

My
Brilliant
KOMSCO



SUSTAINABILITY REPORT 2009

**Korea Minting, Security Printing &
ID Card Operating Corp.**

SUSTAINABILITY REPORT 2009

Objectives of Publication

KOMSCO has been with Korean people as its customers for 58 years now. By issuing this report, which presents the achievements we have accumulated to date and future goals related to economic, environmental, and social responsibilities, we as a public corporation would like to express our gratitude to the Korean people. We also want to be regarded by our customers as a sincere enterprise.

Report Scope and Boundary

This report details the activities and accomplishments of all bodies associated with KOMSCO as head office, research center, and 3 offices.

Reporting Period

As the second sustainability management report of KOMSCO, this report describes the corporation's accomplishments as of Dec. 31, 2009.

Principles

This report has been prepared by applying the G3 Guidelines of GRI (Global Reporting Initiative); we give priority to providing information that is important to both the corporation and stakeholders or persons through the importance assessment of issues concerning the corporation as presented by interested persons or parties.

Estimation Standards for Data

Financial data are based on the audited 2009 financial statement; figures are expressed in Korean won.

Composition

This report consists of five major sections; profile, economic achievements, social achievements, environmental achievements, and appendix in Korean and English. It is available for public viewing through the website of the corporation (<http://www.komsco.com>).

My
Brilliant
KOMSCO

Contents

012

- Message from the CEO
- About KOMSCO
- Governance Structure
- Main Business
- Ethics and Transparent Management
- Crisis Management System

020 **KOMSCO & SUSTAINABILITY MANAGEMENT**

- Establishment of Roadmap for Mid- & Long-Term Sustainable Development
- Sustainability Management Strategies
- Communication with stakeholders and Creation of the Basic System for the Promotion of Sustainability Management

028 **ECONOMIC VALUE & RESPONSIBILITIES**

- Business Accomplishments
- 6 Sigma Management
- Technological Frontier
- Economic Achievements and Distribution

036 **SOCIAL VALUE & RESPONSIBILITIES**

- Customers: You Are My Master
- Efforts for Employees' Happiness
- Coexistence of Labor and Management
- Human and Human, Love
- Transparent Management for a Traditionally Upright Corporation
- Coexistence with Subcontractors
- Efforts Toward Product Liability

052 **ENVIRONMENTAL VALUE & RESPONSIBILITIES**

- Strategy for Environmental Management and Practice
- Achievements from Environmental Management
- Energy Saving and Responses to Climate Change Agreements

062 **APPENDIX**

- Accomplishments by TBL (Triple Bottom Line) Indicator
- Excellence of KOMSCO as Proven by External Evaluation
- GRI Guideline (G3) Index
- Practice of UN Global Compact

Korea Minting,
Security Printing &
ID Card Operating Corp.
SUSTAINABILITY REPORT 2009



Brilliant your Smile

Although the money in a piggy bank cannot buy a nice house, a dream of the child who is collecting coins is building the most beautiful house in the world. The precious value built by KOMSCO, a happy smile kept by the child.



KOMSCO leads the smooth flow of Korean economy through manufacturing bank notes and securities.
Manufacturing bank notes and securities · Bank notes · Coins
· Checks, stamps, certificate stamps, security notes



Brilliant your Honor

Although any challenge is a hard process to overcome ourselves, we exert efforts again while imaging ourselves with a golden medal around our neck. The precious value built by KOMSCO, an honorable moment kept by your dream.



KOMSCO promotes a creative and unique business of culture through manufacturing the pressed inscription products.
Manufacturing the pressed inscription products
• Medals • Decorations • Commemorative coins



Brilliant your Challenge

Although we might feel afraid of facing the unknown world, our dream toward the world with the pride of being a Korean encourages us to take every step forward anywhere all the time. The precious value built by KOMSCO, a beautiful passion kept by you.



KOMSCO is securing the properties and values of customers through manufacturing ID products.
Manufacturing ID products · Passport · Resident registration identification · Drivers license · Visa · ID card

Message from the CEO

Greetings!

The recent national and international economic woes suggest that there is no such thing as eternal stability. I am well aware that companies and major economic subjects especially public corporations should serve as good examples by making utmost effort to fulfill their social roles to meet the expectations of the nation in these difficult times.

KOMSCO manufactures and produces the currency used by the nation as well as securities and various identification including electronic passports. Therefore, we believe that our most important task is to secure the complete trust of the nation and stakeholders or persons.

To fulfill its economic responsibilities, KOMSCO successfully reduces the manufacturing time and cost as much as possible and expanding its scale for new business including pioneering overseas markets through technology development and management innovation. Through this, the corporation is perfectly managing the new bank note business and higher denomination bank note business as important national tasks. Finally, by nurturing our technology capability, we shall secure steppingstones toward steady growth through the search for and expansion of new business opportunities such as exporting our own technology and products and manufacturing, issuing, and certifying security products, which cannot be performed by private companies.

For its social responsibilities, KOMSCO identified the major issues involving the practice of transparent management, strategic social contribution activities, and realization of a healthy organizational culture through interviews with stakeholders. With regard to social contribution to communities in particular, we shall make special efforts toward the development of communities by coming up with various programs that show us who we are and wield significant positive impacts.

By establishing an environmental management system, KOMSCO is promoting eco-friendly management. Specifically, we are working hard to eliminate troubles for local residents by exerting utmost efforts to treat the wastewater generated in the production process of currency paper.

The high efficiency of public corporations is an essential task factor in the development of the national economy. As the producer and distributor of the national currency, the blood of the national economy, KOMSCO shall continue excelling in transparency and moral sense and reward the nation and our stakeholders with our achievements.

KOMSCO joined the UN Global Compact in 2007 and vowed to follow the 10 principles. With the issuance of this Sustainability Management Report serving as a momentum, we shall make sure we fulfill promises with regard to our general social responsibilities as contained in this report. We wish you happiness and prosperity.

Thank you.



Yong Hak, Jeon CEO, KOMSCO

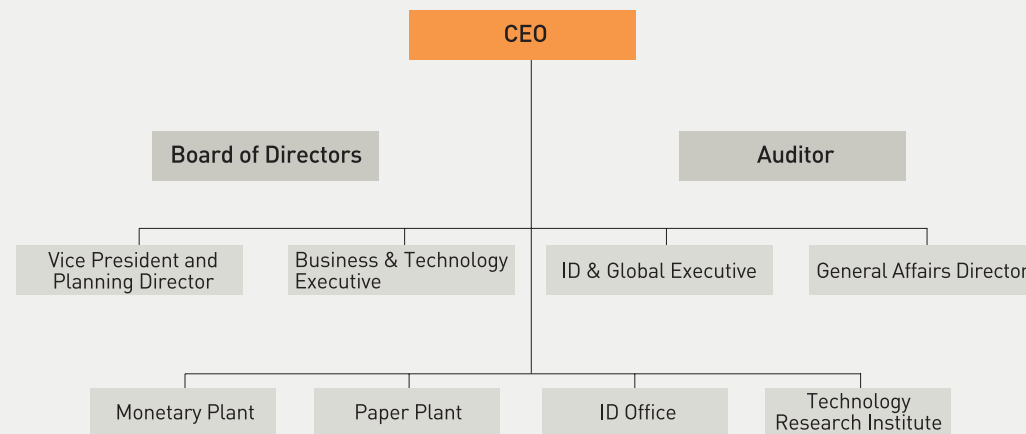
Yonghak, Jeon

About KOMSCO

Name	KOMSCO (Korea Minting & Security Printing Corporation)
Location of head office	35 Gajung-dong, Youseong-gu, Daejeon City
Business type	Manufacturing
CEO	Yong Hak, Jeon
Sales amount	2009: KRW 353.0 billion (profit: KRW 6.5 billion)
Asset scale	KRW 3.745 trillion
Number of employees	1,456 persons (full capacity: 1,466 persons)

Permanent Executives	Management	General Work	Skilled Work	Special Work	Total
6	102	1,231	104	13	1,456

Organization chart



English brand name and CI

- English name (acronym): KOMSCO (Korea Minting, Security Printing & ID Card Operating Corporation)
- Word mark: **KOMSCO** (S, which stands for security technology as the core technology of KOMSCO, is intagliod)

Governance Structure

(Semi-) Public corporation whose total capital comes from the government

Major legal grounds

- Korea Minting & Security Printing Corporation Law (Act), Law on the Operation of Public Corporations (Act)

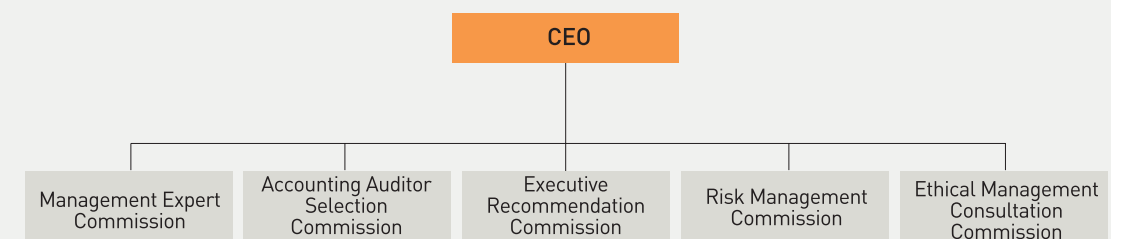
Governance and supervision system

- Organizing agency: Ministry of Strategy and Finance (Treasury Bureau)
- Assessment of budget, organization, and management: Ministry of Strategy and Finance (Public Policy Bureau)
- Others: National Assembly (parliamentary audit), Board of Audit and Inspection of Korea (regular and special audits)

Board of directors

The KOMSCO board of directors consists of a total of 11 directors¹⁾, 6 or majority of whom are non-permanent directors. Consisting of experts with expertise and experiences in their respective fields, the board decides on major matters stipulated by statutes for the efficient control of operation of public institutes as management goals, budget and accounts, and enactment and amendment of important rules. In principle, the board meeting is convened every month; note, however, that special meetings may be held at the request of the CEO or non-permanent directors. A total of 13 meetings were held in 2009. The attendance rate of the board to meetings is 100% in 2009. KOMSCO encourages their active involvement through its management of and reasonable decision-making related to various supporting activities for non-permanent directors to help the board perfect their roles as the highest practical decision-making body. The remunerations of directors are decided through a comprehensive evaluation on whether they have achieved their work objectives consisting of quantitative and non-quantitative elements. To maintain independence, only allowances for the board of directors are paid to non-permanent directors without giving any other incentive.

Management involvement of the board of directors



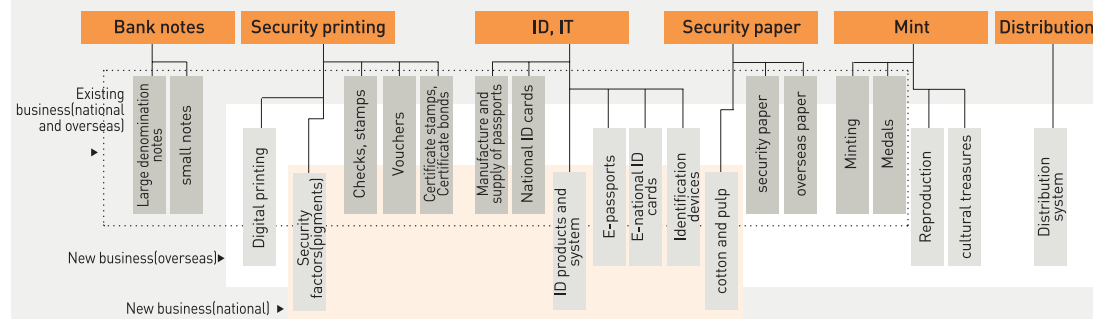
1) As per Clause 2, Chapter 4 of the "Law on the Operation of Public Corporations," the board consists of the CEO (chairman), 4 permanent directors, and 6 non-permanent members.

Main Business

KOMSCO manufactures and supplies currency and securities and national identifications including passports and national ID cards.

Its business is largely classified into five: bank notes, security printing products, minting, security paper (including paper manufacturing), and ID products. The 3 staple products -- bank notes, coin, and checks -- account for more than 70%. In particular, we operate an integrated production system for printing, minting, and paper manufacturing of currency.

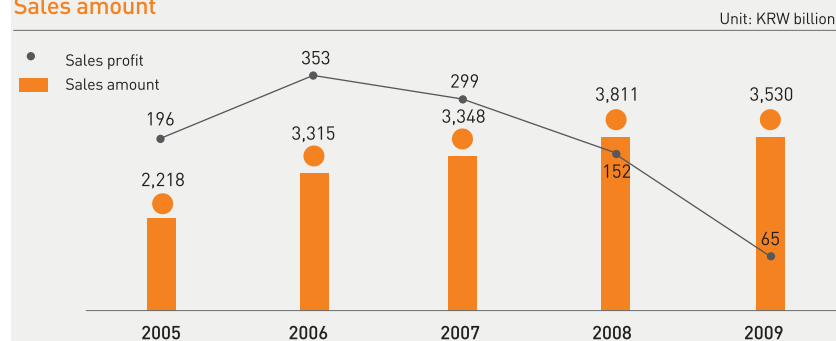
Classification of business



Markets of major products

Bank of Korea	Government & public corporations	Financial institutions	Private sectors	Overseas exports
Bank notes Coin	Passports · stamps Certificate stamps · Medals National ID cards	Checks Certificate bonds	Vouchers Cards Medals, etc.	Bank notes Paper Coins Ink ID cards

Sales amount



Ethics and Transparent Management

As a manufacturing organization, KOMSCO defines ethical management as the 「realization of customer satisfaction and fulfillment of social responsibilities by respect of the basis & principles, the trust & cooperation, and the customer & employee」. It practices proper ethical management to become a 「top company that promotes trust and values」.

Ethical Management System and Roadmap

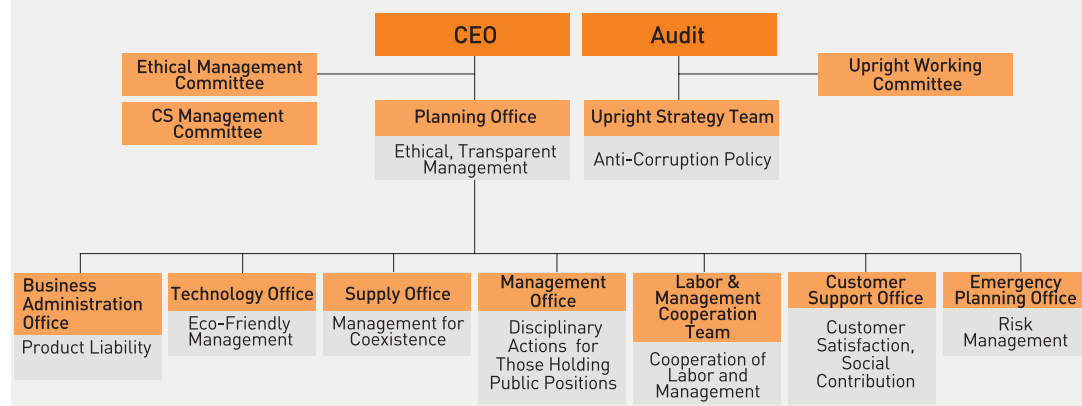
Slogan	Proper · ethical business management V.A.L.U.E. ²⁾ Up!!!		
Goal	Top company that promotes trust and values (corporate vision: world's top producer of security products)		
Practice guidelines	Company that observes the basis and principles	Corporate culture based on trust and cooperation	Upholding the values of members
Practice directions	Proper business management	Strengthening social responsibility	Ensuring the satisfaction of employees
Practice strategies	Highly advanced system Reestablishment of ethics and norms Strengthening management transparency Securing educational expertise Considerable progress ethical management and system	Ensuring the satisfaction stakeholders Higher customer satisfaction Social contribution activities & environmental management Subcontractor management for coexistence Further dissemination of ethical management system	Realization of GWP (Great Workplace) Institutionalizing a moral sense in the workplace Strengthening the communication system Incentives based on fair, objective assessments Workplace culture wherein responsibility and duty comes first before arguing for rights
Core performance indicators	Ethics index	Satisfaction level of customers and subcontractors	Trust index
Ethical Management of KOMSCO	'02-'07 Perception /Institutionalization · Creation of basic ethical management system · Legislation of ethics charter and main principles	'08-'10 Learning and practice stage · Consistent system complementation and practice · Learning of global ethical management · Provision of basis for sustainable management	'11- Institutionalizing a world-class corporate culture · Realization of advanced ethical management corporation · Institutionalization of sustainable management system

2) V.A.L.U.E.: (VIPs: Customers + Accuracy : Technology + Loyalty : Social contribution + Union : Subcontractors + Expert : Internal members) = Values

Promotion of Clean KOMSCO to secure the trust of the nation

For the institutionalization of ethical, transparent management within the organization, KOMSCO is building a systematic structure wherein anti-corruption capability can be efficiently and effectively applied.

Members and Organization Map



Through the promotion of ethical management together with the execution departments and auditing departments, KOMSCO realizes effective ethical and transparent management through harmony and balance driven by mutually separated execution and control.

For KOMSCO as a currency manufacturing organization, the integrity of its executives and working staff is the major basis and principle. Through our 「Total Clean Supply System」 and 「Integrity Magnifier System」, we are further strengthening frames for transparent management for the internalization of the moral sense.

In connection with this, we are focusing on activities aimed at higher awareness and fostering of anti-corruption culture such as promotion of integrity declaration movement and receipt of integrity emails, operation of class on anti-corruption, and steady education and promotion using the internal communication networks and targeting all the staff of KOMSCO.

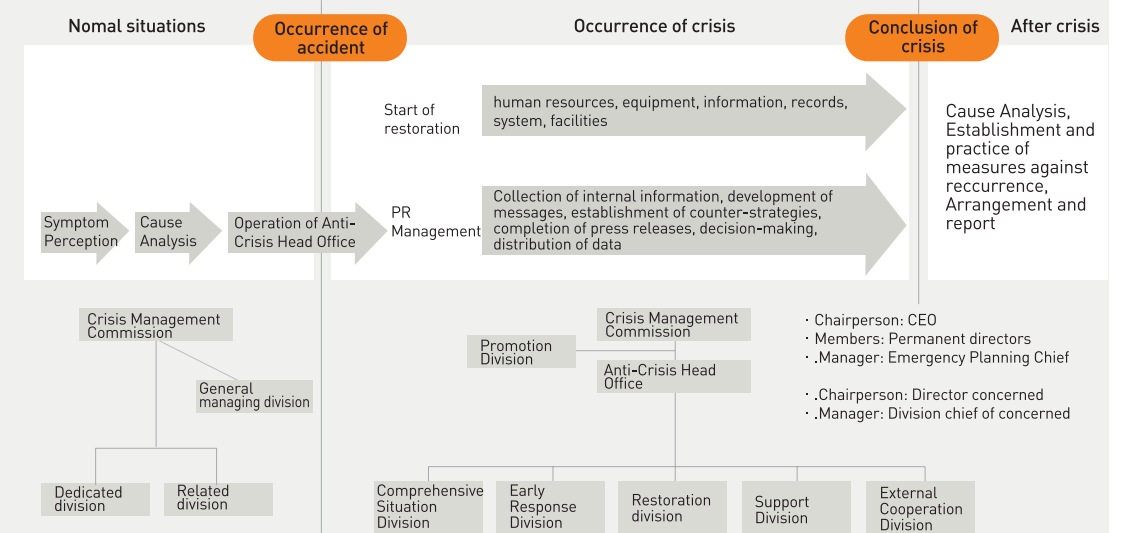
Moreover, by introducing and promoting the Customer Auditor and Claim System and Clean Call System, we have enhanced the convenience of external stakeholders and customers. We are researching on and introducing favorable circulatory integrity policies aimed at improving the integrity level.

- In the assessment by the Anti-Corruption & Civil Rights Commission in 2009, we garnered a score of 9.25 points
- Ranked high among target public corporations
- Selected as an excellent organization in anti-corruption policies by the the Anti-Corruption & Civil Rights Commission for 3 years

Crisis Management System

Since the creation of the crisis management system in 2007, KOMSCO has systematically supervised 5 crisis-creating fields (management risk, disaster, promotion, conflicts, and security) that can threaten the achievement of its goals and existence. Through the information-systemization of the system in 2008, we have developed the capability of crisis management by training for various crisis situations at the company level in 2009.

Crisis Management System



Crisis Management System

KOMSCO operates a risk management wherein regular prevention activities are carried out against possible risks. Thus, we are always prepared for critical crisis situations. We have also systemized the crisis management system to enable it to respond swiftly to cases of actual accidents and to recover.

We further classified 23 possible risks into more detailed 223 risks and selected 100 KRIs (key risk indicators) based on effectiveness and ease of production.



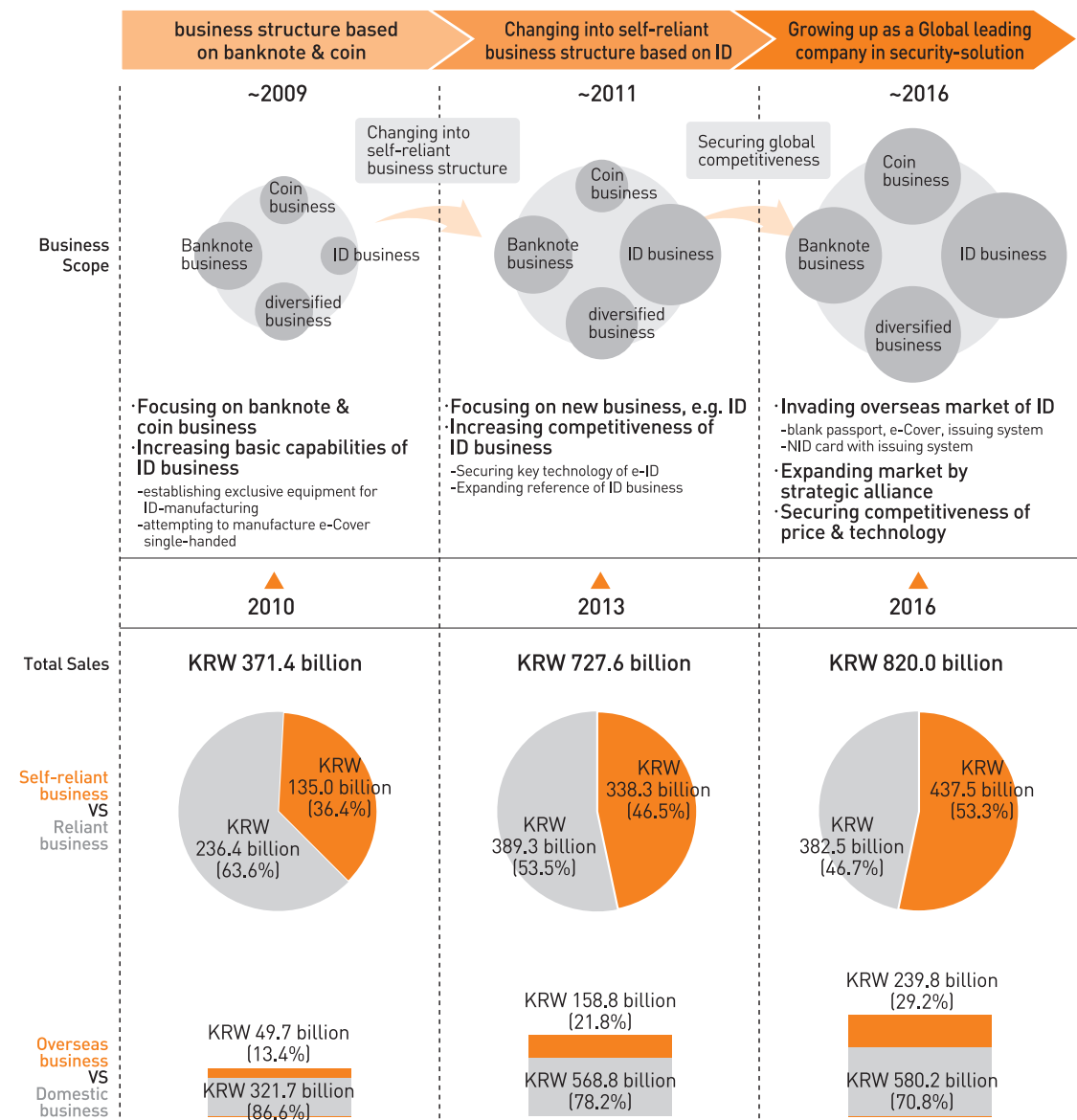


KOMSCO & Sustainability Management

KOMSCO is carrying out the ethical and creative management with our foremost task to communicate people with the best trust.

Establishment of Roadmap for Mid- and Long-Term Sustainable Development

Mid- and Long-Term Sustainable Development Roadmap



Sustainability Management Strategies

Sustainability management strategies

Goals	Strengthening social roles for sustainable management		
Guideline for Practice	Economic aspects	Environmental aspects	Social aspects
Direction of practice	Securing competitive advantage	Developing as an eco-friendly corporation	Higher social trust
Tasks	<ul style="list-style-type: none"> Securing key competitiveness including technology, quality, productivity, etc 	<ul style="list-style-type: none"> Creating an eco-friendly management system 	<ul style="list-style-type: none"> Strengthening transparent management and social responsibility
Performance indicators	Economic Performance Indicators for each sector	Management of goals for environmental data	Ethics index, Participation rate in social contribution activities
SMI evaluation indicators (economic/social/environmental aspects)			
Key strategic tasks and details	Institutionalization of the sustainable management system <ul style="list-style-type: none"> Establishing a body for the promotion of sustainable management Creating the stakeholder management system Issuing sustainability management reports Providing education 	Establishing the environmental pollution prevention system <ul style="list-style-type: none"> Developing the environmental management system Obtaining ISO14000 certification Creating a cleaner production system Developing green products and responding to climate changes Introducing a safety and health system 	Strategic social contribution <ul style="list-style-type: none"> Strategic connection of social contribution activities Identifying strategic social contribution activities Making it part of the culture of KOMSCO through the participation of all staff



Establishment of Roadmap for Mid- and Long-Term Sustainable Development

► Sustainability Management Strategies

Communication with Stakeholders and Creation of Basic System for the Promotion of Sustainability Management

Mid-Term Action Plan

Goals	2011		
	2009	2010	Settlement (entering advanced level)
Sustainable management index (SMI)	600points Introduction and development of sustainable management (declaration and development stage)	650points Dissemination (dissemination stage for institutions and perception)	700points
1. Establishing a sustainable management system	<ul style="list-style-type: none"> Extension and diversification of communication with stakeholders Extension of education for the - sustainable issuance of reports (once a year) 	<ul style="list-style-type: none"> Completing the connection of sustainable management and BSC Establishing the stakeholder management system Developing performance indicators for sustainable management 	<ul style="list-style-type: none"> Exercising sustainable management and institutionalizing the evaluation system Expanding the joint promotion of improvement activities with stakeholders
2. Creating an environmental pollution prevention system	<ul style="list-style-type: none"> Introducing ISO 14000 (environmental management system) Steady reduction of pollutants Steady reduction of energy consumption 	<ul style="list-style-type: none"> Creating OHSAS18000 (safety/health system) Minimizing the use of harmful chemicals Preparing to respond to climate change agreements 	<ul style="list-style-type: none"> Institutionalizing the environmental/safe management system Creating a cleaner production system Creating a GHG Inventory System
3. Carrying out strategic social contribution activities	<ul style="list-style-type: none"> Introducing the strategic social contribution system Strengthening the contribution activities for the community Systemizing social contribution-related bodies 	<ul style="list-style-type: none"> Connecting social contribution activities and marketing Expanding participation in social contribution activities Specialized social contribution activities by field 	<ul style="list-style-type: none"> Leading corporation in social contribution Spread of social contribution culture Specialization of social contribution activities



Communication with Stakeholders and Creation of Basic System for the Promotion of Sustainability Management

Creation of Basic System for the Promotion of Sustainability Management

To promote the "Strengthening of the Sustainable Management System" as one of the four strategic goals of the mid- and long-term strategic management plans examined and decided by the board of directors and management organizations, KOMSCO selected the directions and detailed tasks through a survey of stakeholders deemed to carry high importance.

Selection of KOMSCO's stakeholders

The stakeholders of KOMSCO include the Korean people (communities), customers, Korean government, NGO, subcontractors, and employees.

- Strategic stakeholders

Classification	Subjects	Strategic Type	Direction
Korean government	National Assembly, Board of Audit and Inspection of Korea, Ministry of Strategy and Finance, etc.	Cooperation	Support and cooperation related to the creation of political environment
Customers	Bank of Korea, local governments, general customers, etc.	Participation	Strengthening steady participation by specialization of customer service Creation of partnership and retention of cooperative networks
Research institutions	University research centers and specialized research centers	Cooperation	Development of generic technology and retention of relationship for nurturing human resources
Korean people	General people	Cooperation and participation	Final customers implying the possibility of opportunities and risks and strategic prediction of needs and responses are necessary.

- Communities (NGO): Retention of cooperative relationship for sustainable development

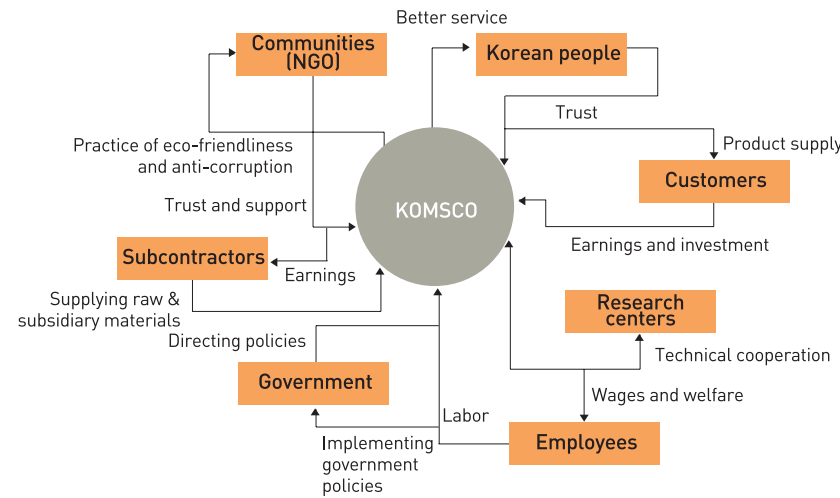
- Subcontractors: Promotion of fair partnership through the pursuit of mutual interests

- Employees: The most important stakeholders pursuing the satisfaction of each KOMSCO stakeholder



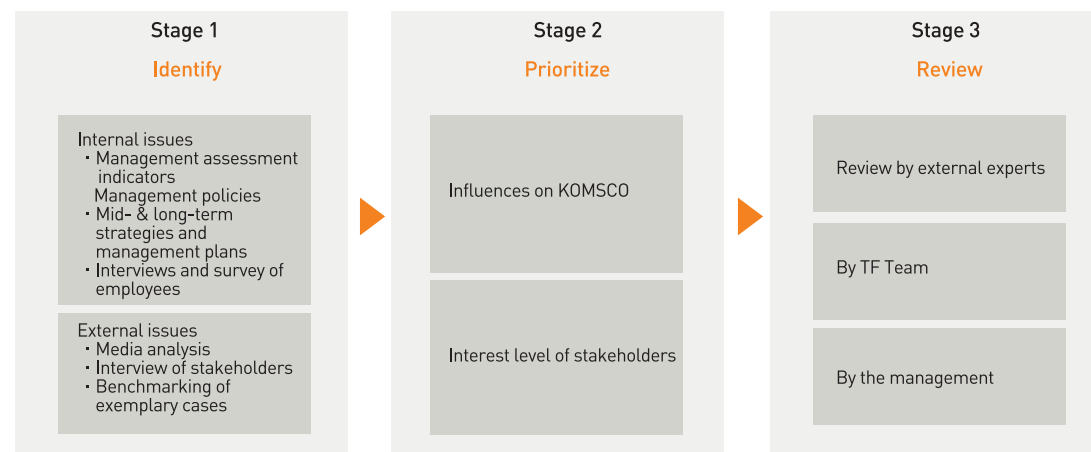
Establishment of Roadmap for Mid- and Long-Term Sustainable Development
Sustainability Management Strategies

▶ Communication with Stakeholders and Creation of Basic System for the Promotion of Sustainability Management



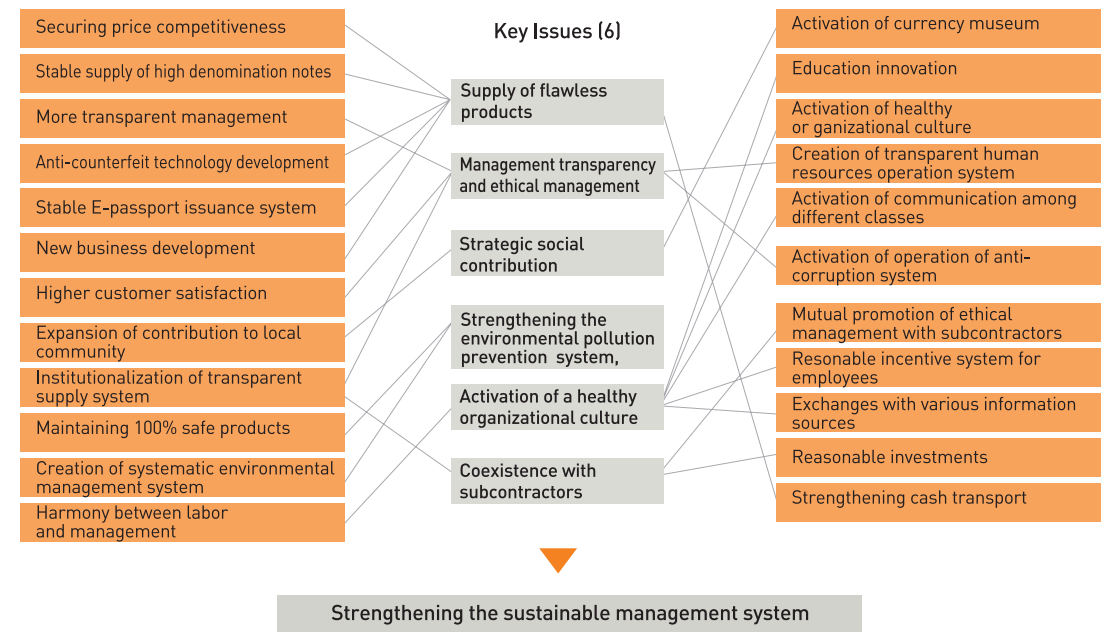
Interviews with stakeholders to identify key issues

Out of 64 stakeholders, KOMSCO selected 23 institutions retaining high interests in the corporation and conducted interviews to identify key issues.



Identifying key issues

Through the importance evaluation of issues identified through interviews with stakeholders, six key issues were identified; the scope of the report was also decided.



Sustainable Management Promotion Strategy to Deal with Key Issues and Selection of Detailed Tasks for each TBL

For the improvement of sustainable management vis-a-vis 6 key issues, promotion system and detailed tasks for each TBL were selected; promotion plans for each sector were also established.

Communication with stakeholders



Economic Value & Responsibilities

KOMSCO is sharing the greatest value with customers through the sustainable enhancement of competitiveness in the technology, quality and productivity.



Business Performances

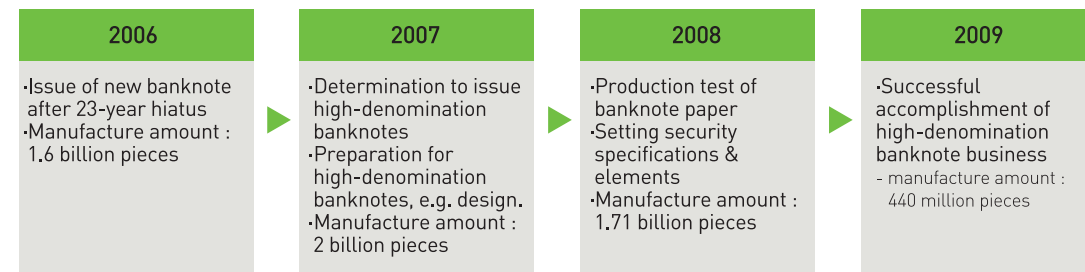
KOMSCO's short-term monetary business has continuously grown, thanks to new bank notes and high denomination notes. In contrast, check products and low notes are expected to go down; as such, KOMSCO has searched for two new profit sources of steady growth -- ID business and global business.

Changes in KOMSCO's Sales Amount

Year	'05	'06	'07	'08	'09
Total Sales Amount (KRW hundred million)	2,219	3,315	3,348	3,811	3,530
Number of Employees	1,575	1,583	1,611	1,568	1,456
Sales Amount per Employee (KRW hundred million)	1.41	2.10	2.08	2.43	2.42

Monetary Business

KOMSCO successfully provided new bank notes in record-high quantity -- a critical national task -- without increasing the work force and sans any issues related to time; the supply of high-value notes is progressing smoothly.



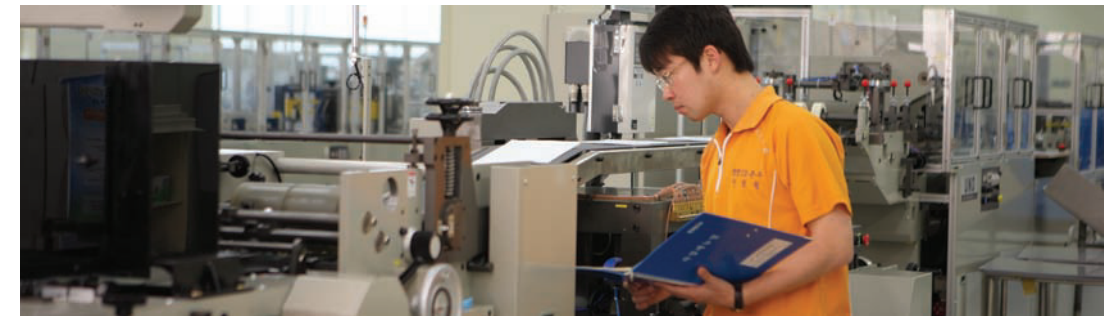
Changes in Sales Amount by Monetary Business

Sales amount by monetary business increased because of new banknotes in 2006 - 2008, and decreased to KRW 164.4 billion in 2009 as the replacement of old banknotes finished.

ID Business

In 2007, KOMSCO extended its technology scope to securitronics -- a comprehensive security solution -- and founded the ID Head Office to strengthen the next-generation ID card system capability including the e-national resident cards and e-passport so that it can boost its image as a global leading company in security solutions.

In addition, KOMSCO proposed the issuance of passports that used to be issued by 42 local governments organized by the Ministry of Foreign Affairs and Trade; it is currently manufacturing and issuing e-passports, changing its business structure from the "monetary business" to the "ID-oriented business." As a result, increasing large-scale SI orders mainly driven by IDs and traffic fields are expected; KOMSCO shall take the initiative in the market through further improved integrated solution capabilities. In 2009, KOMSCO established a base for exportation - 「e-ID global network」 including Ministry of Foreign Affairs and Trade, SI companies, promotion agencies, and ETC.



Improving the Sales Amount by ID Business

Classification	Unit	2007	2008	2009	Compared to the Previous Year
Ratio of ID business	%	11.9	14.2	18.6	4.4%P ↑

Changes in Sales Amount by ID Business

Sales amount by ID business has been continuously increased and come to KRW 65.5 billion in 2009.

Expansion of overseas markets

Based on money-manufacturing technology and artisan spirit nurtured for half a century as key capabilities, KOMSCO exports money or paper for moneymaking to a number of countries. In 2009, export items and demands were further diversified; the corporation's sales increased to 35% on a year-on-year basis.

Improving the Sales Amount by Overseas Business

Classification	Unit	2007	2008	2009	Compared to the Previous Year
Ratio of overseas business	%	7.7	8.2	12.0	3.8%P ↑

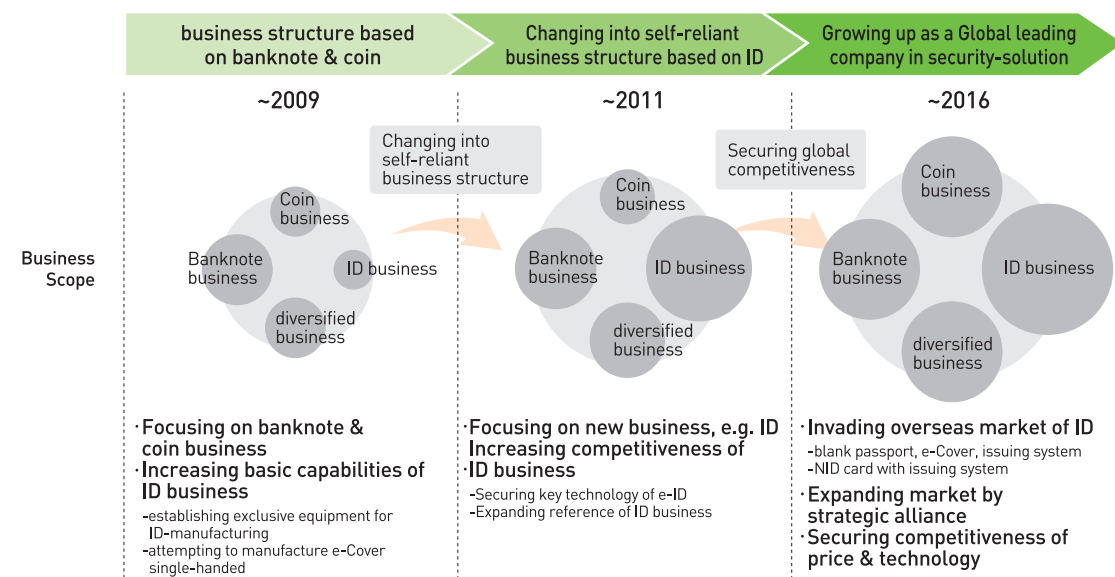
Changes in Sales Amount by Overseas Business

Sales amount by Overseas business has been continuously increased and come to KRW 42.2 billion in 2009.

- ▶ Business Performances
- 6 Sigma Management
- Technology Frontier
- Economic Performances and Distribution

Mid- and Long-Term Master Plan After 2009

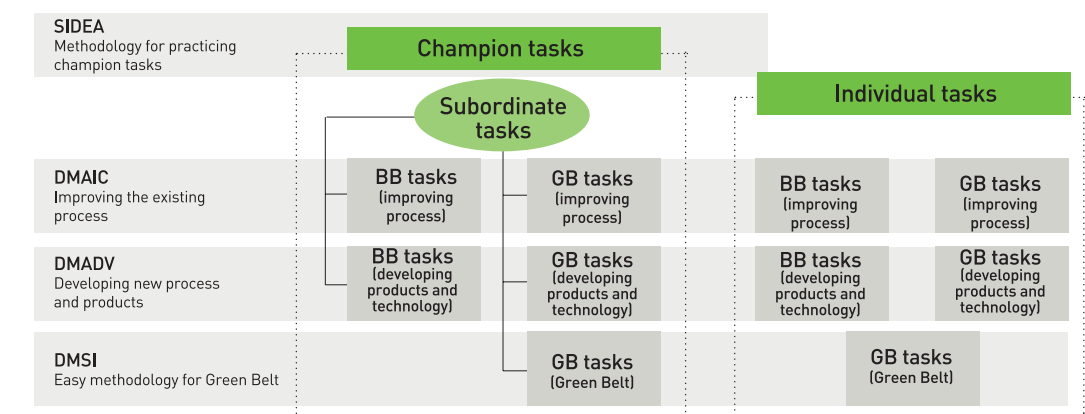
By consistently executing the manufacture and supply of flawless currency and various securities as its fundamental duties, KOMSCO as a public corporation shall fulfill its social responsibilities with sincerity. Furthermore, by steadily expanding new business for sustainable growth including the ID business and overseas business, KOMSCO shall lead global security product markets through technological innovation, quality, and creative management.



6 Sigma Management

The mission of KOMSCO is to "secure "customers' trust and value" by producing the best "security products", based on public credibility and key technology capability. Toward this end, KOMSCO is promoting the 6 sigma quality management it introduced.

Establishment of KOMSCO's indigenous task promotion methodology for institutionalizing 6 sigma activities



204 Specialized Human Resources Secured for the Dissemination and Institutionalization of 6 Sigma

Master Black Belt (MBB)	Black Belt (BB)	Green Belt (GB)	Total
7 persons	46 persons	151 persons	204 persons

• 4.15 sigma achieved through KOMSCO's 6 sigma quality management activities(goal in 2009 : 4.10)

Technology Frontier

Technology Paradigm Shift for a World Without Fakes

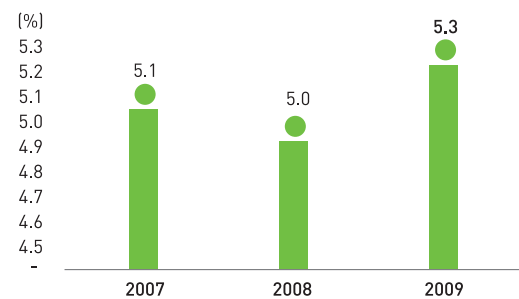
KOMSCO is assuming the responsibility of supplying not only currency as the blood of national economy but also public security products including e-passport and IDs guaranteed by the government; it is growing as a national public corporation, helping create a world without fakes.

Having succeeded in manufacturing the world's no. 1 bank notes and independently developing COS as a key technology for e-passports and national IDs, we have demonstrated tangible performances by taking proactive actions in response to national needs. For the promotion of national security technology and to strengthen competitiveness, we established Convergence Security Technology R&D Centers at universities and held thesis contests and seminars for university students nationwide to exert all-out efforts to develop security technology that is strongly characterized by interdisciplinary and converged aspects.

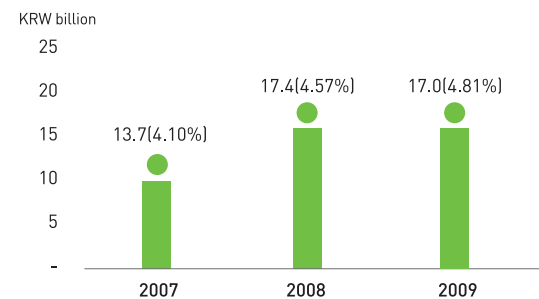
In addition, KOMSCO was the first to pursue 「The strategic project to acquire technology focused on intellectual property」 among the public enterprises and thus, we secured strong intellectual property such as patent portfolio about next generation e-ID area, new application for patents. And we established a process to acquire technology focused on intellectual property by expanding the research of security element & materials.

Through the world's no. 1 public security products and technology, KOMSCO shall secure its position as a 21st century knowledge-based company playing a role in securing national well-being and realizing economic development and maintaining social order.

R&D staff



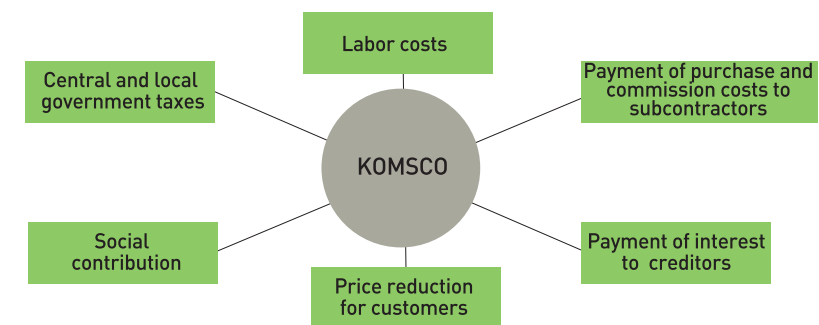
R&D Investment (KRW million)/ Investment rate



3) COS : Chip Operating System

Economic Performances and Distribution

By having the values created by business activities returned to employees, subcontractors, and stakeholders, KOMSCO is fulfilling its economic responsibilities. We shall continue our efforts to distribute bigger values to stakeholders by further improving profitability and focusing on securing growth force.



Economic Value Flow with Stakeholders

unit: KRW million

Stakeholders	Economic Values	2007	2008	2009	Compared to the Previous Year
Employees	Labor costs	121,651	115,736	106,496	↓ 8.0%
	Welfare costs	17,973	17,483	16,170	↓ 7.5%
Subcontractors	Purchase costs	130,560	164,780	137,087	↓ 9.1%
Local communities	Contributions	1,223	280	1,150	↑ 325.9%
Central and local governments	Dividends	4,724	2,483	134	↓ 94.6%
	Taxes	1,605	3,148	1,455	↓ 17.0%
Creditors	Interest costs	3,540	5,909	5,924	↑ 0.3%





Social Value & Responsibilities

KOMSCO is realizing the sustainable coexistence of company and society through practicing the transparent management and participating in the social contribution activities.

Customers : You are my Master

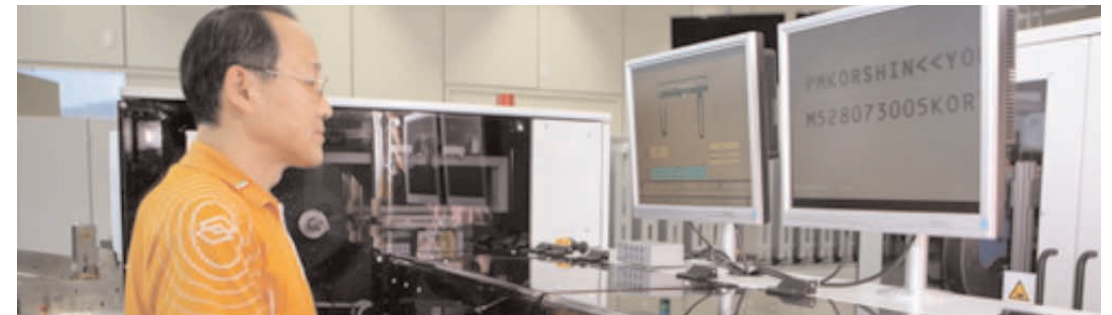
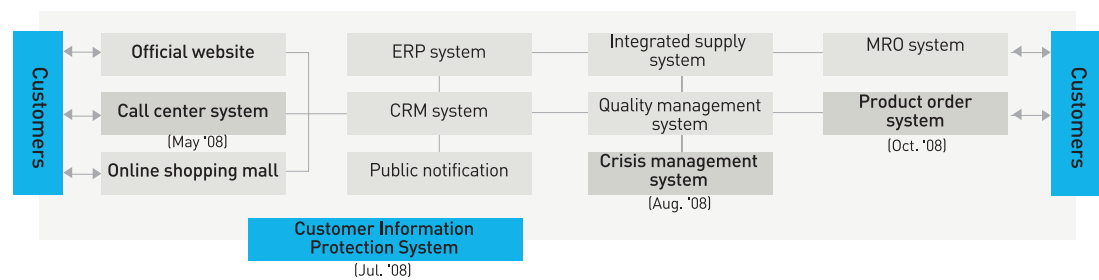
With the announcement of the customer service charter expressing the collective commitment of all executives and staff to customer-oriented management, KOMSCO is sparing no effort for the quality improvement of all products and services.

Moreover, through the publication of customer service regulations, guidelines, customer response manuals, and successful customer satisfaction cases, KOMSCO is doing its best for the betterment of mindset of all the staff as well as their customer satisfaction capabilities.

CS Management Promotion System



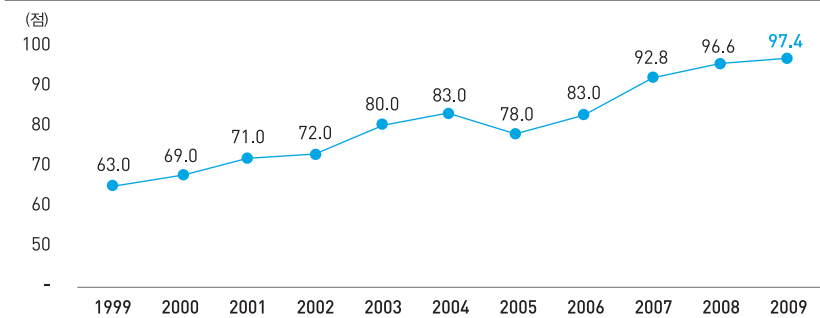
By creating a regular customer monitoring system through the operation of an integrated ubiquitous CS management system based on IT, KOMSCO is operating a customer support system with precise analysis and speedy feedback to meet customers' needs and expectations.



In the 2008 Public Corporation Customer Satisfaction Survey, KOMSCO ranked first among the public corporations evaluated. After examining the changes in the scores of each product and VOC precise analysis, all the staff of KOMSCO have identified the areas for improvement, and those are being complemented.

Yearly Customer Satisfaction

Yearly Customer Satisfaction Level



External Accomplishments Based on Improved Service and Product Quality in 2009

 Technoly Innovation Management Award Korea EconomyDaily (Feb. '09)	 Presidential commendation for support to government Ministry of Public Administration and Security (Dec. '09)	 Selected as Notable COPs UN Global Compact (Aug. '09)	 the Order of Industrial Service Merit Ministry of Knowledge Economy (Nov. '09.)	 Presidential Prize for Excellence in Quality Circle Activities for 7 consecutive years (Sept. '09)	 Selected as an outstanding company in quality competitiveness for 5 consecutive years (Nov. '09)	 Presidential Prize for National Quality Management (Nov. '09)
---	--	--	--	--	--	---

Operation of the Currency Museum <http://museum.komsco.com>

KOMSCO is operating the museum to display Korean and foreign currencies, securities, medals, various cards, stamps, and related historical materials so that people can gain proper perception on currencies for free.

Operation of e-Shopping Mall <http://www.koreamint.com>

KOMSCO is offering detailed information on products through its official website and selling a variety of products including medals reviving Korea's cultural heritages.

▶ Customers: You are my Master

- Efforts for Employees' Happiness
- Coexisting Labor and Management
- Human and Human, Love
- Transparent Management for a Traditionally Upright Corporation
- Coexistence with Subcontractors
- Efforts Toward Product Liability

Operation of Call Center Tel. 1577-4321

KOMSCO is operating its call center for the one-stop service wherein staff directly receive calls.

Provision of KOMSCO's National Informing Service Products

KOMSCO is offering a service wherein each individual is notified of the issuance status of welfare cards, youth cards, and other products through mobile text message, website, or phone.

Provision of Plant Tours for the General Public Tel. 042-870-1144

If requested, KOMSCO provides plant tours featuring its manufacturing process after going through the proper procedures.

Operation of Website and Company Magazine <http://www.komSCO.com/management>

Through its official website and monthly company magazine, KOMSCO gives public notices on management particularly the general current status, management activities, and accomplishments as well as a wide range of information including products and FAQs on currency manufacturing.

Appraisal Service Anti-Forgery Center Tel. 042-870-1591~1593

If requests are made for the appraisal of products by KOMSCO, the result is provided promptly.
Application for appraisal → Precise Appraisal → Review of forgery method and judgment on forgery → Notice of result

'YES' movement for fulfillment of CS management

KOMSCO developed 'YES' movement to integrate the power of affirmation into CS management and to create new CS culture with energy and hapiness.

Power of affirmation

Yes! Yes! Yes!
New beginning which gives the power of affirmation with happiness to the organization



Sharing

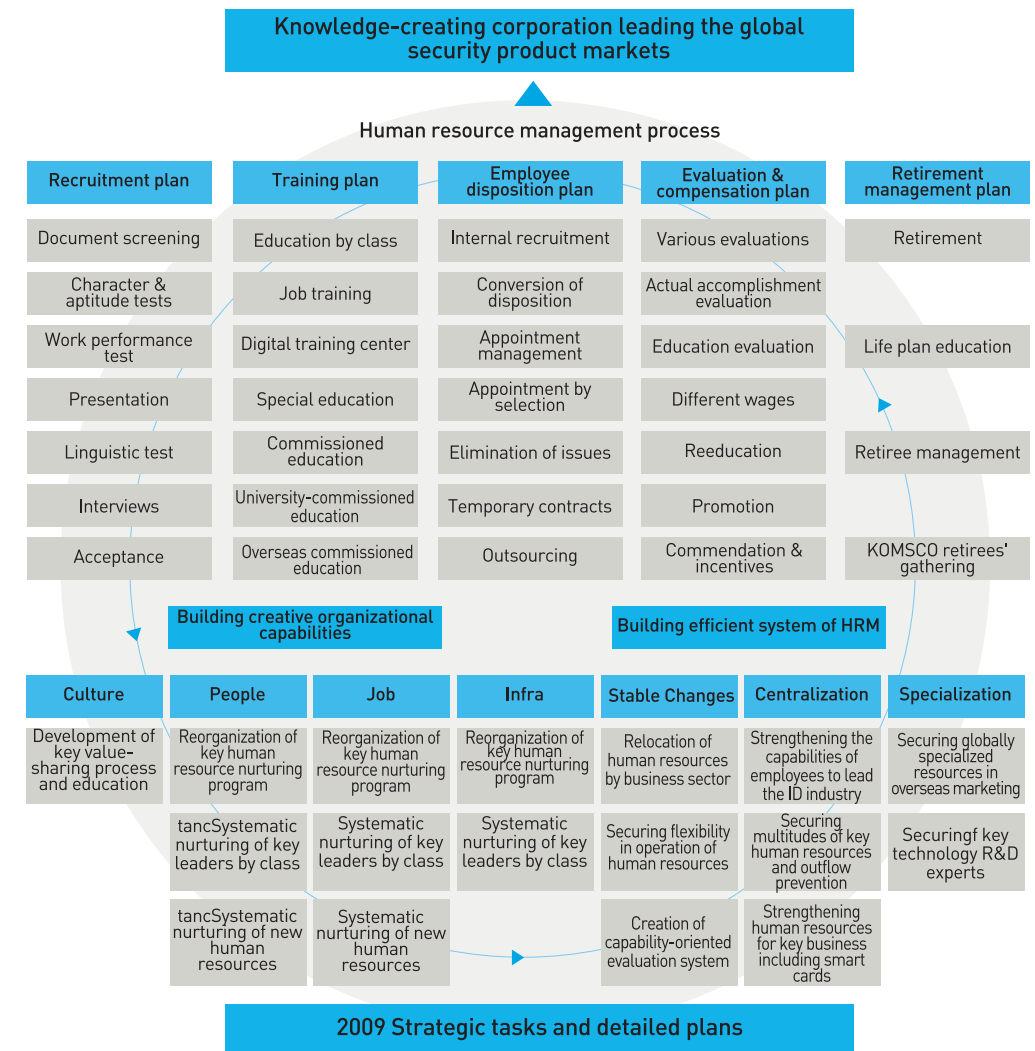
Korean word '응' which means 'Yes' is similar to division sign and 'division' also means 'sharing' in Korean

Customer first

Our principle for customer is 'Yes!' whenever and wherever we are.

Efforts for Employees' Happiness

Guided by the philosophy of youth management, KOMSCO is practicing human resources management wherein the development of company and that of employees are pursued at the same time. Fair opportunities are given to every staff; reasonable incentives are offered, with a wide range of welfare benefits given for better quality of life quality to foster a happy work life for all staff and create a labor and management culture wherein both the company and staff can coexist through cooperation. For systematic and advanced human resources management to achieve its vision, KOMSCO has systemized the operation and training process of human resources.



- Customers: You are my Master
- ▶ **Efforts for Employees' Happiness**
- Coexisting Labor and Management
- Human and Human, Love
- Transparent Management for a Traditionally Upright Corporation
- Coexistence with Subcontractors
- Efforts Toward Product Liability

Creation of Exemplary Recruitment System for Hiring Human Resources Fairly and Transparently

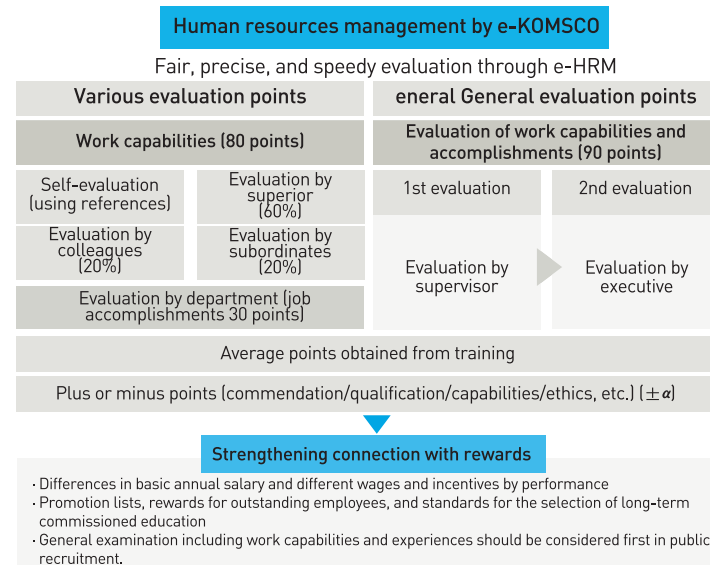
By diversifying the recruitment process, KOMSCO is promoting the transparent operation of human resources. It is operating human resources in a socially fair manner by abolishing unreasonable qualification requirements.

KOMSCO (general affairs)	Specialized recruiting company (A)	KOMSCO
Establishing plans for recruitment	Planning recruitment system	1st test: Thesis screening
Selecting specialized recruiting companies	Advertising recruitment & receiving applications	Thesis PT and linguistic test
	Counseling with applicants and notifying them of the schedules	Interviews with staff in charge and manager
Directing tasks to recruiting companies	Document screening	Decision on final successful candidates
	Character & work performance test (Company B)	Background check
Supervision of recruiting companies	Notice of passing, individual notification	Hiring

- Open recruitment by commissioning a specialized recruiting company
- Introduction of upright system for recruitment
 - Receipt of letter of declaration of security and integrity from recruiting company
 - Securing fairness and transparency by performing the recruitment process online
 - Inclusion of external persons in interviews: recruitment of outstanding human resources from various viewpoints

Competence and performance-oriented human resources management

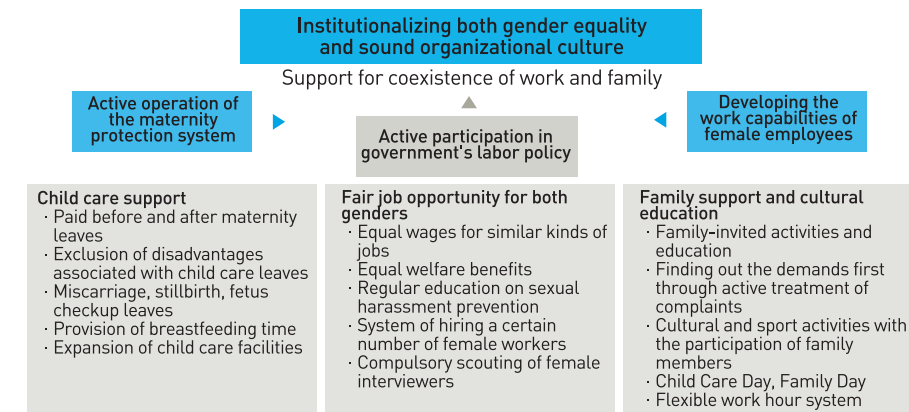
Reforming the conventional organizational culture such as the seniority system and closed personnel policy, KOMSCO has established performance and ability-oriented personnel system for the achievement of strategic goals and objective and an impartial evaluation system.



Strengthening Personnel Management Pursuing Social Fairness

KOMSCO is practicing human rights-oriented management including efforts for human resource management without discrimination by actively utilizing systematically balanced personnel and female resources. Moreover, it is paying extra attention to the prevention of human rights violation and child labor as well as any and all forms of discrimination.

Institutionalization of Organizational Culture with Gender Equality and Synergy Effects



Promotion to Head of Department and Steady Expansion of Female Resources

Classification		'06	'07	'08
Female	Newly hired	43 persons	64 persons	12 persons
	Number	3 persons	14 persons	3 persons
	Ratio	7.0%	21.9%	25%

• No recruit in 2009

Strengthening the capabilities of female resources and motivating them

Actual Results	Unit	'08	'09	Contents
Increasing ratio	Persons	274	272	Newly hired female resources outnumbering retired ones
Assignment to major departments of head office	Persons	26	29	Equal assignment to key departments including planning, personnel, business, etc.
Number of junior managers	Persons	18	11	Appointment as junior field managers/chiefs
Number of deputy managers	Persons	15	16	Securing differentiation within the same position level (level 4)
Overseas training	Persons	4	4	Overseas marketing and technology training

- Customers: You are my Master
- ▶ **Efforts for Employees' Happiness**
- Coexisting Labor and Management
- Human and Human, Love
- Transparent Management for a Traditionally Upright Corporation
- Coexistence with Subcontractors
- Efforts Toward Product Liability

Higher job satisfaction

By actively addressing the causes of dissatisfaction, job satisfaction at KOMSCO has constantly increased.

Classification	2007	2008	2009
Job satisfaction	3.46	3.39	3.60
Engagement rate	3.64	3.60	3.67
Average	3.55	3.50	3.64

Life Plan Education for Employees

KOMSCO is providing a diversified life plan education for employees who will be retiring by touring each organization.



Realization of Great Workplace (GWP)

To promote the maximization of value creation based on human-oriented corporate culture and to build the foundation for developing creative organizational capabilities, KOMSCO is promoting GWP based on the results of organization checkup.

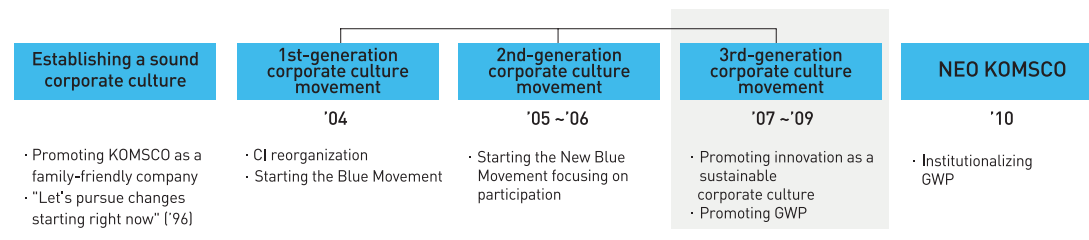
To realize reliable management based on communication between members and leadership respected by employees as well as creative thinking in knowledge-based society, a work atmosphere wherein employees can come to work with pleasant mind and work with fun should be created (management policy of KOMSCO's CEO); this is the basis for promoting GWP.

Selection and Promotion of Tasks for Each GWP Field: 19 tasks

Classification	TRUST	PRIDE	FUN
Scope	Better trust Creative development	Publicity regarding the history of minting culture Me-ce-nat activities	Leadership, communication understanding, participation
Number of Tasks	3	5	11
Method	Forum, Education	PR, Events	Events

Changes in Corporate Culture Movement

- Full-scale promotion from "Blue Movement" in '04 (1st generation)
- Promotion of New Blue Movement in cooperation with the Participatory Government (2nd generation)
- Introduction of Young Management and promotion of GWP to perfect the global knowledge-creating corporate culture (3rd generation)



Coexisting Labor and Management

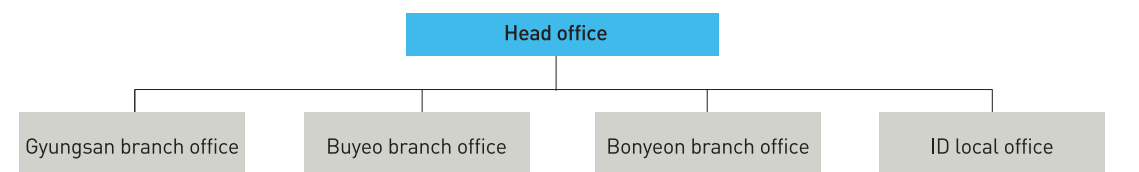
Based on the perception that the stable, coexisting relationship between labor and management is the foundation for developing into the world's top security product company, KOMSCO has been steadily fostering advanced labor relations based on mutual trust. In particular, a coexisting, cooperative relationship is being nurtured not only as a strategy of KOMSCO but as an organizational culture, with zero conflicts for 9 consecutive years since 1999 and designation as a company excelling in labor relations (by the Ministry of Labor) in 2006.

General Status of the Labor Union of KOMSCO

KOMSCO guarantees 3 labor rights (right to organization, right to collective bargaining, and right to collective action) as stated in the Constitution of the Republic of Korea and pursuant to related statutes and collective agreements; it has introduced the union shop system wherein employees retain their positions as members of the union as soon as they are hired according to the rules of the KOMSCO labor union and collective agreements.

Founded in 1988, the KOMSCO labor union has 1 head office, 4 branch offices, 1,325 members (94% of joining subjects) and 3 transferred members

- **Establishment of Labor Union: Feb. 14 1988 (no. of members: 1,325 employees as of Dec. '09)**
- **Past Labor relations**
 - Since establishment of union in '88, conflicting structure
 - From '93 to '99, extreme conflicts between labor and management
 - Deterioration of image and large-scale loss of operation profit
- **Labor relations since '99**
 - Reflection on past conflicts and perception on the need for stable labor relations
 - Creating a reliable atmosphere by practicing open, transparent management
 - Developing into the world's top security product maker



- Customers: You are my Master
- Efforts for Employees' Happiness
- ▶ **Coexisting Labor and Management**
- Human and Human, Love
- Transparent Management for a Traditionally Upright Corporation
- Coexistence with Subcontractors
- Efforts Toward Product Liability

Direction of Strategies for Labor Relations

As KOMSCO's basic strategic direction, participatory partnership is created based on open management and mutual trust for advanced, coexisting labor and management.



Realization of Preventive Management Through Various Cooperation Programs

Through the operation of various cooperation programs, KOMSCO is realizing preventive labor relations management. For higher mutual trust and practice of participatory partnership, labor and management meetings are held more than once every quarter; labor relations in plants are also actively managed by holding a separate Local Labor and Management Meeting by head office. Moreover, the joint labor and management conference as a regular discussion system for better labor relations is held. For higher specialized capabilities in labor relations and creation of mutual trust, joint education and workshops are regularly conducted. The following are the major contents of KOMSCO's communication channel between labor and management, creating value-sharing for coexistence through steady information-sharing and various cooperation programs:



Communication Windows	Major Windows	Number Opened
Labor & management conference	Discussing current issues	20
Collective bargaining for wage negotiation	Efforts for reasonable negotiation on wages	7
Bargaining for wage negotiation	Preliminary opinion coordination for the efficient operation of wage negotiation	25
Meeting for wage negotiation	Coordinating demands from both sides and reaching mutual agreement	7
Labor & management meeting (representatives)	Meeting for creating a communicative, cooperative atmosphere	12
Labor & management meeting (others)	Meeting for the creation of an atmosphere conducive for communication and mutual understanding	On demand
Conflict Settlement Commission	Receiving complaints from employees and discussing solutions	On demand
Joint workshop	Determining the directions of development of labor relations through mutual understanding	1

Protection of Employees from Industrial Accidents

KOMSCO is doing its best to maintain and improve the safety and health of employees and to prevent accidents by creating a pleasant, harmless work environment as per the collective agreement of the KOMSCO labor union (Chapter 8. Industrial Safety and Compensation for Accidents).

Securing Public Credibility Through Healthy Citizens' Roles

To fulfill their roles as exemplary citizens in the community, KOMSCO's labor and management have steadily carried out social contribution activities jointly. In particular, executives and leaders of the union take the initiative in creating a culture of labor and management coexisting and securing for KOMSCO public credibility as a public corporation. The joint labor group carried out various volunteering activities including free lunch at the train stations and athletic meets for the elderly, and donation to the neighbors in 2009.

Human and Human, Love

KOMSCO is giving back to society including neighbors and stakeholders based on what we are receiving. This is our ideology and a value shared with others, a social responsibility that should naturally be fulfilled by a public corporation.

A person blooming as a flower is coming to me: invitation activities of KOMSCO

To offer opportunities for cultural experiences and to go out to people who are deprived of such experiences due to many limitations, KOMSCO is inviting and escorting the disabled, elderly living alone, residents in social shelters, students in remote areas, and subcontractors to provide them with currency culture experiences. Through these activities, KOMSCO ensures the convenience and satisfaction of the underprivileged and alienated neighborhood for which we are striving to become a friendly corporation.



A person who warms my soul: volunteering activities of KOMSCO

Established in August 2005, the 「KOMSCO Volunteering Team」 was newly launched as 「Gatchi Batchi (meaning sharing) Volunteering Team holding the "Love-Sharing Event." We are also promoting the "311 Sharing Movement" to encourage volunteering for more than 3 hours once a month to help everybody realize that we are the world through sharing and volunteering activities.

In addition, we have designated the second Saturday of the month as "Volunteering Day." All the staff are realizing the value of our sweat in volunteering places. We feel very happy to be able to do our share by providing the free food service to the homeless, the bath service for the elderly living alone, and support for social shelters. A wide range of volunteering activities are being carried out by over 2,000 people of KOMSCO.



People learning money: Money story with KOMSCO

KOMSCO invites elementary school students living in Daejeon for currency experiences in cooperation with the Education Office of Daejeon City. The experience program includes a special lecture on money and currency culture of other countries as well as observation of the currency-making process. A total of 1,140 students from 23 schools have participated in the program.



A person who knows the happiness of sharing: donation activities of KOMSCO

Money makes money. We put up the first number for auction when we make new money. With the money we earned at the auctions, we donated. We often donate small sums of money whenever we can.

- **Social shelters and people in need**
 - Social shelters (the disabled, elderly living alone, vocational rehabilitation facilities, etc.: approx. 70 places)
 - Sending children of Korean newspapermen to primary schools in remote areas: 4 schools
 - Orphans performing in each office and plant
- **Cultural art sports activities in the region**
 - Hanbat Composition contest, Daejeon and Chungnam joint marathon race, CEO awarding cross-country, Baekjae Culture Festival, etc.
- **New volunteering team**
 - We launched a new 'Bachi' volunteering team which consists of our employee members who have some specialties that can be used in volunteering activities.
- **Auction earning of first number of new notes**
 - KOMSCO issued new KRW 50,000 notes in 2009. It held a special activity to auction off first numbers through the Internet to donate the earnings (KRW 680 million) from the auction to the Social Welfare Common Fund.
- **1% Sharing Movement**
 - Since April 2006, KOMSCO has promoted the 1% Sharing Movement wherein workers donate a certain portion of their wages. Approx. KRW 6 million per month has been collected, with 90% of our staff joining this activity.

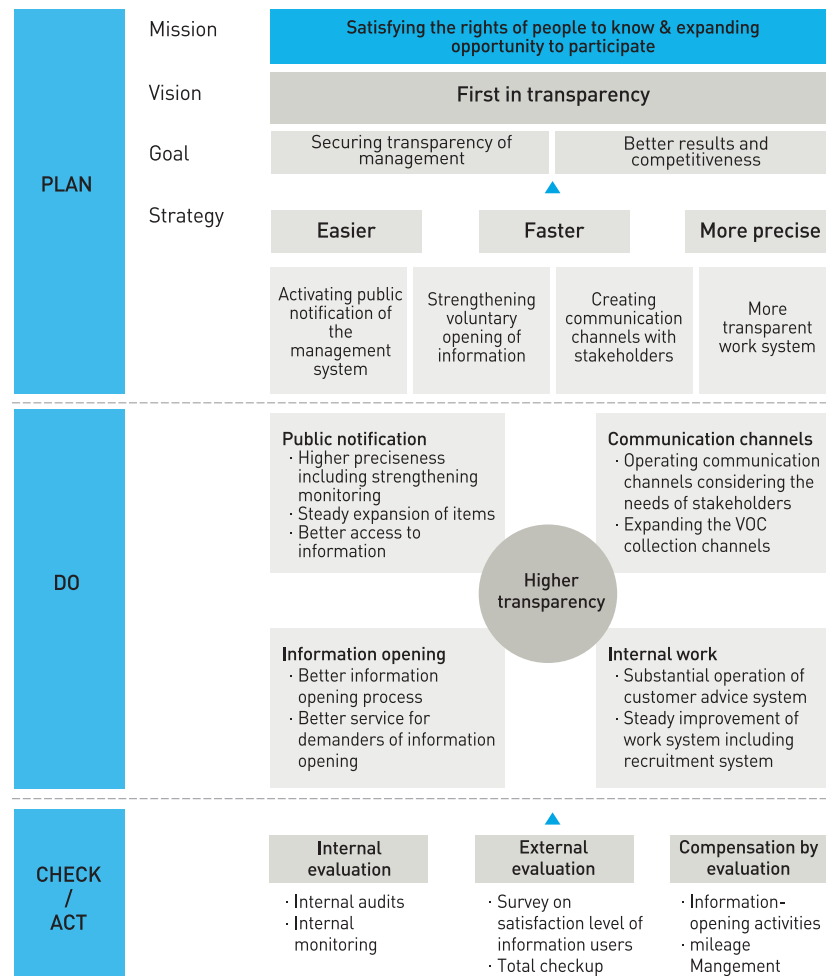


Transparent Management for a Traditionally Upright Corporation

To fulfill our responsibilities related to transparent management as a public corporation and to establish a stakeholder-oriented public notification system of management, KOMSCO is performing all tasks transparently including the process of public notification of management.

KOMSCO is steadily improving the system for the precision and accuracy of public notification involving the systematic collection and analysis of VOC and strengthening the process of checking the level of satisfaction with publicly notified information. Moreover, KOMSCO is exerting all-out efforts for the realization of FIT (fiscal integrity through transparency) including the addition of 3 items to the public notification and actualization of standards for public notification.

As a result of these efforts, we ranked among the top 5% in the Integrity Level Survey conducted by the Anti-Corruption and Civil Rights Commission. We were also named an excellent company in integrity for 3 consecutive years during the evaluation on corruption prevention policies and selected as an outstanding company in terms of website access by the Korea Agency for Digital Opportunity and Promotion and the Korea Disabled Rights Forum in 2009.



Coexistence with Subcontractors

KOMSCO does not actually have many subcontractors, being a public corporation producing limited products.

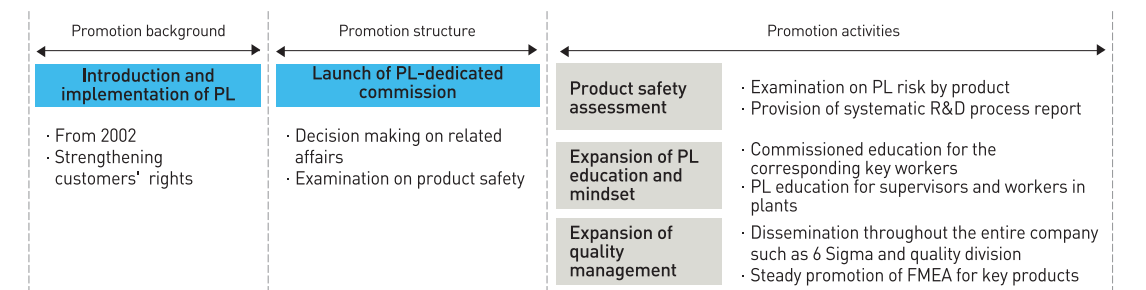
Note, however, that long-term cooperative relationship with companies is inevitable since we require the steady supply of raw materials for special printing and stamping products. With our subcontractors, we have developed and supported cooperation programs for coexistence including the conclusion of the Transparent and Ethical Management Agreement with subcontractors, subcontracting companies CEO invitation conferences, 'KOMSCO Family Handholding for Coexistence, and joint invitation activities for the disabled.

Moreover, based on the perception that being a mentor to small and medium companies is a natural role of a public corporation, we are actively supporting them and endeavoring to promote ethical management.

Efforts Toward Product Liability

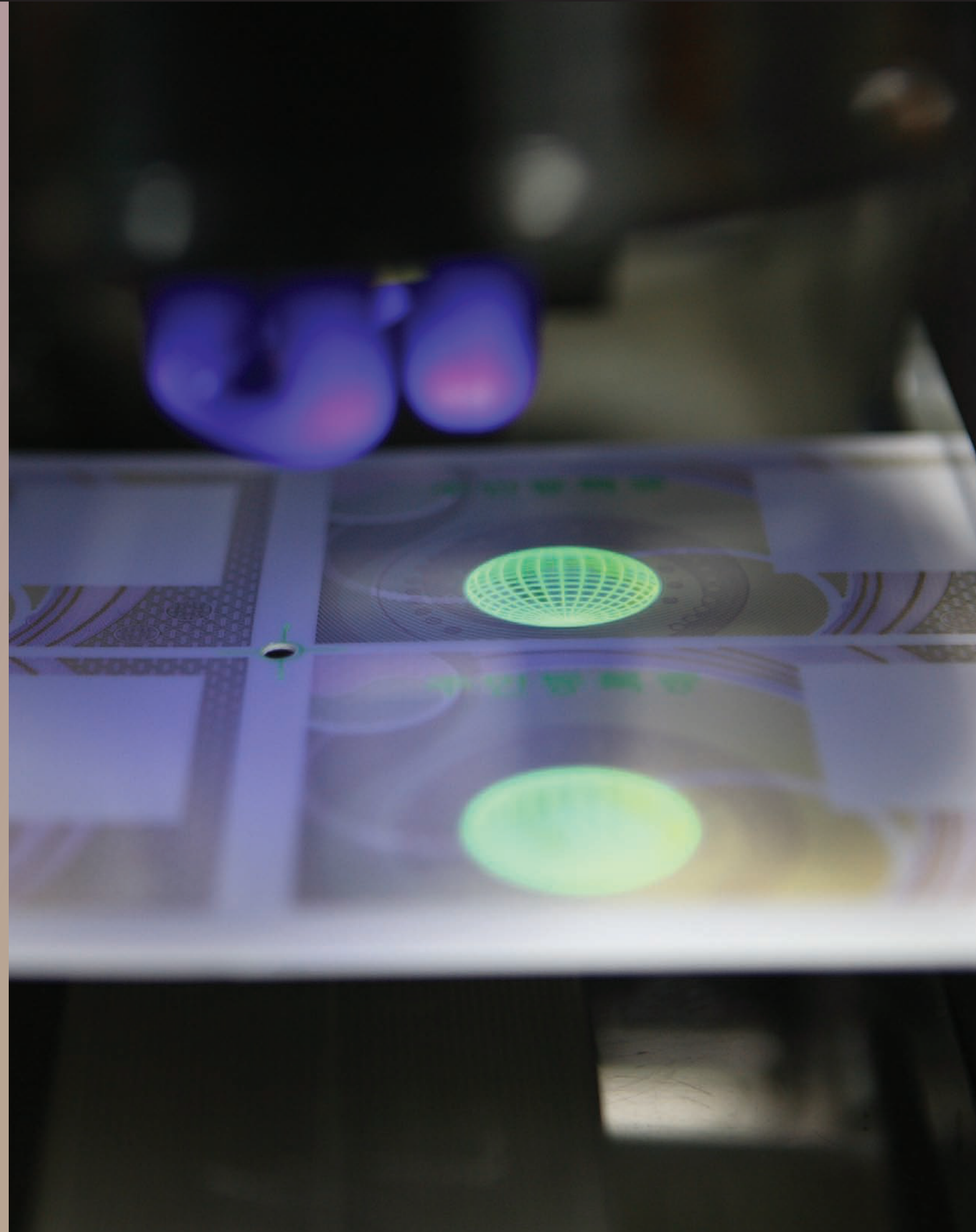
As a manufacturing company, KOMSCO has established a crisis management system against risks of supplying flawed products; it has selected 6 risks related to product supply as crisis management targets to be equipped with a response system for flawless products and a strengthened product warranty system for product liability.

- **Strengthening the warranty system for the supply of flawless products**
 - New establishment of separate product warranty management structure
 - Preparation and implementation of product warranty manuals
- **Promotion of the product liability system**



Environment Value & Responsibilities

KOMSCO is carrying out the missions of company for the nature and mankind by realizing the eco-friendliness in the entire production and management system as well as all our products.



Environmental Management Strategy System and Practice

Aiming at environmental conservation as a key management task, KOMSCO is practicing environmental management for both humans and environment through the steady pursuit of harmony between business activities and environment.

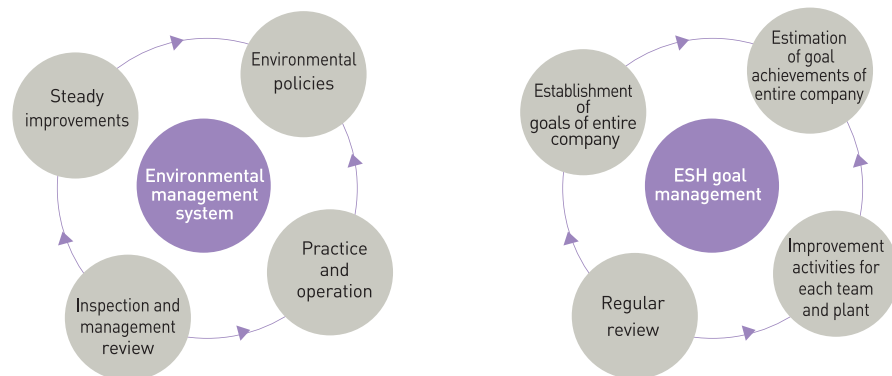
Environmental Management Strategies

Goal	To grow as an eco-friendly enterprise		
Practice direction	Institutionalization of eco-friendly management system	Energy-saving and contents of climate change agreements	Activation of environment communication
Practice tasks	<ul style="list-style-type: none"> Eco-friendly management system creation Environmental pollutants emission minimization Expansion of green product purchase Creation of emergency response system Minimization of harmful chemical substance use 	<ul style="list-style-type: none"> Introduction of energy consumption ceiling (establishment of mid- & long-term energy saving goals) Promotion of voluntary agreements Substitutes for excessive energy-consuming facilities 	<ul style="list-style-type: none"> Environmental conservation activities and campaigns Announcement of environmental accomplishments

The requirements for improving the environmental safety of workers are also becoming more stringent. To respond to the rapidly changing environment issues and energy issues triggered by climate changes, KOMSCO wishes to contribute to the steady development of humankind by establishing and promoting improved goals through mid- & long-term strategies.

Environmental management system and ESH goal management

Based on its environmental management policies and mid- & long-term goals, KOMSCO establishes detailed goals for each plant and team every year and detailed improvement plans and provides education to enable all the staff to practice and share them.



Accident Prevention and Emergency Responses

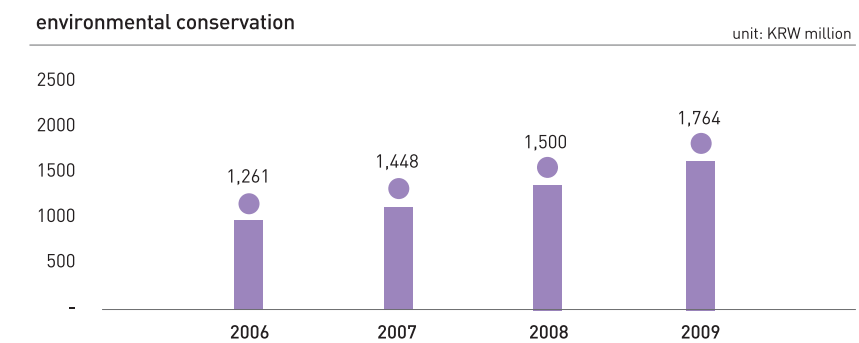
To take prompt actions against accidents, we provided a countermeasure scenario for each type of emergency and environmental safety equipment; we are operating the crisis management system we created such as the regular performance of emergency response drills by plant and division. In addition, we analyze synthetically the results of drills to identify issues and solutions and complement the scenarios for reflection on the next drills. This way, accidents in our plants can be promptly tackled using well-trained emergency response teams and perfect anti-disaster equipment.

TMS (Tele-Monitoring System)

To conduct regular and real-time inspection on air pollution prevention facilities and pollutant emission density according to the normal operation of the wastewater treatment plant and prevent unexpected environmental accidents, KOMSCO established TMS (tele-monitoring system) in major outlets. Pollutant emission density is automatically recorded; if such is beyond the stipulated standard, the situation is perceived by an alarm so that early actions can be taken against this case. Major emission estimation data are sent to major public offices through the TMS Management Center of Environmental Management Corporation.

Expenditures and investments related to Environmental investments

KOMSCO is investing a huge amount of funds in environmental conservation; most of the money is being spent on effluent water management.



Purchase of green products

For environmental conservation, KOMSCO is expanding its purchase of eco-friendly products.

Accomplishments of Environmental Management

Raw Material Consumption and Recycling Rates

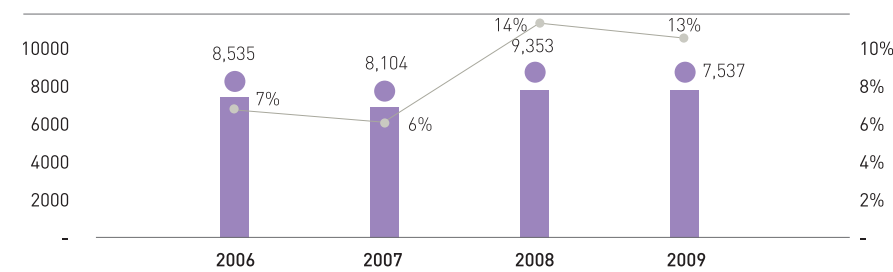
Consumption of raw materials

KOMSCO mainly uses cotton and metals (copper, nickel, and zinc) as the ingredients for coins; its consumption has been increasing given the growing production.

Recycling rates of raw materials (recycling rate/consumption of raw materials)

KOMSCO is recycling the waste paper generated in the manufacturing processes by dissociating it instead of resorting to incineration or dumping.

Raw materials consumption (tons) and recycling rate (recycling rate/consumption of raw materials)



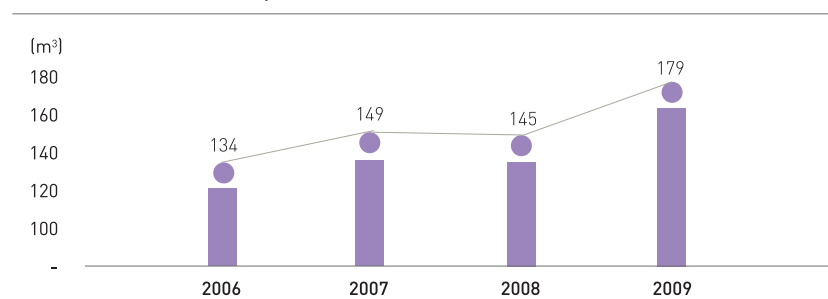
Total water intake by each supply source

KOMSCO is using the water service and emitting the used water after treatment to avoid exert any negative effect on the surrounding environment. We boast of excellent storage facilities for the recycling of water; our paper plant is recycling 30% wastewater from the process through re-treatment.

Unit load of water use (m³/production-tons)

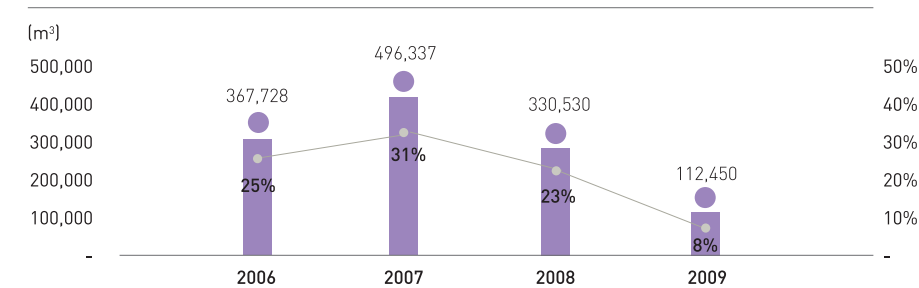
Even though our water consumption in 2009 increased to some extent due to the frequent changes of product, our water recycling rate also rose.

Unit load in water use (m³/production-tons)



Total amount and rate of reused water

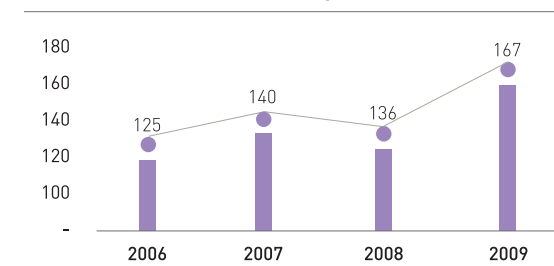
Total amount(m³) and rate of reused water



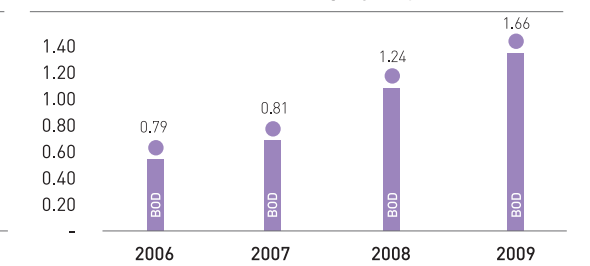
Unit load in the amount and quality of wastewater (m³/production-tons)

In spite of the hard and continuous efforts of KOMSCO to reduce the wastewater discharged into streams through the improved operation of wastewater treatment plants, its effluent water partly increased owing to the frequent changes of products; its unit load in the quality of wastewater has also improved steadily, however.

Unit load of wastewater discharge amount (m³/production-tons)



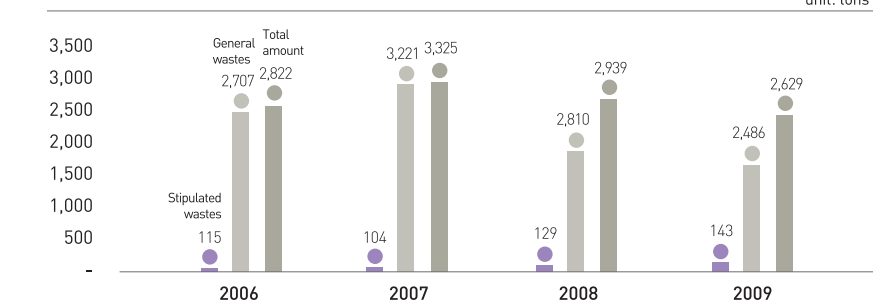
Unit load of wastewater discharge quality (m³/production-tons)



Waste discharges according to the type and treatment method (tons)

KOMSCO commissions a specialized company for the treatment of all wastes generated in the production process.

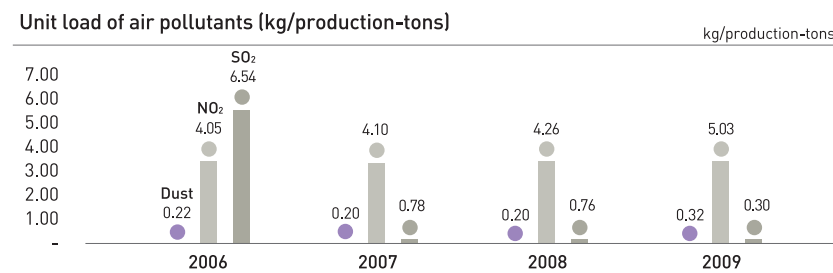
Waste discharge according to the type and treatment method (tons)



Environmental Management Strategy System and Practice
 ▶ Accomplishments of Environmental Management
 Energy-saving and Responses to Climate Change Agreements

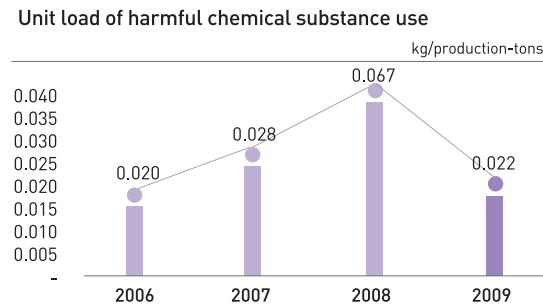
Unit load of air pollutants

Through the maintenance of old boilers and better operation methods, KOMSCO has been striving to reduce air pollutants; despite using low sulfur fuels since 2007, however, KOMSCO's SO₂ emission has fallen drastically.



Minimization of harmful chemical substances

The harmful chemical substances used by KOMSCO are being carefully supervised from import to use and disposal. To prevent leakage accidents, we check the leakage control equipment located in the storing facilities and protection gears to be used for emergency cases on a monthly basis. In connection with this, we are operating the harmful chemical substances management system we have established including securing MSDS and conducting regular emergency drills to prevent pollution accidents. By unit of plant, KOMSCO is making steady efforts to reduce the consumption of harmful chemical substances and poisonous materials as much as possible through the optimized operation of related equipment and improved process. As a result, no leakage accident has yet to occur at KOMSCO.



Biodiversity

There are no habitats with highly valued biodiversity or related species around KOMSCO. Moreover, we have not received any special demand from the central and local government due to biodiversity issues. Nonetheless, KOMSCO is performing environmental impact assessments around each of its plants and offices as well as a wide range of several environmental conservation activities as part of its social contribution activities.

Strict Observance of Laws

KOMSCO has never violated any environment-related law for the last 3 years. We shall strengthen our environmental management to avoid violating any environmental law. stricter pollutants management system and pollution prevention activities are ongoing at KOMSCO.

Environmental conservation activities

Each of the plants and offices of KOMSCO is promoting the "1 Company, 1 Stream" movement to clean a stream near their workplace on a regular basis. Likewise, to avoid any environment-related trouble with residents, we listen to their opinions carefully.

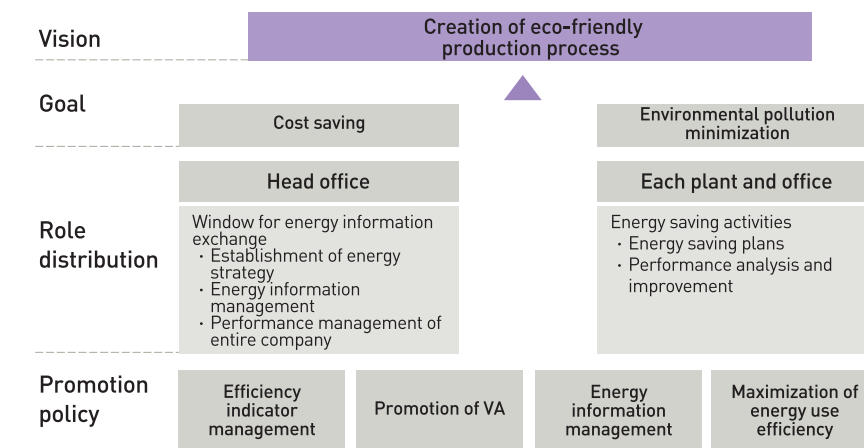
Energy-saving and Responses to Climate Change Agreements

Guided by the vision of 「Creation of Eco-Friendly Production Process」, KOMSCO's energy management is carried out with the end in view of cost saving through the maximization of energy efficiency and minimization of environmental pollution load.

KOMSCO's efforts toward energy saving

To create a green production process through energy saving, we introduced the energy use ceiling system and promoted VA; each plant is promoting highly efficient facilities and activities to improve processes, whereas each of the offices and R&D centers is promoting a variety of energy-saving activities such as operation of energy-saving promotion council, regulations on the use of elevators, efficient office equipment lighting, and purchase of green products. Moreover, through the quarterly and monthly analysis of performances in energy-saving activities from the mid- & long-term perspectives and annual goals at the company, plant, and office levels, we give and receive feedback to/from one another to maximize energy efficiency. KOMSCO began ESCO business which increase energy efficiency by improvement of equipments with government support in 2009 and will invest KRW 11.9 billion for the next 6 years.

Energy Management System



Responding to Climate Change Agreements

To help check global warming and promote sustainable management activities, KOMSCO will create the basis for responding to climate change agreements by stage and continue efforts to reduce greenhouse gas emission.

- Environmental Management Strategy System and Practice
- Accomplishments of Environmental Management
- ▶ Energy-saving and Responses to Climate Change Agreements

Exemplary Cases of Energy Saving

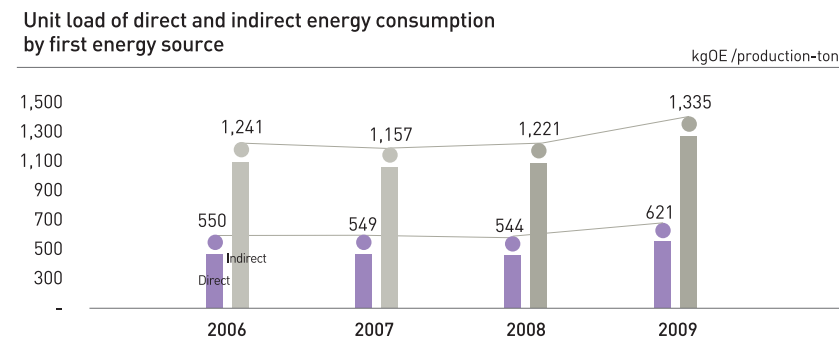
By Body	Exemplary Cases
Head office	Change of heating boiler fuel and improvement in operation methods
Monetary plant	Change and improvement in cold water plumbing Improvement in air conditioning operation methods Cleaning the tubes of boilers and freezers and improving efficiency Location of the variable speed control converter Location of high-efficiency condenser
Paper plant	Water-saving by recollecting the sealing water of drain pumps at Paper-making Line 2 Improvement in operation system of vacuum pumps Improvement in the blowing method of cutting machines in the right position Improvement in the transportation pump motor of broke pit in Paper-making Line 2

Greenhouse gas management

As basic creation activities to respond to climate change agreements, KOMSCO is planning the creation of GHG inventory, GHG inventory inspection, and GHG management system by stage.

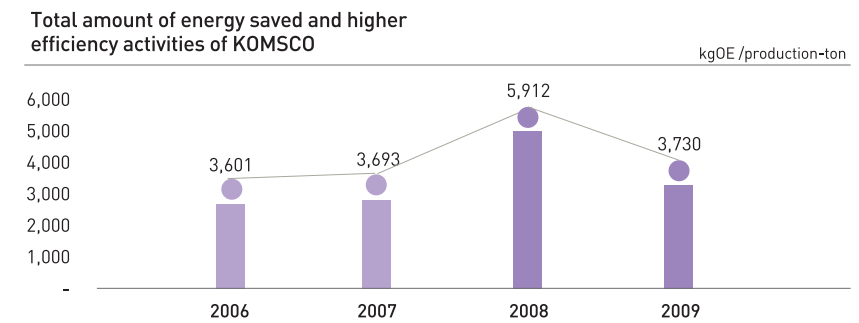
Unit load of direct and indirect energy consumption by first energy source

The continuous efforts of KOMSCO toward energy efficiency and saving have resulted in steady improvements in the unit load of energy consumption.



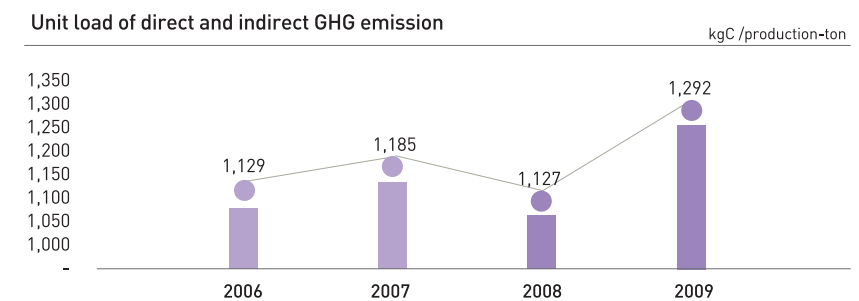
Total amount of energy saved and higher efficiency activities of KOMSCO

For energy saving, we altered the proper temperatures for heating and cooling by 1°C removed 30% of lighting in offices, blocked power flowing into office equipment that are not in use, and executed the maintenance or substitution of old equipment such as boilers or heating or cooling devices.



Unit load of direct and indirect GHG emission

Although GHG emission by energy consumption plummeted in 2006, it increased to some extent in 2009.



Initiatives for the reduction of GHG emission and outcome

KOMSCO is replacing obsolete equipment for the reduction of GHG emission and promoting and recommending the use of commuter buses to go to and leave work and public transportation through the introduction of the "Every Second Day Car Driving" system. We also changed fuels for our boilers with LNG (liquefied natural gas)-- a clean fuel -- to further our efforts to minimize GHG emission.

Emission of ozone layer-destroying substances

To reduce the emission of ozone layer-destroying substances, KOMSCO replaced all refrigerants with non-CFC. We also have a halon fire extinguisher (93kg) to prepare against any outbreak of fire.



KOMSCO

Appendix

KOMSCO is incessantly growing up as a company in a type of knowledge creation while emphasizing the fundamentals and principles, trust and cooperation, and customers and employees.

TBL (Triple Bottom Line)

Classification	Unit	2007	2008	2009
Economic Aspects				
Sales	KRW million	334,801	381,107	352,984
Labor costs	KRW million	121,651	115,736	106,496
Welfare costs	KRW million	17,973	17,483	16,170
Sales profit	KRW million	27,969	15,246	6,472
Interest costs	KRW million	3,540	5,909	5,924
Domestic donations	KRW million	1,223	270	1,150
Net profit for the current period	KRW million	17,827	9,342	525
Dividend	KRW million	4,724	2,483	134
R&D expenditures	KRW million	13,715	17,404	16,985
Purchase costs	KRW million	130,560	150,801	137,087
Industrial property rights (applied)	KRW million	39	39	85
Social Aspects				
Number of employees	Persons	1,611	1,568	1,456
Sales amount per capita	KRW million	208	243	242
Satisfaction level of employees	Points	3.55	3.49	3.64
Training cost	KRW million	1,181	1,482	1,530
Education personnel	Persons	6,933	7,311	8,687
Retirement rate	%	2.9%(47/1,642)	3.5%(56/1,608)	2.9%(44/1,506)
Level of satisfaction with training	Points	4.08	4.10	4.41
Accident rate	%	0.23	0.22	0.06
Level of customer satisfaction with public corporation	Points	92.8	96.6	97.4
Level of customer satisfaction with KOMSCO	Points	83.2	85.4	87.1
Social contribution activity expenditures	KRW million	1,223	270	1,150
E-supply cost	KRW million	126,512	157,969	110,656
Attendance rate of the board of directors	KRW million	98	99	100
Purchase from small and medium companies	KRW million	58,999	60,365	40,125
Satisfaction of subcontractors (vs)	%	Took the top 5%	Took the top 3%	Took the top 5%
Female employment rate	%	20.59%(14/68)	21.43%(3/14)	-
Disabled worker ratio	%	2.8%(45/1,611)	2.9%(46/1,568)	3.0%(46/1,532)
Environmental Aspects				
Environmental investment	KRW million	1,448	1,500	1,764
GHG emission	kgC/tons	1,185	1,127	1,292
Total amount of recycled water	m3	496,337	330,530	112,450
Air pollutant emission	kg	5.1	5.2	5.7
Wastewater discharge	m3	140	136	167
Waste discharge	Tons	3,326	2,939	2,629

Excellence of KOMSCO proven by external evaluation

Awards	Organizers	Dates
2008 Korea Technology Innovation Management Award	Korea Economy Daily	Jan. '08
Selected as a website of excellence in terms of accessibility as evaluated by users in 2007	Korea Disabled People's Rights Forum	Feb. '08
Selected as an organization of excellence in anti-corruption policies	National Integrity Commission	Feb. '08
Commemorative coins for Hangeul Day named Most Technological Coin	Korea Disabled People's Rights Forum	May '08
Special stamps for children's rights named Most Beautiful Stamp	ASIGO International Award for Philatelic Art	Jul. '08
Won the Presidential Award in the National Quality Division Contest for the 6th year	Ministry of Commerce, Industry, and Energy	Sept. '08
Acquired certificates for the developed e-passports COS and CC (Common Criteria Certification)	ICCC (International Common Criteria Conference)	Sept. '08
Selected as a company of excellence in quality competitiveness for 4 years	Ministry of Knowledge Economy and Korea Standards Association	Oct. '08
National Quality Master	Ministry of Knowledge Economy	Nov. '08
Won First Prize for 「Unique Stamps」	Government Postage Stamp Printers' Conference	Nov. '08
Technoly Innovation Management Award	Korea Economy Daily	Feb. '09
Selected as Notable COPs	UN Global Compact	Aug. '09
Presidential Prize for Excellence in Quality Circle Activities for 7 consecutive years	Ministry of Knowledge Economy	Sept. '09
the Order of Industrial Service Merit	Ministry of Knowledge Economy	Nov. '09.
Selected as an outstanding company in quality competitiveness for 5 consecutive years	Ministry of Knowledge Economy	Nov. '09
Presidential Prize for National Quality Management	Ministry of Knowledge Economy	Nov. '09.
Presidential commendation for support to government	Ministry of Public Administration and Security	Dec. '09

GRI Guideline (G3) Index

Profile

G3	Indicator Contents	Page
Strategy and analysis	1.1 Declaration of highest decision maker clarifying sustainable management	13
	1.2 Organization and sustainability	14,22
Profile of the company	2.1 Company name	14
	2.2 Representative brands, products, and services	16
	2.3 Company structure including major business divisions, subsidiary companies, and joint venture companies	14
	2.4 Location of head company	14
	2.5 Number of nations where overseas plants are located	16,31
	2.6 Features of ownership structure and legal forms	15
	2.7 Target markets	16
	2.8 Company scale	14
	2.9 Significant changes in scale, structure, and ownership structure	16
	2.10 Awards during report period	17,65
Report profile	3.1 Report period	2
	3.2 Date of recent report	-
	3.3 Report cycle	2
	3.4 Contact numbers for report-related contents	2
	3.5 Definition process of report contents	2
	3.6 Report boundary	2
	3.7 Report scope or limitations in report boundary	2
	3.8 Limitations of comparison between organizations	2
	3.9 Hypothesis in data collection process, data-measuring techniques, and estimation standards	2
	3.10 Re-description effects of information presented in previous report and reason	-
	3.11 Major changes in scope, boundary, and estimation method compared to the previous report period	-
	3.12 GRI balance sheet	74
	3.13 External inspection-related policies and activities, standards of inspection scope, and relationship of report organization and inspection institution	72

Economic performance

G3	Indicator Contents	Page
Economic performances	EC1 Economic value creation and distribution performances	35
	EC2 Financial impacts of climate changes and risks associated with business activities	64
	EC3 Support scope of pension	-
	EC4 Flood results of government subsidies	-
Market status	EC5 Wage range of new workers compared to the minimum wage of major business places	-
	EC6 Practices in purchase policy of major business places and rate	-
	EC7 Employment process of major business places and proportion of high-ranking officers from the region	-
Indirect economic effects	EC8 Investment in infrastructure for public interest and service-supporting activities	-
	EC9 Indirect economic ripple effects	35

Management system

G3	Indicator Contents	Page
Governance structure	4.1 Company governance structure	15
	4.2 Whether the chairman of the board of directors assumes the role of officer	15
	4.3 Number of members of the board of directors	15
	4.4 Mechanism wherein shareholders and employees present their opinions	15
	4.5 Connection of incentives for officers and organization	15
	4.6 Conflict prevention process within the board of directors	15
	4.7 Process of deciding the qualification and specialization of members of the directors of board	15
	4.8 Code of ethics and principles related to economy, environment, and	66
	4.9 Process of identifying and managing the economic, environmental, and social performances of the board of directors	15,25
	4.10 Process of assessing the economic, environmental, and social performances of the board of directors	15,25
External responsibility	4.11 Principles in prevention and access methods	19
	4.12 Joining and supporting initiatives related to economy, environment, and society	13
	4.13 Current status of joining association, bodies, and membership	27
Participation of stakeholders	4.14 List of stakeholders	25
	4.15 Standards for identifying stakeholders	25
	4.16 Participation methods of stakeholders	26
	4.17 Key issues raised by stakeholders	27

Social performance - Society

G3	Indicator Contents	Page
Communities	S01 Program to assess and manage effects on communities	-
Corruption	S02 Number and ratio of business units whose corruption risks have been analyzed	-
	S03 Ratio of employees who have been educated on anti-corruption policies and process	17,50
	S04 Measure against corruption incidents	17,50
Public policies	S05 Participation in lobby activities for public policies	-
	S06 Contribution to political parties and politicians	-
Legal observance	S07 Number of legal measures against improper and monopoly activities	-
	S08 Fines imposed for legal violations	-

Social performance - Labor/Human rights

G3	Indicator Contents	Page	
Employment	LA1	Current employment by contract type	14
	LA2	Number and rate of employee turnover	64
	LA3	Welfare benefits for full-time employees	41
Labor and management relationship	LA4	Rate of employees who can apply for collective bargaining	45
	LA5	Provision of information on important changes in business for employees and discussion	47
Safety and health	LA6	Proportion of employees representing the labor and management health and safety council	45
	LA7	Number of disasters resulting in injury, occupational diseases, loss, absence, and job-related disasters	-
	LA8	Support programs for the diseases of employees and local residents	47
Education and training	LA9	Safety and health issues concerning the targets of agreement with labor union	47
	LA10	Education period per employee by working type	41
	LA11	Life-long education program for steady employment and retired employees	44
Equality	LA12	Rate of employees who are targets for regular performance assessment and career development examination	-
	LA13	Current composition of board of directors and employees	14
Supply	LA14	Rate of basic wage of female and male workers	-
	HR1	Number of major investment contracts subjected to human rights inspection	-
Discrimination elimination	HR2	Rate of human rights inspection among subcontractors	-
	HR3	Rate of employees who have been educated on human rights policies	-
Association	HR4	Total number of discrimination incidents and measures	-
Child labor	HR5	Freedom of association and collective bargaining	45
Compulsory labor	HR6	Measures to eliminate child labor	43
Security practices	HR7	Measures to eliminate compulsory labor	43
Native residents	HR8	Rate of security persons who have been educated on human rights	-
	HR9	Number of cases of violation related to the management of native residents and relevant measures	-

Social performance - Product liability

G3	Indicator Contents	Page	
Customer health and safety	S01	Policies for the maintenance of customer health and safety retention	51
	S02	Number of violations of safety and health-related regulations governing service and products	-
Product & service labeling	S03	Information type of service and products required for process	51
	S04	Number of violations of laws related to products and service labeling	-
	S05	Customer satisfaction-related policies and procedures	38,39
Marketing	S06	Marketing-related policies and programs including advertisements, sales promotion, sponsorships, etc	40
	S07	Number of violations of laws related to marketing including advertisements, sales promotion, sponsorships, etc.	-
Customer info	S08	Number of complaints related to the violation of customer information protection	-
Legal observance	S09	Amount of fines for violation of laws related to products and service	-

Economic performance

G3	Indicator Contents	Page	
Raw materials	EN1	Amount of raw materials consumed	56
	EN2	Rate of use of recycled materials	56
Energies	EN3	Direct consumption of 1st energies	60
	EN4	Indirect consumption of 1st energies	60
	EN5	Energy-saving through improved efficiency	61
	EN6	Energy reduction through energy efficiency programs	61
Water	EN7	Indirect energy-saving programs and performances	60
	EN8	Total recollected amount by supply source	56
	EN9	Water supply sources that are greatly affected by water collection	56
Biodiversity	EN10	Use and rate of recollected water	57
	EN11	Electricity-producing equipment in ecology protection areas	-
	EN12	Effects on biodiversity within ecosystem protection areas	58
	EN13	Protected or restored habitats	-
	EN14	Strategies, measures, and plans for biodiversity	58
Emissions, wastewater, and wastes	EN15	Number of endangered species in business areas	-
	EN16	Direct and indirect GHG emissions	61
	EN17	Other indirect GHG emissions	61
	EN18	GHG reduction programs and subsequent performances	57
	EN19	Emission of ozone layer-destroying substances	57
	EN20	Emission of air pollutants	58
	EN21	Discharge of wastewater and water quality	57
	EN22	Discharge of wastes by type	57
	EN23	Discharge of seriously harmful substances	58
	EN24	External discharges of harmful substances according to the Bagel Convention	-
	EN25	Protection and values of biodiversity in wastewater-discharging areas	-
Products and services	EN26	Environmental impact reduction activities and performances	-
	EN27	Recycling rate of products and packages	-
Legal observance	EN28	Fines and sanctions imposed as a result of violating environmental laws	58
Transportation	EN29	Major environmental impacts associated with the transport of raw materials and employees	-
Enterprise	EN30	Expenditure and investment in environmental protection	55

Practice of the UN Global Compact

Classification	Principles	GRI G3	Page
Human Rights	1. We support and respect the internationally declared human rights protection.	HR1, 2, 3, 4, 5, 6, 7, 8, 9	45,47
	2. We confirm that we are not involved in any human rights violation.	HR1, 2, 3	45
Labor	3. We guarantee the freedom of organization and right to collective bargaining.	HR5, LA4, 5	45-47
	4. We shun any kind of forced labor.	HR7	43
	5. We effectively abolish child labor.	HR6	43
	6. We root out discrimination in employment and work.	HR4, LA2, 10, 13, 14	14,42,43
Environment	7. We support the preventive approach to environmental problems.	4.11	19
	8. We take the initiative in assuming more environmental responsibilities.	EN2, 5, 6, 7, 10, 13, 14, 18, 21, 22, 26, 27, 30	55-58,60-61
	9. We support eco-friendly technology development and dissemination.	EN2, 5, 6, 7, 10, 18, 26, 27,	56-57,60-61
Anti-corruption	10. We make efforts to eliminate any kind of corruption including unfair acquisition and bribes.	S02, 3, 4	17,50

Korea Minting,
Security Printing &
ID Card Operating Corp.
SUSTAINABILITY REPORT 2009

Sustainable Management Division, Planning Office, KOMSCO
54 Science St., Youseong-Ku, Daejeon Metropolitan City (postal code: 305-713)
Tel. 042-870-1057, Fax. 042-863-6370
E-mail. ygkwon@komsco.com