving buildings. Thirdly, we have reinforced our energy saving campaign and supervision of energy saving in building areas. Fourthly, the operation information is now available in real time through performance surveillance system.

Energy Saving			
Classification	Number of Case (Case)	Volume Reduced (Thousand Tons)	Amount Reduced (100 million KRW)
2007	40	13.6	3.13
2006	50	11.6	1.92
2005	55	11.1	1.81
2004	51	10.4	1.79

## Promotion of New Renewable Energy Project

We have entered into RPA(Renewable Portfolio Agreement) with the government that regulates the development of environment-friendly renewable energy out of total power generation(0.87%, 7.51MW) by 2008. Also, as the first power generation company in Korea, we have promoted the wind energy business with Hankyung wind farm phase 1 and 2(21MW) in Jeju which are under commercial operation. KOSPO is planning to build the facility with 116.8MW maximum capacity by enlarging the size of new renewable energy by 64% by 2011.

New Renewable Energy Development Plan(Based on Year of Completion)				
Classification	2008	2009	2010	2011
Wind	Sungsan, Jeju (20MW)	Taebaek (20MW)	Pyeongchang (20MW)	Land, Ocean (30MW)
Solar	Hadong, Busan (1.3MW)	Hadong phase 2 (4MW)		
Fuel Cell		Busan, Shinincheon (4.8MW)	Youngwol (30MW)	
Tide Power, Ocean Energy			Tide Power, Ocean Energy (8MW)	

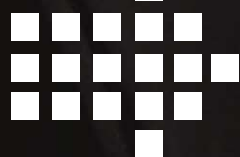


# HUMAN Player

The ultimate goal pursued by KOSPO is the happiness of mankind for that we relentlessly make devotion in order to realize sustainable energy on permanent basis with innovative technology at KOSPO. Making the world a place where the earth and human can coexist with sustainable energy is the true humanism that all energy companies must possess.

Jung, Ji Young  
Staff, Procurement Team, Hadong Thermal HQ

Value  
Shift



## OUR Transparency

The foundation of our competitiveness is ethical management. As the 'superiority' of technical innovation is determined by the 'technology ethics', the 'superiority' of business innovation is also determined on the standard of 'ethical business management'. KOSPO will exert to further develop transparent contract management system by conducting integrity contract system and expanding electronic bidding system, and improve our customer oriented system that reflects their needs.



### Ethical Business Management

#### Ethical Business Management Promotion System

KOSPO continuously promotes systematic action plan programs with 5 major themes of transparent business management, respect for customers, recognition of manpower value, contribution to society, and environment-friendly business. The ethical business management system consists of ethical codes of conducts, exclusive organization, and creation of shared opinions. In order to enhance its performance and feedback, the company conducts monitoring on ethical business practices.

#### Ethical Business Promotion Organization

KOSPO has installed the innovation & ethics committee to serve as the ethical policy and inspection organization, as well as for the exclusive department that is dedicated to ethical business management. Also, the company operates voluntary ethical practice leader group that consists of team leaders in the higher seats in order to enforce site-oriented voluntary ethical practices. Other efforts to establish the foundation of ethical practice include establish-



ment of ethical practice guideline, implementation of voluntary ethical practice pledge, establishment of hotline such as 'internal report center', and establishment of long/mid-term ethical business road map.

#### Ethical Criterion, Training, Awareness Innovation

KOSPO proposes norms and specific action rules for employees, customers, competitors, contractors, society and country by operating ethical codes of conducts. Also, the company places anti-corruption training, special lecture by guest speakers, training tour, and ethical practice pledge day for all employees. The ethics manager is required to complete the work training at KICAC and IPS. For awareness innovation of the employees and executives, we develop practice campaigns such as model case movement and public application for anti-corruption ideas. During the beginning of the year or personnel change, we spread our ethical business management practice pledge and CEO letter to our employees and affiliates.

#### Monitoring and Feedback

By introducing Ombudsman system, we announce and monitor our corporate information. Also, we conduct self-diagnosis survey and feedback through external specialist. KOSPO provides sustainable change management training to cultivate moral awareness in our employees and enforce their practice capability as a part of effort to promote the stabilization of ethical corporate value. The suggestions of our affiliates are collected through affiliate survey and seminars and reflected to business management.

#### Anti-Corruption

To prevent corruption, KOSPO exerts to continuously improve our system and practice integrity. First, we have implemented position swap of 90 executives that are expected to cause illegitimacy by establishing 24 standard procedures, improving the existing customs, conducting bi-annual customer satisfaction check up, and operation of integrity appointment system. Second, as a part of our effort to practice integrity, we have established action standard for all related employees and settled clean card system that is applied to corporate credit card to enhance transparency in expense execution. Third, we have heightened the reward for employees who report the corruption case up to 50 million KRW and started to operate hotline system through which 12 cases were received and replied.



Promotion of Transparent Contract

KOSPO keeps the potential corruption factors away by applying integrity contract system and electronic bidding system to all contract agreements. Also, we provide bidding notification and contract details to the participants through internet and SMS at the time of placing the order. Our effort to enforce transparency extends to the registry of equipment and material suppliers, where the required documents are substituted by credit rating certificate, various certificates are electronically issued, and happy-call system is implemented.

Compliance with Law

KOSPO complies with Fair Trade law. As a result of conducting continuous monitoring, there were no legal measures against unfair competition, fine for violation of law and regulation, or other non-monetary restrictions.

Enforcement of Electronic Bidding for Fair Competition

In order to secure transparent contract works and induce the fair competition, KOSPO has enforced e-bidding practice and realized 98.1% of all contracts through e-bidding in 2007. Also, we are continuously implementing integrity contract systems between the related parties, construction companies, and establishment of integrity practice system for construction companies.

E-Bidding Status				
Classification	2004	2005	2006	2007
TOTAL number of contract	1,158	1,213	1,223	1,021
Number of E-bidding	1,119	1,186	1,196	1,002
E-bidding ratio(%)	96.6	97.8	97.8	98.1

System Improvement for Co-Existence Cooperation

Procurement Process Improvement

By mitigating the contract amount adjustment conditions due to price fluctuation by great margin, KOSPO has prevented potential disadvantage of the affiliates in advance, and regularly provides the bidding and order related information. Also, we promote customer access and convenience by establishing the corporate support center, reduce financial budget through manpower substitution by establishing our own integrated procurement and material management system, rapid support in business by simplifying the work process, and enhance transparency in material operation by utilizing real-time material control with RFID.

System Improvement for the Convenience of Affiliates

By operating the bidding contract to resolve the complaints of affiliates and system improvement countermeasure department for the order and inspection, KOSPO has improved customer oriented contract system including improvement of minimum price bidding system, extension of bidding notification period, operation of minimum delivery due date, and extended opening of bidding information. Also, we have improved the contract transparency by changing the method of determining expected price during purchase bidding, notifying contract information to the affiliates through SMS, and improving the complaint claim process.

Other System Improvement to Reflect Customer Needs

KOSPO exerts to enhance the convenience of our customers in order to improve the system that reflects customer's needs. First, we have simplified the front gate access and improved contract certificate to be issued online. Second, we have simplified the affiliate registry process, reduced the test material item by 10% to reduce the labor cost, and expanded the test outsourcing to enhance the integrity. Third, according to our standardization policy, we have standardized preventive maintenance plan and other documents required for submission during contract, and systemized the courier delivery of small materials. Fourth, we have enforced the convenience facilities for our affiliates by providing heavy equipment for site delivery, FAX, internet, and rest areas.



Opening of Business Management Information

In order to enhance our reliability from people, we comply with Public Information Act on Public Organizations. If required by the claimant, we give a notice of the result within 10 days from the date such request was made, after the review by Information generation department and the responsible department. We also provide free access to information to our stakeholders in order to satisfy their needs. As a part of our effort to secure transparency in accounting, we comply with Sarbanes-Oxley Act.

Extension of Scope of Public Information

We have realized one stop cyber document issuance system that does not require visit by announcing the major business plans in off-site websites and introducing the performance certificate issuance system. Also, the number of business management information on public organization is extended from 10 to 32 items.

Enhancement of Transparency in Accounting Information

KOSPO exerts to provide our accounting information to various shareholders on time. Our submission to Financial Supervisory Service includes business reports, securities statements, and changes in governance that are notified online. We also provide various types of required documents including financial statements through a number of different seminars and e-mails, and submit required documents to credit rating companies through annual evaluation meeting. Furthermore, we provide business information to our affiliates and media through our corporate website.

Position in Public Policy

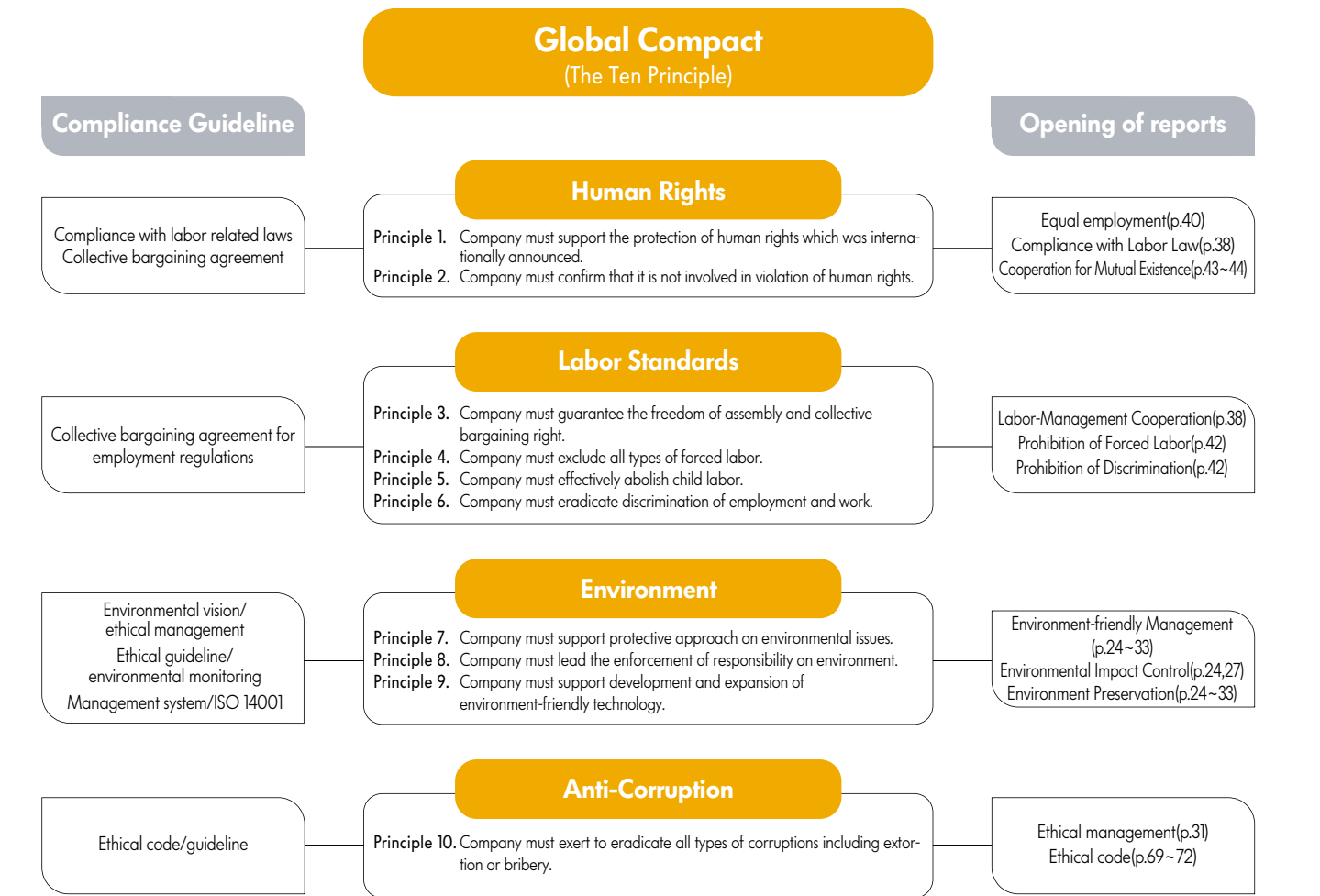
In order to respond to government policies, KOSPO has actively promoted new renewable energy development and is currently participating in Climate Change Response Team with KEPCO and 5 major energy compa-

nies as well as Energy market management committee for efficient operation of energy market. Also, we are negotiating the policies on the direct introduction of LNG with government. KOSPO also has made a proposal

on the resources near our wind power plant to the government, which was instituted as law.

Joining the UN Global Compact

KOSPO has joined the UN global compact in March 2007, and continues to comply with the 10 principles in 4 major areas of human rights, labor, environment and anti-corruption. Based on the foundation of ethical codes of conducts, we are practicing the high integrity principles in our daily lives by protecting the human rights through labor collective agreement and employment rules, approving the freedom of assembly and collective bargaining rights, prohibiting the forced labor and child labor, implementing part time worker protection policy, establishing the Climate Change Convention countermeasure department, establishing the roadmap for environment- friendly business management, and enforcing restrictions on violation of the integrity obligation and responsibility. KOSPO will become a clean and global company by continuing the sustainable business management through business innovation and ethical management and complying with UN Global Compact principles on human rights, labor, environment and corruption.



| 10 principles of Global Compact |

UN Global Compact is a spontaneous convention under UN which was proposed by the former UN secretariat, Kofi Atta Annan, in Diboss forum that took place in Switzerland in January 1999, which consists of 10 principles including human rights, labor, environment, and corruption based on universal declaration on human rights, ILO declaration, RIO declaration, and UN anti-corruption convention. The member company must make its performance of these 10 principles public on a regular basis through sustainable business management report, etc.



# A Happy Workplace

KOSPO will exert to bring mutually beneficiary development by identifying our economic, social, economical and social responsibilities through extended communications with a number of stakeholders such as government, KEPCO, local community and NGO, employees and affiliates, shareholders and investors. We will also reflect their opinions on the overall company management to the best of our ability.

## Cooperative and Win-Win Relationship between the Labor and Management



### Union Labor

Korea Power Plant Industry Union which was established in 2001 is an industry specific labor union which consists of energy training support department and islands energy department with 38 branches of 5 energy companies in Korea. KOSPO guarantees the labor union activities by adopting Union shop system which involves 1,245 employees in HQ and 7 business places.

### Labor Collective Agreement

KOSPO is taking appropriate measures that will guarantee the labor collective agreement to be actually applied to all employees, by clarifying the representative of the labor union as the assembly subject of the labor collective agreement(union shop system provision), expanding the effect of the labor collective agreement to all employees except for the executives, and amending the related regulations such as employment rules immediately after the labor collective agreement is concluded.

### Guarantee of 3 Labor Rights

KOSPO strictly guarantees 3 labor rights that are set forth in the constitution, which are the right to organize, the right of collective bargaining, and the right of collective action. As the practical measure to guarantee those 3 labor rights, KOSPO has set forth the rights and obligations of the union labor and the workers in the labor collective agreement to prevent unfair violation of the rights.

### Notice on Major Business Change

KOSPO clearly states the obligations to provide exchange of mutual notification on major business change and to open business management information such as submission of document and opening of information on the board of directors, upon the request of the labor union. Also, we provide various business information and current issues to the labor union, according to applicable laws and regulations.



## Employee Welfare System

KOSPO is implementing various welfare promotion systems to increase the satisfaction and morale of the employees. Particularly, we operate a welfare system of cafeteria type that will satisfy various demands from the employees, and established internal labor welfare fund which is operated in joint by the labor union and the management for stable foundation for welfare.

### Development and Operation of Welfare Program

The purpose of employee welfare promotion program is to maximize the employee satisfaction by identifying the welfare needs of the employees, negotiating with the labor union, and developing and operating the program based on the participation of the employees.

### Welfare System Operation Status

- Child Education:** Maternity subsidy, child education aid, tuition support for children in middle/high school and college
- Living Aid:** Collective insurance, relief fund, meritorious fund, mutual aid society, life stability fund, commuting bus
- Self Development:** Language training and certificate support, financial technology, culture, cyber education
- Health Maintenance:** Health checkup, close examination, operation of dispensary and designated hospital
- Housing Stability:** Housing purchase and lease, single person lodging, third person loan
- Family Unification:** Visiting parents workplace, seasonal visit, birthday celebration
- Leisure and Culture:** Living training center winter and summer resort, in-house welfare facility, association aid, cyber wellbeing center operation

## Health Diagnosis System for Employees and Their Families

Classification	Applicable to	Period	Details
General Health Diagnosis	All employees	Once a year	
Special Qualification Health Diagnosis	Employees with special employment agreement	Once a year	Diagnosis of vocational disease due to noise, dust, and solvent
Special Thorough Examination	All employees over 40 years old	Once every 3 years	
General Thorough Examination	All employees and their families	At any time the employee desires	

"Since I gave birth, the child care and education naturally became my biggest worries. The idea that the company shares my concern as the married female employee is directly connected to my performance."

**Bae Eun-Jung**  
Staff, Safety Quality Department, Hadong Thermal Plant

The staff member Bae Eun-Jung has two sons of her own, one being 1<sup>st</sup> grade in elementary school and the other being 5. Although she says she 'is satisfied' with various welfare systems that the company provides to the married employees, she points out one inconvenience. She says "It would be great to have a nursing facility within the company for the employees with young children. Because, those facilities that allow the parents to monitor their children at all times would give much more stability than monetary support such as educational aid." "Although my children are now grown to the point they don't need to be cared in the nursing facility, I hope the company considers establishing such system for younger employees with younger children," she added.

## Health and Safety

### Industrial Health and Safety Committee

According to the health and safety management regulations set forth in our articles of incorporation, KOSPO has installed 'Industrial Health and Safety Committee' in every business place. The committee consists of equal number(10 or less) of management and labor who are recommended by the representatives of the company and labor union. This committee represents the company as well as all employees and executives. Also, the committee guarantees the participation of the labor union for the purpose of enhanced safety and health standard of the executives and employees by proposing the items to be deliberated and determined by each item, executing the agreed matters based on the spirit of integrity, and specifying the obligations of the business proprietor.

### Construction of Disaster Free Workplace

KOSPO continues to exert for enhanced safety and health standard by adopting the human respect as our business management policy. Since 2004, the work related disaster occurred only once(injury), while HQ and 6 other business places continue zero disaster records for a long period.

### Disease Protection Program

KOSPO conducts annual health checkup for all employees and special thorough examination for the employees over 40 years old. We also conduct research on hazardous factors of musculoskeletal system and disease prevention trainings in each business place. Our other efforts include establishment of systematic device for disease prevention of employees and their families through agreement with special organizations, operation of refresh program, disease prevention, and treatment training.





Employment and Change of Occupation

As of the end of December 2007, the company has no part time employment and recruited 129 new workers in 2007. 31 employees have resigned from their work including 2 employees transferred to KEPCO, which equates to 1.7% of the total number of employees.

Expansion of Physically-Challenged Employment

When KOSPO recruits new hires, the company has a policy to hire more physically-challenged by granting them additional score. We will continue to increase the employment of physically-disabled until we exceed the legal requirement for physically-challenged employment(%).

Classification	2004	2005	2006	2007
Handicapped ratio(%)	1.7	1.7	1.8	1.8

Local Community Preference

To increase local community's welfare near the power plant stations and employment of qualified local workers, KOSPO is operating local community preference hiring system, and will continue to implement the system as our effort to realize the company that grows together with the community.

Also, the articles of incorporation set for the constructions that cost less than 3 billion KRW, special constructions below 3 billion KRW, and product purchase below 190 million KRW are subject to be limited to local bidding, if required. As a result of such effort, the company has never been claimed against for the violation of human rights.

Realization of Gender Equality

KOSPO has eliminated academic and age requirements and all new hires are the full-time employees. In order to realize gender equality, we plan to recruit at least 10% of female workers in annual employment by implementing female worker employment quota system. Also, we have designated 2 females in management positions for the first time in 2006, and that number has increased to 4 after 2 more female management positions were added in 2007 and 2008, respectively. We expect female ratio will continue to increase.

Classification	2004	2005	2006	2007
Female workers	84	99	101	123
Female ratio(%)	4.8	5.5	5.6	6.4
Employment ratio by year(%)	25.6	22.5	6.1	14

"The training system of the company that wholeheartedly supports the capacity building of the employees is the true motive power for both the company and its employees to grow as global leaders together."

Kang Ji-Hoon  
Manager, Mechanics and Technical Team, Construction Office

The manager Kang Ji-Hoon says the biggest force in becoming the leader in the ever growing global energy market comes down to 'study'. He says "I think the effort of studying and learning new techniques in the area that one feels his/her own shortcomings is the most important condition in becoming a leader. On that note, the corporate training system creates the optimal environment for study." He expresses 'a great satisfaction' with the specialist training system of the company that provides wholehearted support to its employees through internal MBA, business management executive, and overseas specialist programs, and braces himself for "becoming a master with the most distinguished techniques in electricity area."

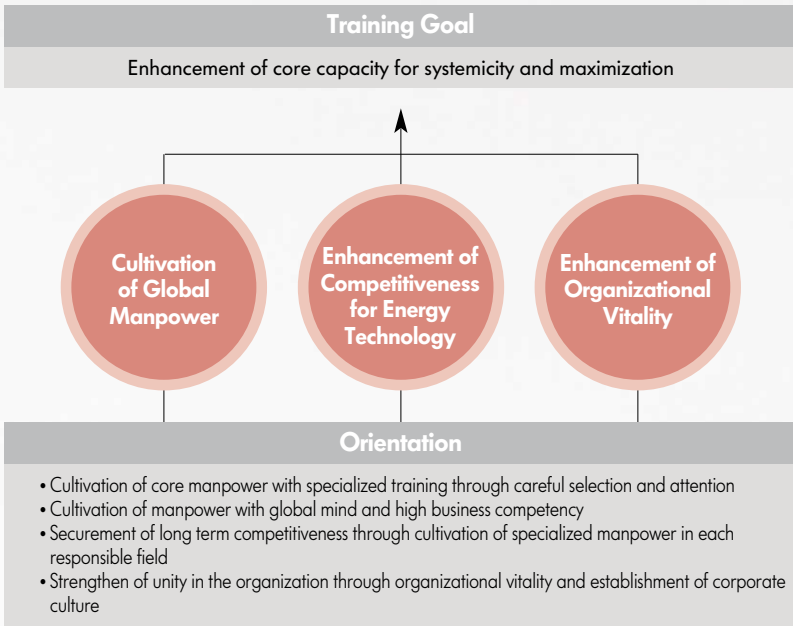


Training

Competency Model

KOSPO exerts to cultivate the quality manpower who takes the lead in innovation with creative idea, the manpower that possesses the best knowledge in respective field, and the manpower that has both humanity and moral standard.

| System of Vision Accomplishment Through Education and Training |



Specialty Training Status

Below are the details of the training programs for sustainable employment of the executives and employees that were conducted by 2007.

Name of Course	Management Executive	MBA in House	Number of Masters Degree in House	Overseas Specialist	TOTAL
Number of person	56	119	18	41	234

"To me, sexual discrimination sounds very unfamiliar. Because I have never had such experience, I haven't given it a proper thought."

Kim Min-Jung  
Staff, Culture and Publicity Team, Planning Office

The above is the answer of our staff Kim Min-Jung to the question of "Have you experienced sexual discrimination". She said "The male workers are outnumbered by the female workers in the main office, so they even say they feel left out. I have never worried about the possibility of being discriminated in any aspect including promotion, work, and salary."

"There are more considerations for the female staff in terms of appointing an leader position in my office. If you have a dream and keep pursuing it, it is possible to get more than you planned.", she added.





Training Fee Execution Status				
Classification	2004	2005	2006	2007
Training fee TOTAL(in Mil KRW)	2,378	4,180	4,430	4,887
Training fee/person(in Mil KRW)	1.35	2.31	2.46	2.55
Annual Training Hour/Person AVG	63	74	91	108
Training Fee vs. Revenue(%)	0.09	0.14	0.14	0.13

Human rights

Prohibition of Discrimination

KOSPO prohibits discrimination for employment, promotion, assignment of position, and salary based on sex, political party, religion, and labor union member status. The rates of base salaries are same regardless of gender. Also, we clearly set forth the abolishment of discrimination against female workers in general and the obligations of protecting them, by specifying our cooperative effort between the labor union and the management to prohibit and prevent the sexual harassment in the workplace, stipulating the prohibition of discrimination clause in the labor union collective agreement, and conducting the regular awareness training on the prevention of sexual harassment in the workplace for all employees on annual basis according to the article 13 of the Equal Employment Opportunity Laws between genders. Furthermore, the chiefs of each project offices, department administrators, and security staff are designated as the security managers who must complete the security training, protect the corporate confidentiality and protect the human rights.

Child Labor

KOSPO forbids the employment of the minor applicants who are under 18 years of age, and further limits their employment according to the law, regulation, and labor collective agreement. As such, KOSPO has not experienced any case of child labor. However, we will further establish more various programs to establish systems that satisfy global standards and to change the employee awareness, as we lack the guidelines for the affiliated companies and the regulations that limit the product purchase from the company with the record of violating child labor regulation.

Forced Labor

By stipulating the recognition of equality between the labor and the management as well as the labor standards during the determination of labor standard in the labor collective agreement, KOSPO has not experienced any case of forced labor.

Our Partnership

In the course of KOSPO becoming the representative energy company of Korea, the organic relationship with our affiliated companies has played a major role. Thus, KOSPO regards the development and management innovation of our affiliates as one of the most important success tactics. As a part of our effort to promote mutual cooperation, KOSPO utilizes technically advanced products that were produced by affiliates, supports their marketing, cultivation of core manpower, and technical competence enhancement, and provides gratuitous transfer of energy technologies.

Mutual Cooperation Strategy

In order to contribute to national economy, to enhance the value of cooperation and to comply with the government policy of 'Compliance with mutual cooperation policy for medium/small company and cultivation of global medium/small companies', KOSPO is pursuing commercialization of medium/small company products, support market, global capacity enhancement and stabilization of mutually beneficial policy. The detail strategies to achieve this goal are as below.

Commercialization and Marketing Support	Global Capability Reinforcement Support
<ul style="list-style-type: none"><li>Commercialization of successful development products and technologies</li><li>Expansion of super quality development products purchase</li><li>Joint entry to global market</li></ul>	<ul style="list-style-type: none"><li>Focused support on exceptionally innovative business</li><li>Enhancement of global business management capability</li><li>Securement of technical innovation capability</li></ul>
Stabilization of Mutually Beneficial Cooperation with Medium/Small Companies	
<ul style="list-style-type: none"><li>Affiliate oriented system improvement</li><li>Creation of successful performance sharing model</li></ul>	<ul style="list-style-type: none"><li>Enhancement of mutual benefit value</li></ul>

Utilization of Technological Development Products and Support Marketing

Utilization of Technological Development Products

By mitigating the entry barrier for the technological development products that are manufactured by medium/small companies, KOSPO has drastically extended the purchase through corporate wise unit price contract. In 2007, the purchase amount for technological development products recorded 2,530 million KRW which is 361% increase from 7 billion KRW in 2006. The overall share of medium/small company products has increased by 6.5% vs. last year, which accounts for 85% of the total purchase amount.

(Unit : 100 million KRW)

Actual Product Purchase from Medium/Small Companies					
Classification		2005	2006	2007	Vs. Last Year
Medium/Small Company Product	Purchase amount	937	1,220	1,068	Purchase ratio
	Purchase ratio(%)	36.2	78.5	85.4%	6.5% ↑
Technological Development Product	Purchase amount	13.5	70.8	253	361% ↑
	Purchase ratio(%)	1.4	8.3	24.1	(Incased by 182.2 billion KRW)
New Technology Certified Product	Purchase amount	13.5	56.1	235	420% ↑
	Purchase ratio(%)	1.5	4.6	22.4	(Incased by 178.9 billion KRW)



Marketing Support

KOSPO has transferred our expertise during the joint advancement to the overseas market with medium/small companies. We supported 29 companies over 4 occasions including export road show where we provided technical exchange consulting, publicity hall installation and other participation support in China, Vietnam, Oman, U.A.E We also supported 15 companies in project to branching out KOTRA. As a part of our effort to support domestic market, we have supported 106 companies over 4 exhibitions and 77 companies over 3 purchase consulting sessions. Also, our support for medium/small companies includes introducing 6 companies in corporate magazine, and promoting the products from 7 companies through the broadcasting media.

Support for Establishment of Business Management Capacity and Cultivation of Core Manpower for Affiliates

KOSPO has supported foreign exchange risk management consulting and its system establishment for 5 affiliated companies and quality environmental management system to 52 companies, and provided gratuitous aid to 29 companies in registering their industrial property rights. Also, we operated global and innovative medium/small company academy for the employees of our affiliates by consigning the training programs to training center in Hadong Thermal Plant, Medium/small company outsourcing training(17 companies, 96 people), and Digital medium/small company graduate school of Hansung University(5 companies, 8 people).

Enhancement of Technical Competitiveness Support

KOSPO has promoted 84 joint R&D cases with medium/small companies, among which 43 cases were completed and other 41 are in progress. Also, we have jointly conducted the performance test through site installation and test of the protocol, in order to maximize the sales revenue.





Commercialization Support

Commercialization of Successful R&D Inventions

KOSPO supports commercialization of successful R&D inventions developed by medium/small companies. Even though complete localization of energy facilities in Korea seems difficult at this time, KOSPO has taken this issue under the consideration and committed to actively support the commercialization of medium/small companies in consideration of such difficulty. 12.9 billion KRW spent for the commercialization of 7 medium/small companies.

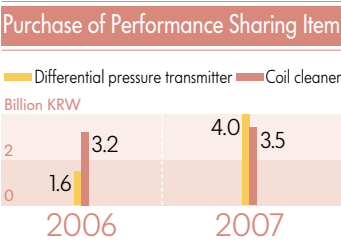
Gratuitous Transfer of Industrial Property Right

KOSPO supports gratuitous transfer of our industrial property rights including 39 patents to medium/small companies. We have supported 390 million KRW for 6 occasions including gratuitous transfer of gas-gas reheater separation type heat element within desulfurization facility to Dongwon AHE.

Promotion of Performance Sharing System

For WIN-WIN management that brings mutual benefit between KOSPO

and medium/small companies, KOSPO purchases the products from a certain medium/small company according to 1 year negotiated contract after the said medium/small company completes a certain task. The performance sharing consists of 40% from the energy company and 60% from the participating company, in the cases when the cost reduction is 5% or more. In 2007, KOSPO has spent 750 million KRW in purchasing 2 new products from 2 performance sharing project companies as an example business agreement case. For the visual smoke reduction device in complex thermal plant, Kocat Co., Ltd, for the first time in Korea, recorded sales increase of 9,370 million KRW, from which KOSPO was able to have 90 million KRW of performance sharing which is 1% of the Kocat sales revenue. For Hakyung wind farm phase 2 CDM project, Ecoeye Co., Ltd. and KOSPO gained 110 million KRW(30% of sales revenue) and 250 million KRW, respectively.



System Improvement and Service System Expansion

Improvement of Contract Management	
Details	Effect
● Improvement of management assessment method during material registration - Certified balance sheet → Credit rating certification	▶ Accurate business assessment, enhanced convenience for affiliate
● Mitigation of traveling inspection cost for heavy machinery product - Responsibility of affiliate → Responsibility of the company	▶ Shared expense responsibility
● Authorization of contract price adjustment due to market price fluctuation - Prohibition of retroactive contract price adjustment → Authorization	▶ Enhanced support to affiliate

Enhancement of Financial Support	
Details	Improvement Effect
● Improvement of payment for product purchase and construction which were delegated by HQ - Payment by HQ → Payment by business place	▶ Reduction of payment period through authority delegation
● Reduction of payment period to medium/small company products and construction - Material cost payment upon supply: within 14 days → within 7 days - Clarification of reason for early payment	▶ Early payment of medium/small company products and construction
● Expansion of range of medium/small companies subject to advance payment - Inclusion of contract for constructions over 30 million KRW	▶ Improvement of affiliate's cash flow
● Expansion of range of contract deposit exoneration - Approved of credit rating no lower than BBB- - Select as Best Supplier	▶ Improvement of affiliate's cash flow
● Introduction of win-win loan(production fund aid system) - Non-guarantee and no-collateral loan for 80% of order price	▶ Resolution of guarantor securement problem and burden of collateral deposit

Service System Expansion	
Details	Improvement
● Heavy weight material delivery support (32 occasions) - Provision of convenience for heavy weight delivery less than 4 tons	▶ Convenience(Forklift and manpower)
● Small amount material courier delivery(9 occasions) - Materials with less than 30kg weight	▶ Travel to remote business place is not required
● Minimization of front gate access process in power plant - Helper service, issuance of access card for vehicles	▶ Provide convenience to affiliates
● Medium/small company aid advertising, SMS and mailing service - e-mail: Once a month, SMS : all times	▶ Aid project advertising and on-time provision of information
● Operation of medium/small company aid hotline center - Hot line center : 82-2-3456-8071	▶ On-time resolution of difficulties and claims of affiliates

Social Contribution

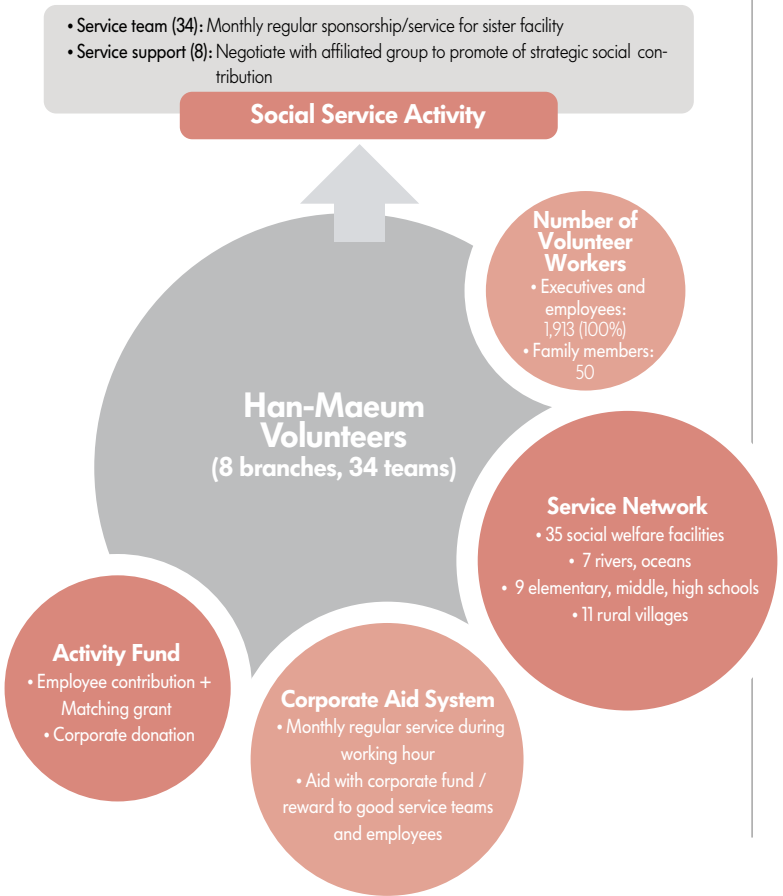
In order to fulfill our role and responsibility as the corporate citizen, KOSPO has announced 'Social Contribution' as a part of our corporate value. Also, we have established 'Social unity with the local community' as our slogan and organized Han-Maeum volunteer service group which practices systematic and organizational Love 4(love for neighbor, culture, environment, and rural villages) campaign. Moreover, our business management pursues the mutual benefit with the local community through the promotion of income increase project, public facility securement and cultivation project in adjacent areas.

Social Contribution

KOSPO's Han-Maeum volunteers consist of 34 volunteer service teams in 8 branches located throughout our national business places. Organized by the voluntary participation of our employees and executives, each service team of Han-Maeum volunteers entered into a sisterhood relationship with welfare facilities and promotes monthly regular sponsorship and service activities. In order to stabilize the sharing and service mind among the employees, the company has established and administering various measures to promote social contributions such as matching grant, social service goal system that is connected with HR system, operation of individual service mileage and reward, and active participation of CEO in service activities.

Han-Maeum Volunteers

In order to become a reliable by fulfilling the social responsibility given to a company and continue to grow, KOSPO has established Han-Maeum volunteers in 2004. Under the value of social unity with local community,



Han-Maeum volunteers are developing various public service activities such as corporate wise service activities, participating service with the family members of employees, international service activities, employee welfare point sharing service, and new staff and promoted employees' social service program. Our social contributions are developed around Love 4 campaign of which goal is to love our neighbors, culture, environment and rural village.

Activities to Support Local Community Development

KOSPO is actively promoting the activities to support the development of local community. First, in order to create jobs for the local community, we have employed 9 staff in 2007 which accounts for 7% of the total number of new staff of 129 by conducting the community preference system during the hiring of new staff. Also, we employed 190,000 local communities in a year in ordinary maintenance of power plant, environmental outsourcing, and construction. Second, our support extends to educational projects such as scholarship and income increase project. We have executed 2.1 billion KRW as the scholarship and school development fund, and further 5.1 billion KRW for the securement of local welfare facility and income increase aid project. Third, KOSPO has opened the internal corporate facilities for free use in order to support the local cultural activities. We sponsored 59 festivals including Land Culture Festival and Mullet Festival, hosted science class and summer camp for the children of local community, and offered free lease of internal facilities in 148 occasions.

(Unit : 100 million KRW)

Promotion of Aid Projects			
Business Place	Local Characteristics and Residents Demand	Scouting/Promotion of Aid Project	Aid Amount
Hadong	Expansion of community welfare	Creation of community parks and construction of indoor gym	1,849
Shinjincheon	Adapt reading as daily activity	Establishment of Seoknam library	672
Busan	Supplement of local convenience facility	Establishment of parking lot in national gymnastics center	458
Cheongpyeong	Industrial disaster in vulnerable areas	Reinforcement and maintenance of river masonry	160

Activity Details

As a result of 'Love 4' campaign, 3,917 voluntary workers provided services for 3,966 hours and 14,037 beneficiaries were benefited by the total campaign fund of 520 million KRW. The campaign fund consists of 75 million KRW of employee contribution, 75 million KRW of corporate contribution through matching grant, 334 million KRW of corporate donation, and 38 million KRW raised through purchase of agricultural products from the sister villages and donations for the relief supplies for disaster areas.



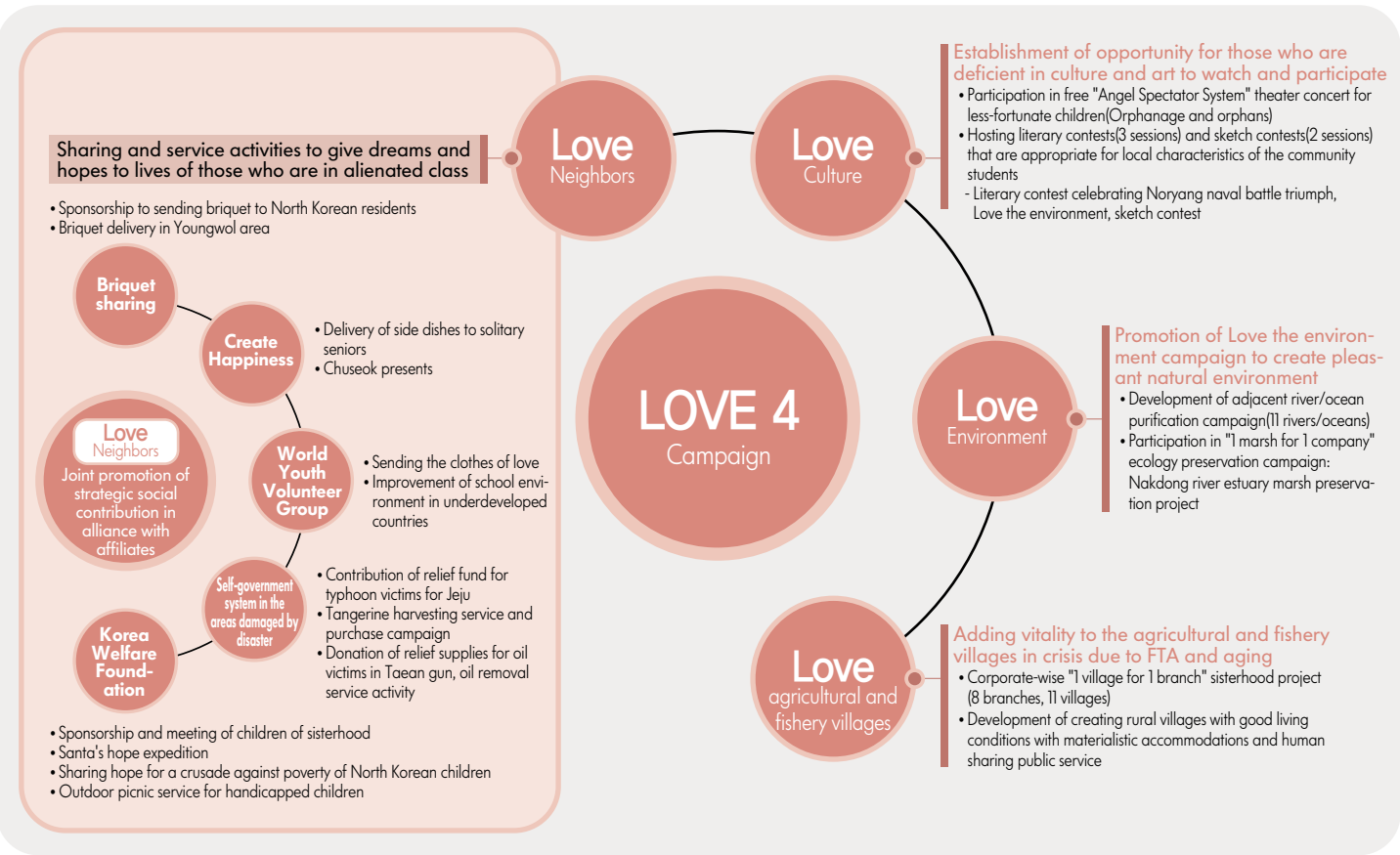
Development of Strategic Social Contribution Activity

KOSPO, in alliance with local self-governments, social welfare bodies and environmental organizations, has promoted public service activities such as support for those who are alienated class and natural purification activity. Also, in alliance with COPION(Cooperation and Participation In Overseas NGOs), we have supported Deonnun elementary facility repair in Laos and delivered educational fund in 2006. In 2007, we have visited Shiri Saraswater secondary school in Relle area which is located outside Kathmandu, Nepal, and supported repair and maintenance works, agriculture and clothes. Our love for global neighbors will continue. Within Korea, the company has supported 35 welfare facilities, sisterhood with less-fortunate neighbors, and popularization of raised letter books, in alliance with NGOs such as Korea Welfare Foundation. Also, we have operated various social contribution programs including PC donation to nursery homes and children living without parents, participation in Jeju typhoon damage recovery, briquet sharing with North Korean residents, and aid for seniors living in solitary.



Love 4 Campaign

"LOVE " campaign is KOSPO's own social contribution project that promotes sharing and service for the neighbors, nature, culture, and agricultural and fishery villages in need of love and care around us.



# Value Shift

Sustainability Performance

## Sustainability Performance

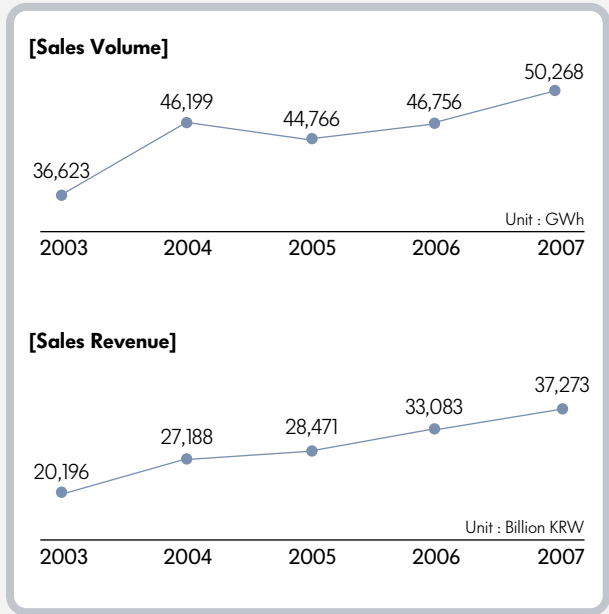
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# ECONOMIC Performance

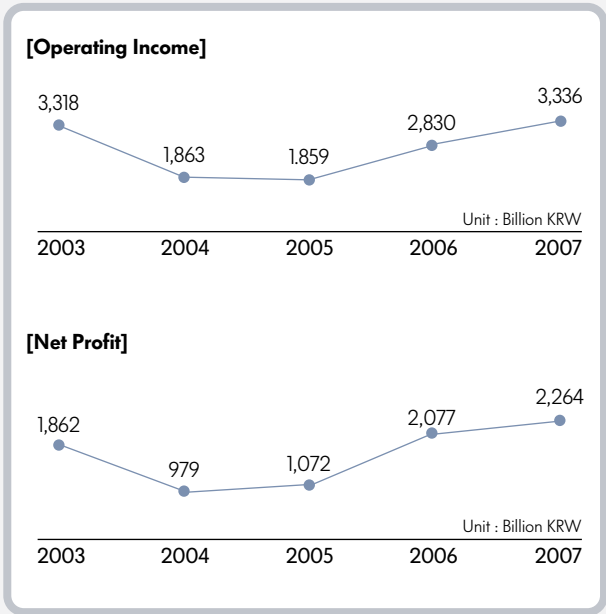
## Energy Sales Volume and Sales Revenue

2007 energy sales volume was 50,268GWh which is 7.5% increase from the previous year, and the sales revenue marked 3,727.3 billion KRW with 13% increase from the previous year, which is the highest among all thermal energy companies in Korea. Such sales revenue is 2.86 times higher than our sales revenue during the first year of corporate separation in 2001 which was 1,305.3 billion KRW. KOSPO is determined to achieve 5 trillion KRW of sales revenue in 2011 by improving the profitability through business management innovation and sustainable cost reduction.



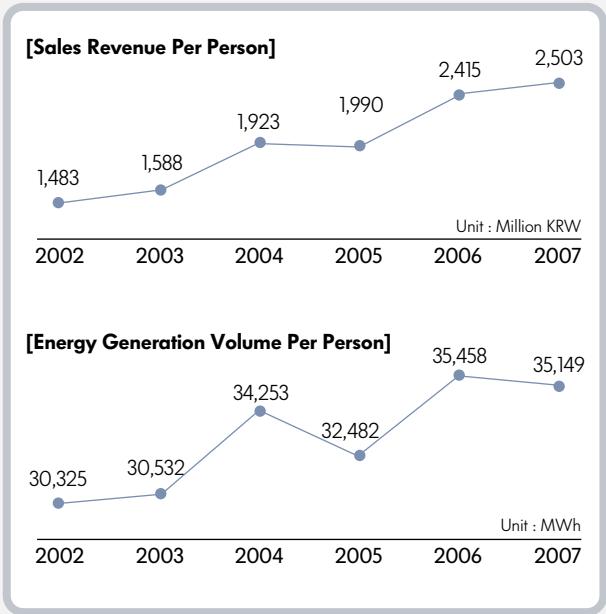
## Operating Income and Net Profit Trend

In 2007, the operating income recorded 336.6 billion KRW which was 17.9% increase from the previous year. The net profit has increased by 9% to 226.4 billion KRW and is still on the upward trend, and the profitability is also steadily increasing. We are promoting cost reduction by directly introducing LNG as it accounts for the most part of fuel cost.



## Productivity of Labor

Owing to the sustainable effort for business management innovation, the productivity of labor is continuously increasing. In 2007, the sales per person was 2,503 million KRW which was 4% increase from the previous year, while the energy production volume per person marked 0.01% decrease to 35.14MWh due to expansion of new staff employment.

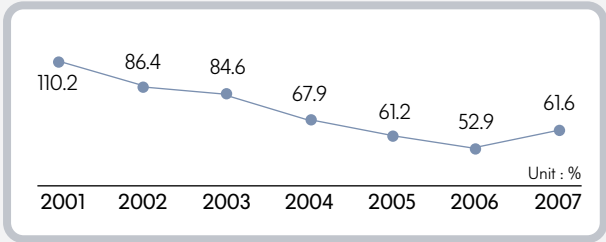


## Stability of Financial Structure

In 2007, ratio of total liabilities to net worth(current liability ratio) was increased by 8.75 and the current ratio was decreased 26% from the previous year, due to the increased short term liability upon the fuel price increase and acquirement of intangible assets for electricity supply access rights from KEPCO according to the revised electricity trade regulation.

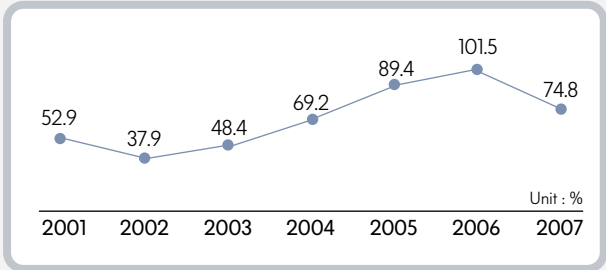
**Ratio of Total Liability to Net Worth**

Liability ratio refers to the percentage of the borrowed capital to the equity capital. It is calculated by dividing the total liability by equity capital. In 2007, the liability ratio was 61.6% which is 48.6% decrease from 110.2% in the first year of corporate separated by KEPCO(2001).



**Current Ratio**

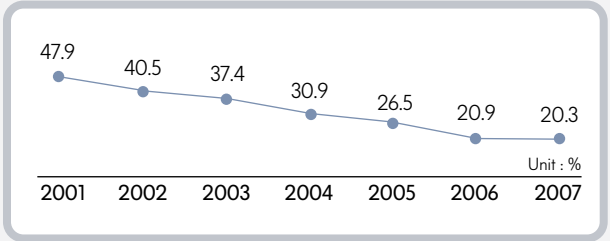
Current ratio is the representative index used in determining the short term payment capability of a company. It is the percentage of current liabilities to the current assets.





Loan Dependence

Loan dependence refers to a financial index that indicates the ratio of the borrowings to the total assets(liabilities and total capital) as the percentage. It is used to determine the soundness and profitability of the corporate financial structure. As the index becomes lower, the financial structure and the profit structure are considered better. In 2007, the loan dependence decreased by 0.6% compared to the previous year.

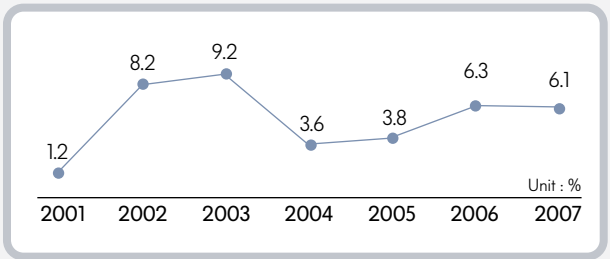


Profitability of Financial Structure

KOSPO's profit structure continues to improve. In 2007, even though the net profit showed a slight decrease due to temporary increase in liabilities, the net profit per share has increased to 4,903 KRW which is 9% increase from the previous year.

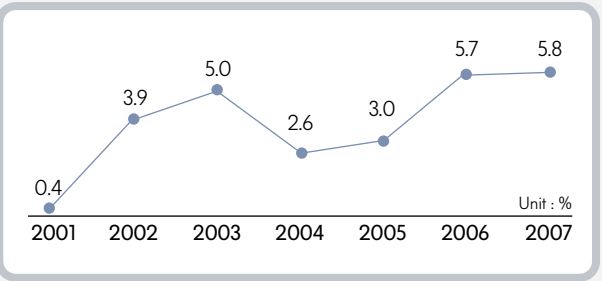
Net Income to Sales

Net Income to Sales is the ratio of net profit to the sales revenue that indicates the overall efficiency and profitability of a company.



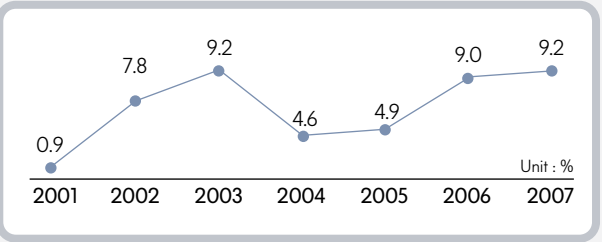
Return on Assets(ROA)

ROA(Return on Assets) refers to an index that describes how much net profit a company has earned from the total assets. It is calculated by dividing the net profit during a certain period by total assets to indicate how efficiently the asset was operated by the company.



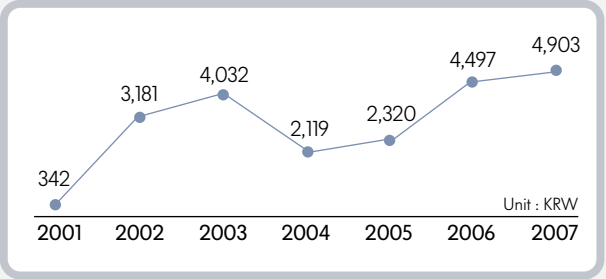
Return on Equity(ROE)

ROE(Return on Equity) refers to the profit from equity capital that describes how much profit a company has earned from the equity capital. It is calculated by dividing the net profit by the equity capital.



Earning per Share(EPS)

EPS(Earning per Share) is an index calculated by dividing the net profit earned by a company by the total number of stocks to describe how much profit is earned per 1 share. This index shows the shareholder's share for the profit earned by the company for 1 year. Thus, it can be said that the higher EPS suggests higher stock investment value.

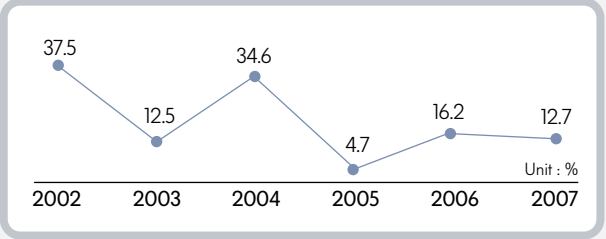


Growth and Activity Index

KOSPO has established 'Global & Clean company that leads the world energy market' as our vision, and has been exerting to enhance the economic value of our company with the final goal of achieving 5 trillion KRW of sales revenue in 2011. As a result, our sales revenue, net profit, and total asset increase ratio have been steadily growing.

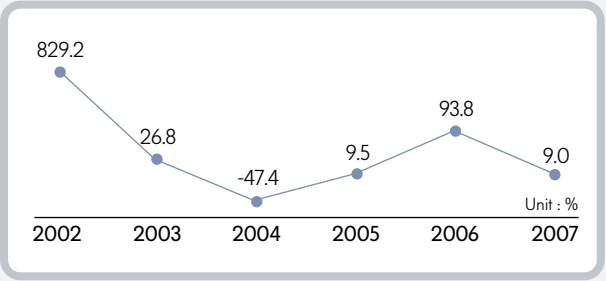
Sales Increase

Sales Increase Ratio refers to the sales revenue increase rate of the compared year from the reference year, which is used in the growth analysis to review how much the company has grown within a certain period. Since 2001, KOSPO has been showing average increase of 19.7% in sales for 6 consecutive years.



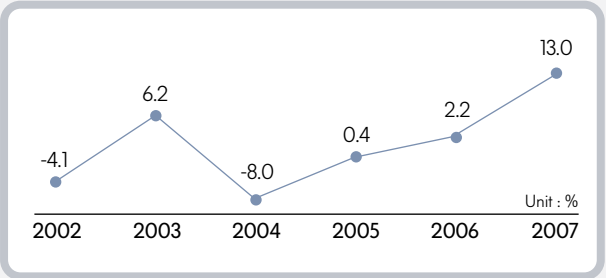
Net Profit Increase

Net profit increase ratio is an index that describes how much a company has grown in its net profit which is the final business performance compared to the previous year. In 2007, the net profit of KOSPO has increased to 226.4 billion KRW by 9% from the previous year.



Total Asset Increase

Total asset increase ratio is an index calculated by dividing the total assets of the reference year by the total asset of the compared year to describe how much a company has grown in its size. 2007 total asset was 474.4 billion KRW which has increased by 13% from the previous year, due to 392.2 billion KRW of asset increase in construction in Hadong T/P Div.





# STAKEHOLDERS

## Shareholders and Trend of Economic Value

### Salary and Benefit Cost

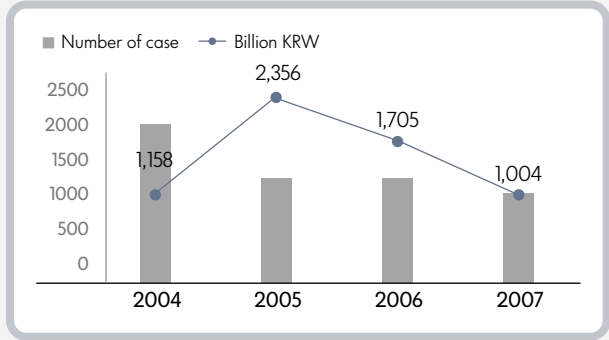
The salary and benefit cost in 2007 was 113.7 billion KRW which has increased by 8% from the previous year due to increase in the new staff employment.

(unit : 100 million KRW)

Classification	2004	2005	2006	2007
Salary	984	1,075	1,095	1,176
Welfare and Benefit cost	118	127	126	141

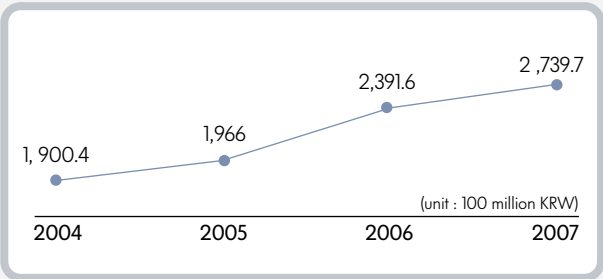
### Procurement, Construction/Outsourcing Cost

In 2007, the procurement, construction and outsourcing cost were 100.4 billion KRW, among which the e-bidding cost was 99.3 billion KRW which is 98.1%(based on number of cases) of all bidding.



### Fuel Procurement Cost

Due to increased energy generation, international oil price and bituminous coal price increase, the fuel procurement cost in 2007 was 2,739.7 billion KRW which has increased by 13.1% from the previous year.



### Dividend

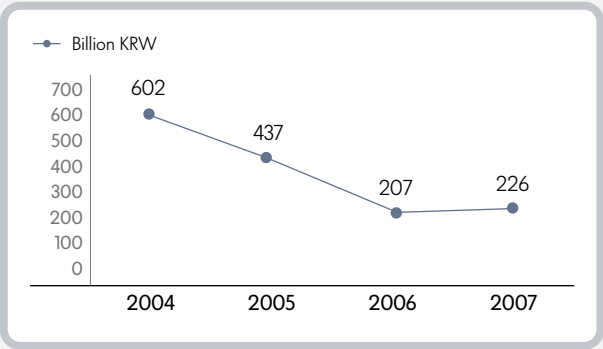
Under the fundamental principles of satisfaction of shareholder's demand and desire as well as enhancement of corporate value, KOSPO has distributed 90.6 billion KRW of dividends which has increased by 36.2% from the previous year.

(unit : 100 million KRW, %)

Classification	2004	2005	2006	2007
Dividend	264	358	665	906
Dividend rate	11.4	15.5	28.8	39.2
Dividend trend	26.9	33.4	32.0	40.0

### Interest Cost

The interest cost in 2007 was 22.6 billion KRW which is an increase of 1.9 billion KRW from the previous year due to capital increase. The average interest rate for the borrowing is 4.82%.



### Donation

KOSPO has donated 9,993 million KRW in 2007 for education and scholarship support, to local communities and private bodies. Also, in order to stabilize the donation culture through voluntary participation of the employees, we operate Matching Grant system that requires the company to pay the equal amount of money when the employees make contribution.

(Amount : Million KRW)

Classification	2004	2005	2006	2007
Donation	7,283	7,141	8,193	9,880
Other employee contributions	32	99	123	113
TOTAL	7,315	7,240	8,316	9,993

### Tax

In 2007, the corporate tax has increased by 92.0% from the previous year to 92,803 million KRW, due to net profit increase. The total tax paid in 2007 was 123,439 million KRW including 5,801 million KRW of value added tax and 12,994 million KRW of local tax.

(Amount : Million KRW)

Classification	2004	2005	2006	2007
Corporate Tax	88,425	27,604	48,330	92,803
Value Added Tax	47,007	35,791	40,494	6,801
Income Tax	7,070	6,461	7,735	9,204
Customs Duty	3,168	5,309	4,508	260
Property Tax	-	419	894	1,377
Local Tax	12,073	7,967	9,780	12,994
TOTAL	157,743	83,551	111,741	123,439

### Government Subsidy

The government subsidy in 2007 was 6,381 million KRW in total which consist of 5,635 million KRW of refund as the tax deduction from investment for energy saving facility and 746 million KRW of investment tax deduction.



FINANCIAL STATEMENTS

Balance Sheet

Period 7: As of 2007. 12. 31, Period 6: As of 2006. 12. 31  
Period 5: As of 2005. 12. 31, Period 4: As of 2004. 12. 31

(Unit : Million KRW)

Account		Period 7	Period 6	Period 5	Period 4
[Assets]	I .Current Assets	582,707	523,322	445,191	411,605
	1. Quick Assets	470,051	439,446	346,770	301,112
	2. Inventories	112,656	83,876	98,421	110,493
	II. Noncurrent Assets	3,547,046	3,131,993	3,130,382	3,149,072
	1. Investments	26,174	25,433	23,620	21,987
	2. Tangible Assets	3,386,362	3,081,655	3,091,330	3,117,407
	3. Intangible Assets	119,868	1,744	1,002	566
	4. Other Noncurrent Assets	14,642	23,161	14,430	9,112
	TOTAL Assets	4,129,753	3,655,315	3,575,573	3,560,677
[Liabilities]	I .Current Liabilities	779,367	515,602	497,774	594,837
	II. Long-Term Liabilities	794,436	749,574	859,833	845,238
	TOTAL Liabilities	1,573,803	1,265,176	1,357,607	1,440,075
[Capital]	I .Capital Stock	230,900	230,900	230,900	230,900
	II. Capital Surplus	1,566,478	1,566,478	1,566,478	1,566,478
	III. Total Amount of Other Comprehensive Profit	13,576	7,710	7,411	(-)9,123
	IV. Earned Surplus	744,996	585,051	413,177	332,347
	TOTAL Capital	2,555,950	2,390,139	2,217,966	2,120,602
TOTAL Liabilities and Capital		4,129,753	3,655,315	3,575,573	3,560,677

The financial statements for Period 4, Period 5, and Period 6 are the summary of data certified by the audit of Samjong KPMG. Please contact Data Analysis, Retrieval and Transfer System of Financial Supervisory Service(<http://dart.fss.or.kr>) or Accounting & Finance Team(82-2-3456-8143).

FINANCIAL STATEMENTS

P&L Statement

Period 7: From 2007. 01. 01 To 2007. 12. 31 Period 6: From 2006. 01. 01 To 2006. 12. 31  
Period 5: From 2005. 01. 01 To 2005. 12. 31 Period 4: From 2004. 01. 01 To 2004. 12. 31

(Unit : Million KRW)				
Account	Period 7	Period 6	Period 5	Period 4
I . The Sales	3,727,257	3,308,286	2,847,095	2,718,763
II. Cost of Sales	3,356,527	2,992,270	2,629,214	2,507,768
III. Gross Profit and Loss	370,730	316,016	217,881	210,995
IV. Selling and Administrative Expense	37,118	32,987	32,029	24,711
V. Operating Income	333,612	283,029	185,852	186,284
VI. Non-sales Profit	20,536	78,405	37,100	78,225
VII. Non-Sales Cost	52,483	75,654	75,346	124,065
VIII. Net Profit Before Corporate Tax	301,665	285,780	147,606	140,443
IX. Income Tax Expense	75,267	78,116	40,454	42,590
X. Net Profit	226,398	207,664	107,152	97,853

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FINANCIAL STATEMENTS

Cash Flow

Period 7: From 2007. 01. 01 To 2007. 12. 31

Period 6: From 2006. 01. 01 To 2006. 12. 31

Period 5: From 2005. 01. 01 To 2005. 12. 31

Period 4: From 2004. 01. 01 To 2004. 12. 31

(Unit : Million KRW)				
Account	Period 7	Period 6	Period 5	Period 4
I .Cash Flow from Operating Activities	584,151	653,331	429,983	411,219
1. Net Income	226,398	207,664	107,152	97,853
2. Adjustments to Reconcile Net Income to Net Cash	379,991	397,271	404,698	467,823
3. Deduction from Net Income of Non-Cash Revenues	3,092	39,517	20,410	55,024
4. Changes to Operating Assets and Liabilities	(-)19,146	87,913	(-)61,457	(-)99,433
II .Cash Flow from Investing Activities	(-)580,779	(-)389,155	(-)275,720	(-)204,806
1. Cash Inflow from Investing Activities	78,025	355,237	469,078	2,754
2. Cash Outflow for Investing Activities	658,804	744,393	744,798	207,560
III .Cash Flow from Financial Activities	3,456	(-)188,109	(-)182,406	(-)363,242
1. Cash Inflow from Financial Activities	235,800	194,127	496,397	878,510
2. Cash Outflow from Financial Activities	232,344	382,236	678,803	1,241,752
IV .Cash Increase/Decrease( I +II+III)	6,828	76,067	(-)28,143	(-)156,829
V .Beginning Cash	76,749	682	28,825	185,654
VI .Ending Cash	83,577	76,749	682	28,825

The financial statements for Period 4, Period 5, and Period 6 are the summary of data certified by the audit of Deloitte Korea, and Period 7 by Samjong KPMG. Please contact Data Analysis, Retrieval and Transfer System of Financial Supervisory Service (<http://dart.fss.or.kr>), our website (<http://www.kospo.co.kr>), or Accounting & Finance Team(82-2-3456-8143).

ENVIRONMENTAL

Performance

Environment-Friendly Management Status					
ISO 14001 Certified All Plants					
KOSPO HQ and all power plants were the first power generation company to acquire ISO 14001 certificate in 2003, the certificate issued to advanced environmental management system.					
Classification	Name	Initial Designated Date	Re-Designated Date	Effective Date	Remark
ISO 14001 Certificate	HQ	2003. 12. 16	2006. 12. 16	2009. 12. 15	Certified for 2 consecutive times (Annual post-inspection and maintenance of certification)
	Hadong				
	Shinincheon				
	Busan				
	Youngnam				
	Namjeju				
	Youngwol				
	Cheongpyeong				

Environment-Friendly Plant Designation

As of 2008, 3 business places including Shinincheon C/C Div., Hadong T/P Div., Busan C/C Div. are designated as environment-friendly business by the Ministry of Environment.

Plant	Designated Date	Effective Date	Designated by	Remark
Hadong	2008. 1. 23	2008. 1. 22~2013. 1. 21	Ministry of Environment	Designated for 3 consecutive times
Shinincheon	2008. 2. 19	2008. 2. 18~2013. 2. 17	Ministry of Environment	Designated for 4 consecutive times
Busan	2006. 12. 27	2006. 12. 27~2009. 12. 26	Ministry of Environment	Initial designation

Voluntary Environmental Agreement Designation Status

KOSPO has established our own standards on SOx, NOx, and dust that are stricter than the legal regulations through the agreements with the Ministry of Environment and local governments.

Plant	Classification	Target	Contract Date	Effective Date	Period
Hadong	Voluntary environmental management agreement	NOx	2005. 10. 28	2006. 1~2010. 12	Ministry of Environment
Shinincheon		NOx	2004. 11. 26	2005. 1~2009. 12	Incheon Metropolitan Government
Youngnam		SOx, NOx, dust	2006. 3. 29	2006. 1~2010. 12	Ministry of Environment



Environmental Cost by the Year

KOSPO has spent approximately 74.3 billion KRW on environmental related investment in 2007, and plans to further make continuous investment in the installation, operation and R&D of environmental management facilities.

(Unit : 100 million KRW)

Classification	2004	2005	2006	2007	Remark
Environmental facility installation cost	12.9	89.8	511.8	382.5	Installation cost for desulfurization, De-NOx and other preventive facilities
Environmental facility operation cost	297.7	327.2	344.7	393.9	Operation cost for preventive facilities
Environmental R&D cost	4.3	3.8	11.7	9.8	Environmental related R&D cost
TOTAL	322.0	420.8	868.2	786.2	

Operation Cost and R&D Investment Status of the Annual Environmental Facility

In 2007, KOSPO has spent 39.2 billion KRW for the operation cost and R&D investment, which accounts for 1.05% of sales revenue.

(Unit : 100 million KRW)

Classification	2004	2005	2006	2007
Sales Revenue	27,188	28,471	33,083	37,273
Operation Cost	Air Environment Protection	278.5	304.5	320.2
	Water Environment Protection	19.2	22.7	24.5
	Sub-Total	297.7	327.2	344.7
R&D Investment	4.3	3.8	11.7	9.8
Basic Levy	0.4	0.4	0.6	1.0
TOTAL(Total/Revenue vs. Expense, %)	302.4 (1.11)	331.4 (1.16)	356.9 (1.08)	404.7 (1.09)

Environmental Audit

Classification	Power Plant	Number of cases Indicated for Correction	Key Indications	Remark
Environment-friendly company	Shincheon, Hadong	None	None	-
ISO 14001 re-certification inspection	Main office, Hadong, Shincheon, Youngnam, Busan	None	- Proposal for improvement (13 cases)	ISO 14001 re-certified
Internal ISO 14001 audit	All business departments	31 cases	- Complaints(14 cases), - Observation(17 cases)	Correction request issued(14 cases)
Internal environmental management assessment	All business departments	None	None	Operation review applied to internal plant assessment among the plants
Inspection by external body	All business departments	None	None	-

Environmental Impact Research

The large-scale development project or city planning has a significant impact on the environment. Thus, KOSPO conducts environmental researches on the environmental impact of the development in order to prevent environmental pollution by conducting overall research and evaluation of the local environmental characteristics in advance. Currently, there is no sanctuary area near any of our business places and no significant impact on the ecological diversity is found.

Power plant	Research institute	Research item	Problem	Environmental impact research period
Hadong 1-6	5 institutes including Korea institute of environmental science and technology	9 items including oceanic animals and plants	None	1994. 11 ~ 2006. 11
Hadong 7-8		4 items including land animals and plants	None	2005. 11 ~ 2006. 12
Hadong ash land fill		3 items including ocean water quality	None	2000. 1 ~ 2012. 9
Busan	2 including Korea institute of environmental and ecological technology	5 items including ocean water quality, temperature, and sodium content measurement	None	1997. 8 ~ 2009. 6
Shincheon	3 including KEPRI	5 items including land ecology	None	1997. 7 ~ 2007. 6
Namjeju unit 3,4	Research institute of ocean and environment, Jeju University	10 items including topography and soil quality, and oceanic ecology	None	2004. 6 ~ 2012. 3

Fuel Consumption Status

In 2007, the fuel consumption increased upon the 8% growth of energy production(52,337GWh). LNG consumption has increased by 9% due to breakdown and increased demand for maintenance of the facilities manufactured by other company, while the heavy oil consumption increased by 248% vs. previous year due to the increased energy production in Youngnam Thermal Plant.

(Unit : ton, kℓ)

Classification	2004	2005	2006	2007
bituminous coal	8,684,997	8,723,701	8,768,154	9,048,081
Heavy oil	166,405	163,382	235,104	584,087
Kerosene	35,786	34,238	57,342	22,629
LNG	2,886,055	2,669,907	3,037,455	3,313,999
Orimulsion	517,498	472,999	86,265	-

Indirect Energy Consumption

2007 energy consumption within the power plant of KOSPO was 1,788,255MWh.



Industrial Water and Waste Water Control Status

The industrial water used in power plants includes boiler supply water, desulfurized facility water, cooling water and other drinking water. The waste water is generated during boiler water quality maintenance, de-minerlized water production and desulfurization facility operation, which are disposed by central waste water treatment system.

Industrial Water Consumption and Waste Water Treatment Volume

Business Plant	Energy Generated (MWh)	Industrial Water Consumption(m³)	Amount of Waste Water Generated(m³)	Amount of Waste Water Treated(m³)	Volume Discharged(m³)	Recycling Rate(m³)
Hadong	24,808,458	3,623,865	494,190	490,754	29,317	461,437
Youngnam	1,245,055	565,194	45,240	45,366	35,573	13,862
Namjeju	1,252,660	410,824	83,302	94,354	66,452	21,956
Shinincheon	13,004,763	251,974	56,459	41,442	42,365	14,095
Busan	11,870,165	212,615	272,060	203,094	136,474	135,586
Hallim	62,950	31,253	4,849	4,849	4,849	-
TOTAL	52,244,051	5,095,725	956,100	879,859	315,030	646,936

General Waste Water Treatment Facility

Power Plant	Standards	pH		Standards	COD(mg/l)		Standards	SS(mg/l)		Remark
		Discharge Density			Discharge Density			Discharge Density		
		MAX~MIN	AVG		MAX	AVG		MAX	AVG	
Hadong	5.8~8.6	6.9~7.9	6.9	244,0	Below 70	4.7	Below 60	4.9	1.6	
Shinincheon	5.8~8.6	6.7~7.3	7.1	Below 90	21.4	5.3	Below 80	7.8	3.6	
Busan	5.8~8.6	6.1~7.6	7.1	Below 130	3.8	2.7	Below 120	2.6	1.8	
Youngnam	5.8~8.6	6.8~8.5	7.4	Below 130	13.6	5.4	Below 120	3.0	1.9	
Namjeju	5.8~8.6	6.5~8.2	7.3	Below 50	20.3	11.2	Below 40	6.7	2.6	
Hallim	5.8~8.6	6.8~7.3	7.0	Below 50	5.3	2.9	Below 40	6.7	2.4	

Desulfurized Waste Water Treatment Facility

Power Plant	PH			COD(mg/l)			SS(mg/l)			Mineral oil(mg/l)			Fluorine		
	Law Standards	Discharge Density		Law Standards	Discharge density		Law Standards	Discharge density		Law Standards	Discharge density		Law Standards	Discharge density	
		MAX~MIN	AVG		MAX	AVG		MAX	AVG		MAX	AVG		MAX	AVG
Hadong	6.0~8.0	7.0~8.0	7.5	Below 20	18.0	10.8	Below 20	15.3	8.0	Below 0.5	Tr	Tr	Below 15	13	9.8

※ Youngnam T/P and Namjeju T/P operate an evaporator and condenser through the steam cannot discharge desulfurized waste water.

Thermal Waste Water Discharge Control

	Hadong			Shinincheon			Busan			Youngnam			Namjeju		
Cooling Water Temperature(℃)	Intake	Outtake	Temperature difference	Intake	Outtake	Temperature difference	Intake	Outtake	Temperature difference	Intake	Outtake	Temperature difference	Intake	Outtake	Temperature difference
	17.3	25.2	7.9	15.4	23.6	8.2	17.9	27.5	9.6	16.3	24.3	8.0	18.0	24.4	6.4
Amount of Thermal Waste Water Usage(1,000 tons)	20,829,309			982,567			834,271			219,050			299,530		

Chemicals Control

In our plants, we are using approximately 15 types of chemicals in prevention of facility corrosion, de-minalized water production and waste water treatment. Once the chemicals are used for various water treatment processes, they are converted to non-hazardous substances after waste water treatment process.

KOSPO continues to exert to enhance effective use of chemicals and to minimize the environmental impact. At the same time, we have implemented non-injection of hydrazine, use of high efficiency coagulant, improvement of facility preservation method, and development of alternative chemical process. As a result, 2007 chemicals consumption has slightly increased to 0.13g/kWH due to increase in energy volume generated.

Classification	Unit	2005	2006	2007
Volume Generated	GWh	46,482	48,578	52,338
Unit Consumption	g/kWh	0.107	0.130	0.134

※ The above performance represents the sum of all business places of KOSPO.

Noisy facility Installation Status

In order to reduce the noise generated during the power generation facility operation, KOSPO keeps the noise below the standard set forth in anti-noise act through indoor installation of facilities, silencer and sound absorbing wall.

Power Plant	Fuel Used	Noise Control Facility			Installation Venue
		Silencer	Sound Absorbing Wall	Sound-Proof Room	
Hadong	Bituminous coal	○	○	○	• Silencer: High pressure steam safety valve • Soundproof wall: Centrifugal blower duct • Soundproof room: operation room at the site
Shinincheon	LNG	○	○	○	
Busan	LNG	○	○	○	
Youngnam	Heavy oil	○	○	○	
Namjeju	Heavy oil	○	○	○	
Hallim	Kerosene	—	○	○	



# SOCIAL

## Performance

### Resource Recycling Management Status

In our plants, approximately 30 types of wastes including fly ash which is generated from coal combustion, desulfurized plaster which is a by product of desulfurization facilities, waste oil that is generated during energy facility maintenance, waste lags, and waste synthetic resins. For waste recycling and legal treatment, KOSPO recycles 12 types of wastes including fly ash and desulfurized plaster, while other non-recyclable wastes(18 types) such as waste slime and waste lags are commissioned to certified specialized treatment companies.

#### Waste Treatment

Classification		Unit	2005	2006	2007
Energy volume generated		GWh	46,482	48,578	52,338
Waste	General	Ton	4,078	3,787	3,312
	Specified	Ton	2,338	1,204	1,848
	TOTAL	Ton	6,416	4,991	5,160
Volume Recycled		Ton	2,754	1,890	1,704
Recycling Rate		%	42.9	37.9	33.0
Volume disposed through self and outsource treatment		Ton	3,582	3,166	3,456

※ The above is the performance of all business places of KOSPO.

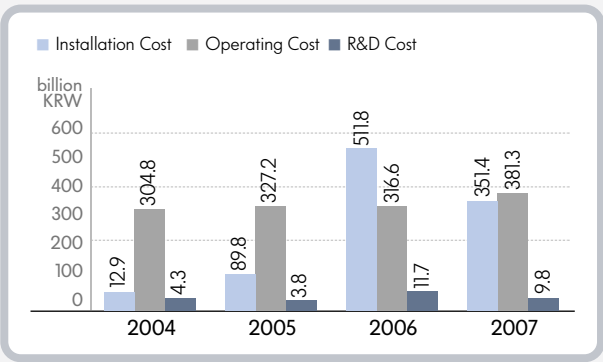
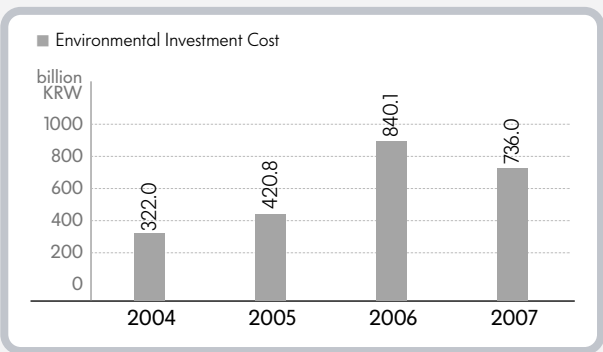
#### Fly ash and de-sulfurized Plaster Recycling Status

The recycling of fly ash generated from Hadong T/P has decreased in 2007 to 56.8% from 63.8% in 2006, due to the recession of the construction market. The desulfurized plaster is fully recycled as the material of cement and plaster board.

Classification		Unit	2005	2006	2007
Fly ash	Volume Generated	thousand tons	1,033	892	831
	Volume Recycled	thousand tons	536	569	472
	Recycling Rate	%	51.9	63.8	56.8
Desulfurized plaster	Volume Generated	thousand tons	328	305	327
	Volume Recycled	thousand tons	344	305	322
	Recycling Rate	%	105	100	98.4

※ The above is the performance of all business places of KOSPO, and the desulfurized plaster is generated as the by-product during the operation of Flue Gas Desulfurization facility for Sox removal.

### Environmental Investment Cost



#### Leak Accident and Compliance with Law

KOSPO has not experienced any fine or restriction on any business place due to accidental leakage of oil, waste, and hazardous substance, or violation of environmental law.

#### Discharge of Indirect Greenhouse Gas

As the discharge of indirect greenhouse gas is scattered over the business places and its volume is insignificant, there is no data collected specifically for this. However, KOSPO is conducting "Outsource research on calculation of the indirect greenhouse gas" for its systematic management.

### Employment Types

In 2007, the number of hired employees is 1,910 and every employee is working under full-time contract conditions. Including 703 employees in Hadong T/P Div., approximately 85% of the total employees are displaced in Shin Incheon C/C Div., Main office, Pusan C/C Div., and Nam Jeju T/P.

#### By Region

Business Place	HQ	Hadong	Shinincheon	Busan	Youngnam
Number of Person	234	703	237	209	165
Ratio(%)	12.3	36.8	12.4	10.9	8.6

Business Place	Cheong pyeong	Namjeju	Youngwol	TOTAL
Number of Person	84	232	46	1,908
Ratio(%)	4.4	12.2	2.4	100

#### Gender Ratio

As a result of our effort to increase employment of female workers, the ratio of female employees has increased by 41% from 2001 when the corporate separation occurred and by 18% from the previous year. The female ratio is expected to further increase as we continue to implement female employment quota(10%) system.

Gender	Male	Female	TOTAL
Number of person	1,785	123	1,908
Ratio(%)	93.5	6.5	100

#### Average Age

As of 2007, the average age of employee is 40.8 year old however it is expected to be lower as we hire more new staff.

Age	Below 20	21 - 30	31 - 40	41 - 50	Over 51	TOTAL
Number of person	1	267	743	581	318	1,910
Ratio(%)	0	14.0	39.0	30.4	16.6	100

### Safety and Health

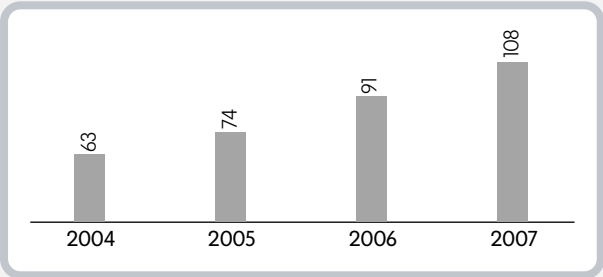
In 2007, there was one case of employee disaster which occurred in Hadong Thermal Plant, and there was no death from industrial accident. Fatal injury rate is 0.56.

※ Fatal injury rate = Number of disaster victims/1,000 employees

### Training and Education

At KOSPO, in order to become a global leader in the world energy market, we are reinforcing employee training and education. As a result, the number of training hours per person was 108 which is 18.7% increase from the previous year.

#### Annual Average Training Hours Per Person



### Social Contribution

#### Public Service Activities by Executives and Employees

The hours spent on public service activity per employee is 10.4, which is 1.1 hour increase(12%) from the previous year.

Classification	2005	2006	2007
Service Time/(hour per person)	7.3	9.3	10.4
Amount Collected/per person (10,000 KRW)	4.3	6.8	7.0



Ratio of Love 4 Campaign Promotions

KOSPO has developed 606 sessions of volunteer activities as a result of promoting Love 4 campaign that focuses on 'Love neighbor, Love culture, Love environment, and Love agricultural and fishery villages'.

Love Neighbor	Love Culture	Love Environment	Love Rural Village
445 sessions	90 sessions	52 sessions	19 sessions

Social Contribution Donation

KOSPO has donated 16.7 billion KRW of social contribution including 9.6 billion KRW for social bodies and 7.1 billion KRW for energy industry fund. We also conduct community aid project for the local areas within 5km radius from the power plant in order to promote the understanding of the local residents on the energy business, to contribute to the community development, and to promote energy development and seamless operation of the power plant. The aid projects for adjacent areas include income increase project, public facility project, local resident welfare aid project, corporate invitation aid project, electricity fee aid project, and special aid project.

Classification	2005	2006	2007
Donation(Billion KRW)	2.6	9.5	5.2
Energy Industry Fund(Billion KRW)	66	292	71
TOTAL	68.6	301.5	76.2

Scope of Community Aid Project

(Unit : Million KRW)

Classification	2004	2005	2006	2007
Income Increase Project	323	941	990	272
Public Facility Project	1,072	1,436	3,366	1,991
Educational Project	611	936	2,559	1,996
Citizen Welfare Aid Project	175	60	40	310
Social Work Project	-	-	385	632
Business Inducement Aid Project	260	260	-	-
Special Aid Project	2,859	2,776	1,113	11,239
Publicity Project	272	156	-	-
Accessory Project	35	36	-	-
TOTAL	5,607	19,525	8,454	16,440

Transparent Business Management

E-Bidding Status

As our effort to enhance transparency in business management, KOSPO is reinforcing e-bidding system. In 2007, the overall bidding rate reached 98.1%.

(Unit : 100 million KRW)

Classification	2004	2005	2006	2007
Total Number of Contract	1,158	1,213	1,223	1,021
Number of E-biddings	1,119	1,186	1,196	1,002
E-bidding Cost	96.6	97.8	97.8	98.1

Contract System Improvement

KOSPO has organic relationship with affiliated companies that delivery energy materials, and actively promotes various system improvement measures to pursue mutual benefit. Also, we have expanded the scope of advanced payment, reduced the payment period, and introduced courier delivery system.

Classification	Improvement Details	Improvement Effect
Electronic issuance of contract certificate	• Visiting arrangements for affiliated companies were necessary for application and issuance → Internet application and issuance(310 cases issued)	Withdrawal of burden from affiliated company for visiting arrangements and reduction of working hours
Introduction of courier delivery	• Implement personal delivery of ordered material → Systemize courier delivery for small quantity material	Provision of convenience to affiliate
Improvement of payment for material and equipment	• Site delivery paid by contractor → Systemize convenient site delivery by providing heavy equipment	Cost reduction for affiliated companies and enhancement of satisfaction
Payments	• Payment to be made within 14 days from the day of request for payment → Payment to be made within 7 days from the day of request for payment	Removal of financial difficulty in affiliated company
Advanced payment	• Advanced payment made to manufacturing and outsourcing contractors → Include advanced payment for construction	Reduction of financial burden of affiliated company by expanding the scope of advanced payment
Collection of customer complaints	• Conduct personal Happy Call → Introduce computerization	Systemization of customer opinion collection

Anti-Corruption

There was no case of dismissal or punishment due to corruption related violation activities. KOSPO conducts monitoring on integrity through annual anti-corruption survey on the affiliated companies and reflects the result on performance appraisal and promotion. Also, we have stipulated the anti-corruption related codes of conducts and principles, by which all business places must abide. The number of employees who have completed the ethics training is 1,740, e.g., 98.6% of total.



# WITH Customer

## Customer Satisfaction Activity

### Energy Market Structure/Definition of Customer

The Electricity Enterprises Law sets forth that the electricity shall only be traded in energy market. KOSPO is selling the entire production volume to our mother company, KEPCO, via KPX. KEPCO is our largest shareholder and the customer at the same time. Also, all shareholders that are involved in energy production process such as KPX and affiliate, NGO, local resident, and internal employee can be defined as customer.

### Reflection of Customer Demand

KOSPO is actively collecting the opinions of our customers and reflects them on corporate policies and decision making process.

Classification	Improvement Details	Improvement Effect
KEPCO and KPX	Shareholder's meeting, board of directors, business contract, emergency demand, etc.	Inexpensive and stable energy supply
People(final consumer)	Consumer group, public appeal, media coverage	High quality and low price
Government	Business report, determination of quorum and budget, satisfaction survey	Stable supply, efficient business management, compliance with law
Affiliate	Seminar, Satisfaction Survey	Fair Trade, Ethical Management
Local Resident	Seminar, Ombudsman system, Chief Engineers' Meeting, Satisfaction Survey	Environment Preservation, Contribution to Local Community
Employee	Round-table conference between the labor and management, request for personnel shifts, Grievance handling system	Better salary and benefits, provision of self-development opportunity

### Customers' Health/Safety

Under the current energy trade system, KOSPO regards the prompt response to the emergency demand of KPX as one of the most important policies in maintaining the frequency and providing seamless energy supply. As a result of such effort, we maintain the best performance in facility operation(see p18~p19), and there was no violation of regulations and rules on customer safety and product information/labeling such as blackout.

### Customer Satisfaction Research

KOSPO is conducting annual research on external customer survey through friendliness to customers, integrity, contract satisfaction, and local resident survey as well as internal employee survey on the working conditions such as benefits and salary.

### Marketing and Customer Information Protection

KOSPO has been complying with advertisement related laws and received no complaints regarding violation of customer information protection.

# MEMBERSHIPS in Associations and Organizations

No	Name of Association and Group
1	Institute of Internal Auditors
2	Business Ethics Forum
3	Korea Society of Innovation
4	Planning manager exchange
5	Korea Forum for Progress
6	Asian Law Research Center
7	Information system exchange(under HMC)
8	Korea Management Association
9	Korea Employees Federation
10	Korea International Trade Association
11	Korean Resource Economic Association
12	National Committee of the Republic of Korea for the World Petroleum Congress
13	Korea Gas Union
14	KPX
15	KSGEE
16	TIPA innovate forum

No	Name of Association and Group
17	Edison Electric Institute
18	Korea Plant Industries Association
19	Korean Society of Mechanical Engineers
20	Korean Institute of Electrical Engineers
21	Korea Electric Association
22	Korea Energy Foundation
23	Korea Electrical Engineering & Science Research Institute
24	Korea Electric Association(KEPIC)
25	Korea Project Management Association
26	Korea Renewable Energy Development Organization
27	Korea Renewable Energy Development Organization
28	Offshore Wind Energy Development Forum
29	World Wind Energy Association(WWEA)
30	Korea Wind Energy Development Organization
31	Korean Standard Association
32	CEO Breakfast Club(Standards Association)



# MAJOR Awards

● 2004		
Details		Supervision
Acquired industrial safety certificate (KOSHA 18001) in all power plants		Korea Occupational Safety and Health Agency
Received Minister's prize in energy saving promotion contest		Ministry of Commerce, Industry and Energy
Received grand prize in the 6 <sup>th</sup> environmental management award hosted by Ministry of Environment(Government-owned company)		Ministry of Environment
● 2005		
Details		Supervision
Selected as excellent medium/small business support group	Minister of Commerce, Industry and Energy	Ministry of Commerce, Industry and Energy
Received 2005 Korea Social Contribution Award	(Won grand prize for supporting medium/small companies)	Korea Press Forum
2006 New Technology Utilization Promotion Award	President Prize	Korean Agency for Technology and Standards
Innovation Business, Korea Business Management Award	Grand Prize	Korea Management Association
Ethical Business Management, Korea Business Management Award	First Prize	Korea Management Association
Received grand prize in Kyunghyang Electrical Energy Award(group)	President Prize	Kyunghyang paper, KEPCO
2005 National Quality Management Award	Bronze Prize awarded by president(3 prizes)	Korean Standards Association
Received grand prize in Kyunghyang Electrical Energy Award(group)	Minister of Commerce, Industry and Energy	Kyunghyang paper, KEPCO
Energy Saving Promotion Award	Minister of Commerce, Industry and Energy	Ministry of Commerce, Industry and Energy
The 27 <sup>th</sup> Natural Preservation Site Announcement Event	Minister of Environment	Ministry of Environment
Model Company in Air Environment Improvement, celebrating the 42th Earth Day	Mayor of Busan	Busan City Hall
Received gold prize in night landscape and lighting, 2005 Busan Daun Construction Award		Busan City Hall
Model Operation of Chimney TMS	Chief Director of Environmental Management Corporation	Ministry of Environment
Received medal for Volunteer Services	Mayor of Incheon	Incheon City Hall

● 2006	
Details	Supervision
# 1 in 2005 Energy Company Business Management Assessment	KEPCO
Received grand prize in Korea Business Management Award	Korea Management Association
Received grand prize in Industrial Safety Management Award(Energy)	Korean Economic Daily
Model Business in Greenhouse Gas, National Environmental Management Award	Ministry of Commerce, Industry and Energy, Ministry of Environment
Received Minister of Commerce, Industry and Energy prize in the 22 <sup>nd</sup> Kyunghyang electricity, Energy Award	KEPCO, Kyunghyang newspaper
National Quality Management Award (1 Bronze Prize, 1 Silver Prize)	Korean Standards Association
Korea BSC Award	Korean Economic Daily
Acquired ISO 9001/14001 re-certification	Korean Foundation for Quality
The 5 <sup>th</sup> Safety Award of Korea	Ministry of Government Administration and Home Affairs
The 6 <sup>th</sup> Kyungsangnamdo Safety Culture Award	Kyungsang-Namdo
Industrial packaging, the 28 <sup>th</sup> Energy Saving Promotion Award	Ministry of Commerce, Industry and Energy, Korea Energy Management Corporation

● 2007	
Details	Supervision
Received 2007 Industrial Safety Management Award for 2 consecutive years	Open Management Research Center
2006 Model Tax Payment Company	Governor, Kyungsang-Namdo
The 10 <sup>th</sup> Business Management Award	Korea Corporation Management Association
Received President's Award in the 19 <sup>th</sup> National Medium/small Businessman Award	Small and Medium Business Association
Received Jeju Governor's Medal in the 12 <sup>th</sup> Environmental Preservation Award	Jeju special self-government province
Received Silver and Bronze Prizes in National Quality Contest	Korean Standards Association
Received President's Gold and Silver prizes in National Quality Circle Contest	Korean Standards Association
Received "Grand prize/Best CEO" prize in 2007 Korea Business Management Award	Korea Management Association

# CODE of Ethics

KOSPO is a proud energy company that has been contributing to the national development through stable and efficient energy supply. With such pride and dignity, we will accomplish our mission through practice of ethical business management and law-binding business management, perform our duties in a fair and honest manner based on high ethical standards, and exert to prevent corruption and create clean corporate environment. We supply inexpensive and stable energy to our customers and practice customer oriented mind through customer satisfaction and new value creation. We comply with Korean laws and regulations, respect the free competition market, and pursue joint prosperity through the establishment of mutually cooperative relationship with all stakeholders. As we respect each and every individual of our executives and employees, we do not allow discrimination, provide fair opportunity and assessment, and exert to improve the health and quality of life of our executives and employees. We actively participate in social contribution activities and fulfill our social responsibility as a company in order to contribute to national and social development. We put our utmost effort to hand over clean natural environment to the next generation by leading the natural and environmental protection activities.

## Chapter 1 General

- Article 1 [Purpose]** of this code of ethics (hereafter referred to as "code") is to provide the executives and employees with the reference standard for proper decision making and ethical determination to comply with corporate ethics.
- Article 2 [Subject]** This code is applicable to all executives and employees who work for KOSPO(hereafter referred to as "Company").

## Chapter 2 Basic Ethics of Executives and Employees

- Article 3 [Basic Ethics of Executives and Employees]**
- ① All executives and employees shall have pride and dignity as the members of this company, and shall maintain diligent and honest attitude at all times.
  - ② All executives and employees shall have high ethical standards and try to maintain and develop their personal dignity and the reputation of the company.
  - ③ All executives and employees shall comply with various laws and their conscience when implementing their duties.
- Article 4 [Mission Fulfillment and Self Development]**
- ① All executives and employees shall share the business principles, vision, goal and value that are pursued by the company, and fulfill their responsibility with creative and diligence attitude.
  - ② All executives and employees shall establish desirable competency model that is appropriate for global and open era, and try to coincide through continuous self development.
- Article 5 [Fair Implementation of Duty]**
- ① All executives and employees shall implement their duties in a fair manner and in compliance with relevant laws and regulations.
  - ② All executives and employees shall not commit unethical or illegal activities that may hinder the fair implementation of duty, such as unfair order, intercession, solicitation, and preferential treatment.
- Article 6 [Avoidance of Conflict of Interest]**
- ① All executives and employees shall try to avoid any activities that conflict with the interest of the company or interest.
  - ② In the event of conflict of interest between the company, individual or department, all executives and employees shall take preference of the interest of the company.
- Article 7 [Prohibition of Fraudulent Gains]**
- All executives and employees shall not provide money or entertainment that exceeds the socially accepted scope to relevant staff or receive such from the relevant staff.
- Article 8 [Distinction of Public and Private]**
- ① All executives and employees shall make clear distinction between the public and the private in implementing their duties.
  - ② All executives and employees shall not use the corporate asset and corporate budget for private use or any other purpose than intended purpose, or cause material damage to the company.
  - ③ All executives and employees shall not cause impediment to their duties by sparing the working hours for private matter or use the corporate information and communication system for inappropriate purposes other than their duties.



Article 9 [Mutual Relationship Between Executives and Employees]

- ① All executives and employees shall treat each other with proper courtesy for workplace and shall not commit rude speech and behavior or abuse of other executives or employees.
- ② All executives and employees shall not create faction or discriminate according to academic background, sex, religion, blood relation, or native place.
- ③ All executives and employees shall not commit unfair solicitation to provide socially unacceptable present or monetary trade between each other.
- ④ The senior staff shall not give inappropriate order to the junior staff. The junior staff shall abide by the proper order of the senior staff, however shall refuse the order if considered inappropriate.
- ⑤ All executives and employees shall not commit any activities that cause sexual allurement or shame under socially accepted idea.

Article 10 [Sound and Healthy Life]

- ① All executives and employees shall refrain from formalities and vanity, and live by economical lifestyle and sound and healthy leisure activities.
- ② All executives and employees shall exert to stabilize the sound and healthy celebrating and grieving occasion culture and refrain from notifying the relevant staff of such services. The money and goods for such service shall not be excessive in terms of socially accepted idea.

Article 11 [Transparent Information and Accounting Management]

- ① All executives and employees shall acquire and manage all information in a fair and transparent manner, and shall record and manage the accounting record and other information with accuracy and integrity.
- ② All executives and employees shall not disclose, leak or misuse the information acquired in the course of work without prior approval or authorization of the corresponding staff.
- ③ All executives and employees shall not make false or exaggerated report or hide, destroy or hold monopoly of important information for the benefit of certain individual, group or department.
- ④ The company shall announce the business management information according to the related laws and regulations, in order to enhance business transparency and reliability.

Chapter 3 Ethics on Customers

Article 12 [Respect for Customers]

All executives and employees shall respect the customers at all times, consider what's best for the customers, and refer all actions to the customer's benefit as the first and foremost priority.

Article 13 [Customer Satisfaction]

- ① All executives and employees shall exert to provide the best service that will satisfy the demand and expectation of the customers through accurate identification of customers needs.
- ② All executives and employees shall listen attentively to the customer opinions and proposals at all times and accept them. The customer complaints shall be corrected as fast and fair as possible.

Article 14 [Protection of Customer Profit]

- ① All executives and employees shall treat the customer's assets, intellectual property right, business confidentiality, and customer information as if they were their own property and protect such information from immoral behavior that may damage the benefit of the customers.
- ② All executives and employees shall provide any and all information that the customer deserve to or must know as fast and accurate as possible.

Chapter 4 Ethics on Competitors and Trade Partners

Article 15 [Compliance of Trade Law]

All executives and employees shall comply with various laws and regulations of the country and region where they conduct their businesses and sales activities, and respect the domestic and international commercial trade practice.

Article 16 [Pursuit of Free Competition]

The executives and employees shall respect market economy according to the principle of free competition and shall pursue a faithful and fair competition based on mutual respect.

Article 17 [Fair Trade]

- ① All executives and employees shall provide equal opportunity to all individuals or groups who are qualified for bidding and contract for the construction work, outsourcing, or product purchase conducted by the company.
- ② All executives and employees shall conduct all transactions in mutually equal stands and in a fair manner. However, such transaction must be made in an open and ordinary working place to secure transparency.
- ③ All executives and employees shall not demand money and other benefits, force unfair trade conditions, or make unfair demands such as business interference, by using their superior position.
- ④ All executives and employees shall enter into integrity contract and comply with it for all transactions.

Chapter 5 Ethics on Executives and Employees

Article 18 [Respect of Executives and Employees]

The company shall have trust and affection for all executives and employees, treat them as noble beings, and respect their religious, political freedom and privacy.

Article 19 [Fair Treatment]

The company shall provide equal opportunity to all executives and employees in training and promotion according to their personal capability and quality, implement fair assessment and reward for their performances and achievements, and shall not discriminate for their gender, academic backgrounds, age, religion, place of birth, or physical impediment.

Article 20 [Cultivation of Manpower and Creativity Facilitation]

The company shall actively support the development of the executives and employees' personal capabilities in order to cultivate them as professional and creative manpower, and provide them with the conditions that all executives and employees are given freedom to propose and express their opinions in order to facilitate their creativities and deliberate thinking and actions.

Article 21 [Improvement of Quality of Life]

- ① The company shall establish a system that allows all executives and employees to conduct their duties in a fair manner and achieve the feeling of pride and worthiness in doing their works.
- ② The company shall create a working environment where all executives and employees are able to work safely and pleasantly and actively develop and implement programs to enhance the quality of lives of the executives, employees and their families, including health, education and welfare and benefit.

Chapter 6 Ethics on Nation and Society

Article 22 [Contribution to National and Social Development]

- ① The company shall contribute to the national and social development by developing a sound company through reasonable and responsible management, and creating the social wealth.
- ② As a member of local community, the company shall put utmost effort to be humble in accepting and resolving the reasonable demands from various social classes and community residents.
- ③ The company shall fully support the participation of the executives and employees in social activities and exert for cultural and economic development of the local community.

Article 23 [Prohibition of Unfair Political Activity]

- ① The company shall not be involved in the politics in an unfair manner, and shall not provide illegal contribution or expense to political parties, politicians, or candidates for votes.
- ② The company shall respect the personal political opinion of the executives and employees. However, the executives and employees shall be cautious not to represent his/her political opinion as that of the company.



# TERMINOLOGIES

- Article 24 [Safety and Risk Prevention]**  
All executives and employees shall comply with various laws and standards on safety, and shall take all necessary measures for risk prevention..
- Article 25 [Environment Protection]**  
All executives and employees shall fully recognize the importance of environmental issues, comply with domestic/international environmental laws, and exert to protect environment and prevent pollution.
- Article 26 [Labor-Management Union]**  
All executives and employees shall exert for coexistence and mutual prosperity of the labor and the management, based on trust and harmony.
- Article 27 [Compliance of International Management Norm]**  
All executives and employees shall comply with international conventions and various regulations on the investment and trade, such as Convention on anti-bribe in international trade, respect local laws and cultures, and contribute to the development of local national economy.

## Chapter 7 Supplementary Rules

- Article 28 [Duty and Responsibility of Compliance]**  
① All executives and employees shall fully understand the principles, comply with them, and take full responsibilities in case of violation..  
② The president, executives, and chief directors of departments shall be responsible for supervising and directing the compliance of the principles by the corresponding organization.
- Article 29 [Reward and Penalty]**  
① The president may grant appropriate reward for the executives and employees who have complied with the principles and made significant contributions to establishing the ethical management, including reflecting the performance of those executives and employees on the performance appraisal.  
② The president may take all necessary actions on the executives and employees who infringed the principles according to the relative rules of the company, such as disciplinary punishment.
- Article 30 [Installation of Ethical Management Committee]**  
① The president shall install and operate ethical management committee for the seamless promotion of ethical management and implementation of principles.  
② The duty of the president set forth in the provision of the principles may be executed by the ethical management committee as proxy, according to the provision of Clause 1.  
③ Other necessary details on the installation, operation and responsibilities of the ethical management committee shall be determined separately.
- Article 31[Operation of Principles]**  
① The president shall continue to supplement the details of the principles according to the changes in the market environment.  
② The president may determine and operate the details of concrete decision standards, processes, and operation of the principles, in separate.

## Additional Rule

- Article 1[Date of Enforcement]**  
① This principle shall be enforced from December 1, 2004.  
② Upon the enforcement of this principle, the existing codes of conducts shall be cancelled, and all matters that were previously determined by the existing codes of conducts shall be deemed determined by this principle.
- Article 2[Interpretation Reference]**  
In the event of omission from the principle and policy or dispute on the ethical management activity, the interpretation and decision of the ethical management committee shall prevail.

- GRI(Green Reporting Initiative)**  
Established by CERES and UNEP, the international environmental associations in US, in 1997, GRI consists of various members including companies, NGOs, environment groups, and consultants from all over the world. The main office is located in Amsterdam, Netherlands. GRI announced "GRI Guideline" which was the first sustainable management guideline in June 2006, "GRI Guideline" in May 2002, and "GRI G3 Guideline" in October 2006.

- CDM(Clean Development Mechanism)**  
CDM is a mechanism that induces the investment of capital and technology of advanced countries that are given greenhouse gas reduction goal to developing countries without such goal, in order for them to utilize the greenhouse gas reduction in achieving their goals.

- UN Global Compact**  
A UN subsidiary organization which was established in July 2000 by Kofi Atta Annan former UN secretariat proposing 10 principles for 4 areas (human right, labor, environment, anti-corruption) on the corporate transparency and social responsibility, and inducing the voluntary participation from the world economic leaders.

- PCBs(Polychlorinated Biphenyls)**  
A general term for a material made when one or more hydrogen atom of Biphenyls(C<sub>12</sub>H<sub>10</sub>) is converted to chlorine. It is strongly poisonous and slowly dissolved, therefore one of the persistent organic pollutants that remain in the ecology system for a long period and continue to damage.

- SCR(Selective Catalytic Reduction)**  
A device that passes NOx though catalyst among the discharged gas and make separate discharge to N<sub>2</sub> and O<sub>2</sub> in natural air state by passing NOx through catalyst.

- Electric Precipitator**  
A cyclone device that rotates the gas to give electric property to the dust particle by using magnetic field.

- ESCO(Energy Service Company)**  
A company that invests in saving facilities and collects the investment cost from the consequent energy saving amount in lieu of end users.

- ISO 14001**  
ISO 14001 series are international standards on environmental management system which were established by ISO. The series consist of

environmental management standard series such as environmental management system(ISO 14001), environmental inspection(ISO 14010), environmental labeling(ISO 14020), environmental performance assessment(ISO 14030), and life cycle assessment(ISO 14040).

- Greenhouse Gases**  
Greenhouse gas is a substance that results in greenhouse effect and even global warming if increased excessively. CO<sub>2</sub>, CFC(Freon gas), Ethane(CH<sub>4</sub>), Nitrogen dioxide, and SF<sub>6</sub> are the representative greenhouse gases.

- ETs(Emissions Trading)**  
ET is a system that establishes the total greenhouse gas emission limit of advanced countries and apply certain amount of emission quota to each country. According to this system, the country that exceeds the corresponding quota must purchase the emission right, while the country that falls short can sell the surplus.

- RPA(Renewable Portfolio Agreement)**  
A preliminary and voluntary agreement system before the adoption of RPS(Renewable Portfolio Standards) which is an agreement for participation in renewable energy supply.

- TOE(tonnage of oil equivalent)**  
A unit converted based on the calorie value of 1 ton of oil.

- COD(Chemical Oxygen Demand)**  
COD refers to amount of oxygen required for chemical oxidization of organic matter or reducing compound. It indicates the filth of water quality and is expressed in ppm. The higher number means there are more organic matters, thus the worse pollution.

- Environmental Impact Assessment**  
Environmental impact assessment refers to 4 season impact forecast and evaluation of the construction work and operation during the feasibility study of power plant construction with energy facilities of 10,000 kW or higher, establishment of countermeasures to reduce the environmental impact and review of alternative plans, preparation of evaluation report, collection of community residents' opinions, preparation of final evaluation report and negotiation with Ministry of Environment.



# GRI

## Contents index

Report : ● Partially reported : ① Reporting status : ○ Not Applicable : N/A

### ○ SS(Suspended Solid)

Suspended solid refers to suspended substance with less than 2mm of non-soluble cubic structure. Floating over water surface, it intercepts the light, diminishes the assimilation of water plants, and get stuck in the gills of fishes to prevent them from breathing.

### ○ Action Learning

Action learning is a type of learning that satisfies individuals and groups of the study team and the overall requirement of the organization through identification of actual business issues and reasons that the organization, team or individual faces, establishing the solution plan and applying it in field, and conduct repetitive and circulating observation on the course of practice.

### ○ Thermal Efficiency

Thermal efficiency refers to the ratio of supplied energy which is converted to heat.

### ○ Stage Service Consumption Ratio

The stage service consumption ratio for energy production generally differs by the type of subsidiary machine, however approximately 5% of the generator output.  
(Stage Service Consumption: Electricity that is used in additional facilities required in the power plants, such as water supply pump, coal facility, ventilator, and electricity used in stage service)

### ○ Frequency

The number of repetitions of same phenomenon between unit hours such as sound wave, mechanical vibration, and electrical vibration. The alternating current that is supplied to household is 60Hz and is called commercial frequency.

### ○ KOSHA 18001 (Safety and Health Management System)

The safety and health management system refers to the spontaneous safety and health system used in systematic promotion of the corporate loss reduction and disaster prevention by reflecting the safety and health policy on spontaneous safety and health policy, setting forth the detail action guidelines and standards, conducting internal assessment of the result, and making improvement.

### ○ Peak Load

Peak load refers to the maximum load which is either consumed or generated by the facilities within certain time. It may either be maximum instant load or maximum average load of certain period. In

general, maximum average load is used. In commercial trade, the peak load refers to the maximum average energy within a certain period. Peak power plant refers to the power plant that is operated to supply energy during maximum load hours.

### ○ Sarbanes Oxley Act

A US accounting innovation act that sets forth effective operation, management, and supervision of corporate activities in all phases through introduction of accounting management and internal control system and establishment of business certificate system.

### ○ Matching Grant

Matching Grant, one of the social contribution activities of company, refers to the donation of company will match the amount to 1:1 basis upon the regular donation made by executives and employees.

## Safety and Health Management Policy

We chose the employee safety and health as the core management policy in order to provide the people with the highest quality energy and to become the company that leads the world energy market.

All executives and employees shall develop safety and health oriented business activities through safety and health management regulations as well as relative policies and procedures in order to achieve accident / injury free management. Also, we shall realize happy KOSPO by stabilizing safety oriented culture that values human rights and life.

**The Company**

1. Shall put the employee safety and health as the first and foremost business index in order to protect the employees and the happiness of their families.

2. Shall establish the best safety system that will remove the safety hazardous factors and minimize the risk, and provide the systems, resources, and trainings that are necessary for achieving the goals.

3. Shall comply with relative laws, set examples of accidents including near-accident moments, grant appropriate rewards for model cases, and clarify the corrections and penalties to be applied to the inappropriate practices.

4. Shall evaluate major processors on a regular basis and improve the issues in order to achieve the goals of safety and health.

**The Executives and Employees**

1. Shall have the obligations of and be responsible for complying with the safety and health management policies, and shall strive for achievement of goals.

2. Shall abide by safety and health management regulations, relevant guidelines, procedures, and safety rules.

3. Shall actively participate in the development and improvement of safety hazardous section.

2008. 01. 02

	GRI INDEX		GRI Index Details	Page	Report Level
1. Strategy and analysis		1.1	Statement from the top decision-maker of the organization.	5	●
		1.2	Description of key impacts, risks, and opportunities.	6	●
		2.1	Name of the organization.	6	●
2. Organization profile		2.2	Primary brands, products, and/or services.	6	●
		2.3	Operational structure of the organization including main divisions, companies, subsidiaries, and joint ventures.	6	●
		2.4	Location of organization's headquarters.	6	●
		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.	6	●
		2.6	Nature of ownership and legal form.	6	●
		2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	7	●
		2.8	Scale of the reporting organization	7	●
		2.9	Significant changes during the reporting period regarding size, structure, or ownership	7	●
		2.10	Awards received in the reporting period.	68	●
		3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	2(cover)	●
3. Report parameter	Report profile	3.2	Date of most recent previous report (if any).	N/A(initial issue)	●
		3.3	Reporting cycle (annual, biennial, etc.)	2(cover)	●
		3.4	Contact point for questions regarding the report or its contents.	2(cover)	●
		3.5	Process for defining report content	82(cover)	●
		3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	2(cover)	●
	Report and economics	3.7	State any specific limitations on the scope or boundary of the report.	2 (no limit)	●
		3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsource operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	4	●
		3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of indicators and other information in the report.	Initial issue	N/A
		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).	Initial issue	N/A
		3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Initial issue	N/A
	GRI calculating table	3.12	Table identifying the location of the Standard Disclosures in the report.	76-77	●
	Verification	3.13	Policy and current practice in regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report	2(cover), 8	●
	Report profile	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	●
		4.2	Indicate whether the Chair of the highest governance body is also occupied by an executive officer (and, if so, state their function within the organization's management and the reasons for this arrangement).	6	●
		4.3	For organizations that has a unitary board structure, state the number of members that are independent and/or non-executive members.	6 <sup>1)</sup>	●
		4.4	Ways and means for shareholders and employees to provide recommendations or direction to the highest governance body.	6	●
		4.5	Linkage between incentives for members of the highest governance body such as senior managers, and executives (including department arrangements), and the organization's performance (including social and environmental performance).	6	●
	3. Report parameter	4.6	Process to prevent conflicts of interest within the highest governance body.	6	●
		4.7	Process for determining the qualifications and expertise of the members of the highest governance body	6	●
		4.8	Internally developed statements of mission or values, codes of conduct, and principles	12-13, 69-73	●
		4.9	Procedures of the highest governance body	6	●
		4.10	Processes for evaluating the highest governance body's own performance	6	●
	Responsibility on external initiative	4.11	Explanation of selecting approach method and principle of precautionary measure	22-23, 27, 57	●
		4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives	32, 37, 43, 45	●
		4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	67	●
	Participation of shareholder	4.14	List of shareholders expected to participate.	17	●
		4.15	Identification and selection standard of shareholders expected to participate.	17	●
		4.16	Method of participation, frequency of participation by shareholder group	17	●
		4.17	Key topics and concerns that have been raised through shareholder participation	17	●

<sup>1)</sup> As of 2007, all members of the Board of Directors are male, and 4 of them are not independent members of executives.



Report : ● Partially reported : ◐ Reporting status : ○ Not Applicable : N/A

	GRI INDEX		GRI Index Details	Page	Report Level
55. Management policy and performance Indicators (economics)	Economic performance index				
	Management Policy and Performance Indicators			10-18	●
	Economic Performance	EC1	Generation and distribution of direct economic value	21, 45, 52-53	●
		EC2	Financial influence with changes, other risks and opportunities	22-23	●
		EC3	Coverage of the organization's defined benefit plan obligations.	39	●
		EC4	Significant financial assistance received from government.	53	●
	President position	EC5	Range of ratios of standard entry level wage compared to local minimum wage	-	○
		EC6	Policies, practices, and proportion of spending on locally-based suppliers	40	●
		EC7	Procedures for local hiring and proportion of senior management hired from the local community	40	●
	Indirect economic effect	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	64	●
		EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	45, 64	●
55. Management policy and performance index (Environmental)	Environmental performance index				
	Management policy announcement			24	●
	Raw material	EN1	Materials used by weight or volume.	27, 59	●
		EN2	Percentage of materials used that are recycled input materials.	27	●
	Energy	EN3	Direct energy consumption by primary energy source.	27	●
		EN4	Indirect energy consumption by primary energy source.	59	●
		EN5	Energy saved due to conservation and efficiency improvements.	33	●
		EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	33	●
		EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	33	●
	Industrial water	EN8	Total water withdrawal by source.	60	●
		EN9	Water sources significantly affected by withdrawal of water.	60	●
	Biological diversity	EN10	Percentage and total volume of water recycled and reused.	60	●
		EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	59	●
		EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	27, 59	●
		EN13	Habitats protected or restored.	N/A	N/A
		EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	N/A	N/A
		EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/A	N/A
		EN16	Total direct and indirect greenhouse gas emissions by weight.	32	●
	Air emission	EN17	Other relevant indirect greenhouse gas emissions by weight.	62	●
		EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	33	●
		EN19	Emissions of ozone-depleting substances by weight.	32	●
		EN20	NO, SO, and other significant air emissions by type and weight.	28	●
		EN21	Total water discharge by quality and destination.	60	●
		EN22	Total weight of waste by type and disposal method.	62	●
		EN23	Total number and volume of significant spills.	62	●
		EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Appendix I, II, III and VIII	28, 30	●
		EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats.	62	●
		EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	29, 30	●
		EN27	Percentage of products sold and their packaging materials	30	●
		EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance.	62	●
		EN29	Significant environmental impacts of transporting products and other goods and materials.	-	
		EN30	Total environmental protection expenditures and investments by type.	31	●

Report : ● Partially reported : ◐ Reporting status : ○ Not Applicable : N/A

	GRI INDEX		GRI Index Details	Page	Report Level
5. Management policy and performance index (social-labor)	Labor conditions, custom, and index				
	Management policy announcement			40, 63	●
	Employment	LA1	Total workforce by employment type, employment contract, and region.	40, 63	●
		LA2	Total number and rate of employee turnover by age group, gender, and region.	63	●
		LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	39	●
	Labor- management relation	LA4	Percentage of employees covered by collective bargaining agreements.	38	●
		LA5	Minimum notice period(s) regarding operational changes	38	●
	Workplace health and safety	LA6	Percentage of total employees represented in formal joint management-worker health and safety committees	38, 39	●
		LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	38, 63	●
		LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members	39	●
		LA9	Health and safety topics covered in formal agreements with trade unions.	39	●
	Training	LA10	Average hours of training per year per employee by employee category.	42, 63	●
		LA11	Programs for skills management and lifelong learning	41	●
		LA12	Percentage of employees receiving regular performance and career development reviews.	6, 63	●
5. Management policy and performance index (social, safety)	Diversity and equal opportunity	LA13	Composition of governance bodies and breakdown of employees per category.	6, 40, 63	●
		LA14	Ratio of basic salary of men to women by employee category.	42	●
	Human rights performance index				
	Management policy announcement			34-37, 42	●
	Investment and procurement custom	HR1	Percentage and total number of significant investment agreements	36	●
		HR2	Percentage of significant suppliers and contractors	36	●
		HR3	Total hours of employee training on policies and procedures	63	●
	Prohibition of discrimination	HR4	Total number of incidents reported on discrimination and actions taken.	40, 42, 63	●
	Freedom of association and collective bargaining	HR5	Actions to guarantee the rights of determined business field where its practicing of freedom of organization and collective bargaining can be seriously violated	38	●
	Child labor	HR6	Eradication of child labor and business field with high risk of child labor.	42	●
	Forced labor	HR7	Eradication of forced labor and business field with high risk of forced labor.	42	●
	Safety custom	HR8	Percentage of security personnel trained in the organization's policies or procedures	42	●
	Native management	HR9	Total number of incidents of violations involving rights of natives and actions taken.	N/A-only active in Korea	N/A
5. Management policy and performance index(social)	Social performance index				
	Management policy announcement			43, 45	●
	Community	SO1	Nature, scope, and effectiveness of any programs and practices	45	●
		SO2	Percentage and total number of business units analyzed for risks related to corruption.	65	●
		SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	65	●
		SO4	Public policy positions and participation in public policy development and lobbying.	35, 65	●
	Public policy	SO5	Public policy positions and participation in public policy development and lobbying.	37	●
		SO6	Total value of financial and contributions to political parties, politicians, and related institutions by country.	53	●
	Impediment of competition	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	36	●
	Compliance of law	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	36	●
5. Management policy and performance index(social)	Product safety performance index				
	Management policy announcement			17, 38, 66	●
	Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement.	18-19, 39	●
		PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	66	●
	Product Service and Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and service	66	●
		PR4	Total number of incidents of non-compliance with regulations and voluntary codes	66	●
		PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	66	●
	Marketing communication	PR6	Programs for abiding the laws, standards, and voluntary codes related to marketing communications	66	●
		PR7	Total number of incidents of non-compliance with regulations and voluntary codes.	66	●
	Compliance of customer information protection	PR8	Total number of substantiated complaints	66	●
		PR9	Monetary value of significant fines for noncompliance with laws and regulations.	66	●



G3 Guideline Application Level and How to Participate

G3 Guideline Application Level

At KOSPO, we declare and announce that our sustainable business management report was prepared in full compliance with the requirements of level A of GRI G3 report application level standard table. This report has been confirmed of its appropriateness for level A of G3 application guideline by GRI.

[Level of Application Guideline for This Report]

		C	C+	B	B+	A	A+
Standard disclosure	G3 profile disclosure	Announcement item 11,2.1-2.10 3.1-3.8, 3.10-3.12, 4.14-4.15	External verification on report	Announcement item All items of level"C" and 1.2, 3.9,3.13, 4.5-4.13, 4.16-4.17	External verification on report	Announcement item Same as requirements of level "B"	External verification on report
	G3 management disclosure	Not required		Must announce DMA on each index category are		Must announce DMA on each category index are	
	G3 performance index and additional index by industry	Must report at least 10 performance indexes (including at least 1 of economic, social, or environmental index, each)		Must report at least 10 performance indexes (including at least 1 of economic, environmental, human rights, labor, social, or product safety, each)		Must a) report, or b) provide explanation for not reporting on G3 core performance index and industrial guide index, according to the principle of value	

How to Participate in Sustainable Business Management of KOSPO

The further information on the sustainable business management of KOSPO is available on our corporate website (www.kospo.co.kr) at all times. We would appreciate valuable opinions and proposals of our readers on this report. Please send your opinions or proposals or survey sheet to the contact stated on the cover(see p2).

WE ARE ALL EARS

KOSPO looks forward to the valuable opinions of our shareholders. We will collect your opinions which will be reflected on our effort to improve the business management activities and we will have the result available for your view. Also, your opinion will be reflected on our future reports.

Which of the following group do you belong to?

- ☐ KOSPO Employee
- ☐ Investor / Shareholder
- ☐ Affiliated Company
- ☐ Community Resident
- ☐ NGO
- ☐ Media
- ☐ Academics
- ☐ Government / Public Servant
- ☐ Others \_\_\_\_\_

What is your opinion on this report?

- ☐ Easy to follow
- ☐ Generally understandable
- ☐ Generally hard to follow
- ☐ Hard to follow

What is your biggest interest in this report?

- ☐ Corporate Information
- ☐ Environmental Performance
- ☐ Social Performance
- ☐ Economic Performance

On which part would you like to see further improvement?

- ☐ Corporate Overview and Investor Information
- ☐ Economic Contents
- ☐ Environmental Contents
- ☐ Social Contents
- ☐ Shareholders Contents

Please give us your opinion on how we could improve in producing better quality reports in the future.

Send to

#167, Samsung dong, Kangnam ku, Seoul 135-791 Business Planning Team, Planning Office, KOSPO  
TEL: 82-2-3456-8033 | FAX: 82-2-3456-8079



Preparation of This Report

This sustainability report is prepared based on the company's economic, environmental and social performances, with the priority given to the stakeholders who have impact on the development of KOSPO.

This report was prepared in reference to GRI G3 guideline and shareholders' interests. In order to enhance the reliability of the contents, a TF team that consists of the pertinent staff from the main office was organized, and the report was confirmed by the final review of the management. Also, the report was reviewed by GRI upon our request for further reliability.

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※ For more detailed information, please contact the staff member in the corresponding department.