



Purpose of Publication

K-water aims to improve people's standard of living and promote public welfare through comprehensive development and control of water resources. In every business process, K-water takes social responsibility in a fair and environment-friendly way.

Publication of Report

"Sustainability Report 2008" is the fourth issue of K-water's annual report. K-water publishes a report every year which contains its sustainable strategies, activities, performance, and future plans on the basis of economic achievement, environment-friendly approach, and social responsibility. The previous report was published in August, 2007.

Principles of Reporting

The report was written based on Sustainability Reporting Guidelines (G3) of GRI. More details can be found on page 78-81 of "GRI Index."

Target Readers

The report was prepared for all stakeholders who are directly or indirectly influenced by K-water management, including its executives and staff members, the government, local organizations, clients, subcontractors, and non-governmental organizations.

Period of Reporting

The period of reporting is from January 1, 2007 to December 31, 2007. The qualitative achievement analysis includes a part of the achievements recorded until June, 2008. The quantitative achievement analysis shows the four-year data from 2004 to 2007. The fiscal year of K-water commences January 1, and ends December 31.

Scope of Report

The scope of the report includes the present conditions and performance of the sustainable management of the workplaces, including the head office, seven regional headquarters, 33 workplaces in Korea, and overseas businesses (13 projects in 11 countries). As the overseas projects have not operated as a form of workplace but as project units, only their performance was taken into account. 21 domestic workplaces were combined into the regional headquarters due to the reorganization of substructure.

Changes

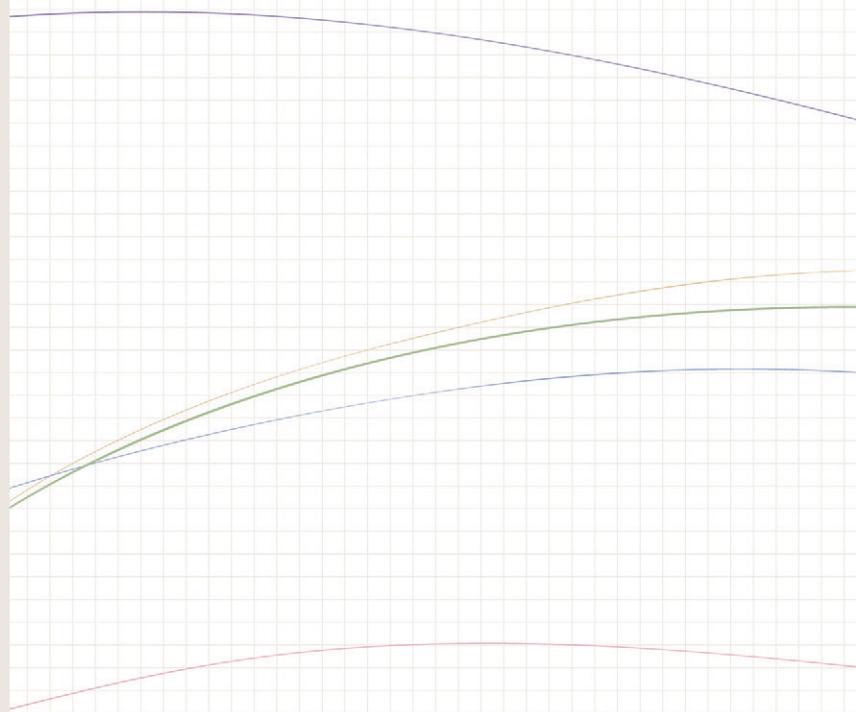
During the reporting period, there has not been any significant change in size, structure, standard year, and ownership structure.

Report Verification

In order to enhance credibility, samples of data and sentences selected in the report were verified by the Korea Management Association Registrations & Assessments Inc. The verification report can be found on page 64 to 65 pages.

More information

The report can also be found on the website of K-water (<http://www.kwater.or.kr>). For more information about this report or K-water's Sustainable Management, please contact the Corporate Social Responsibility (CSR) Team in the Management Services Innovation Department (telephone: +82-42-629-2368~9, fax: +82-42-629-2399).



I'm happy with Water, Nature & People

Nature

There was water at the beginning of the world. Water is the Mother that gave birth to life. It is where life began. Water, air, earth..... all this nature is not a legacy to hand down to our future generations, but what we have borrowed from them. That's why we should pay special attention to natural resources. K-Water is making every effort to make sure green and healthy nature continues generation after generation through environment preservation and clean energy production business along with environment-friendly water management.

Water

Though water is a renewable resource, Korea's water demand is gradually getting bigger than its supply due to rapid population increase outrunning self-purification and circulation and increasing pollution of water.

To provide plentiful and clean water, K-Water is launching a new phase as the best corporation with comprehensive service through innovative management, transparent management, and specialized management and globalized human resources training.

People

Care for a cup of tea or a glass of water? Water connects people and smoothes relationships. K-water is doing its utmost to be a company anyone would want to work for, one loyal to its social commitment, one that deserves trust, and one serving people and is loved by them.



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I'm happy with
Water, Nature & People



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A professional portrait of a middle-aged man with dark hair, smiling warmly at the camera. He is wearing a dark grey suit jacket over a white collared shirt and a light blue patterned tie. A small gold pin with the letters 'Kwater' is visible on his left lapel. His right hand is raised near his chest, fingers slightly spread, suggesting he is in the middle of speaking or gesturing during a conversation.

Any task cannot be performed
by one person but by a team,
and its success lies in the understanding
and support of other team members.

K-water publishes the 4th Sustainability Report in order to be a respected enterprise by sharing information with our valued customers and stakeholders in a transparent manner.

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The year 2007 was all the more meaningful for K-water. Not only did K-water celebrate its 40th anniversary, but it also made considerable achievements befitting the first year of achievement of our vision, Global Best. In that year, we started construction of the Hantan River Dam and Gunnam Flood Control Reservoir, as well as the full-scale development of the Clean Development Mechanism(CDM) and supply of water to Kaesung Industrial Complex with the completion of the Multi-regional Waterworks. We were also commissioned to work on the local waterworks in Geoje City. In addition, K-water has been acknowledged for its capable human resources and technical excellence, the two bases to become an advanced global enterprise, by joining the water resources projects in 11 countries across Asia and Africa and obtaining global authorizations from ISO/ESC 20000 (global standards for IT service) and Best-HRD (Best Human Resource Development).

K-water has also concentrated its effort on minimizing risks from change of external business environment and finding new opportunities by pushing forward sustainable management that covers customer-centered management to boost the stakeholder's values, environment management, and social contributions. We promise to make further efforts to fulfill our role as a specialized water resources organization to ensure sustainable growth of K-water and national development.

We will maximize our internal capabilities and establish the basis for future-oriented growth.

As a comprehensive water service provider, K-water will expedite future-oriented growth projects such as CDM and overseas projects, and realize a future-oriented integrated watershed management system through integration, specialization, and automation. Also, in preparation for the impending water shortage, we will restore existing dam facilities, utilize reservoirs for agricultural use, riverside filtrated water, and all other resources in every watershed.

We will be a trusted company by improving service for our customers.

Trust of customers can only be earned through continuous and

steady efforts. K-water will take substantial measures to boost the quality of customer service on the basis of customer-centered management. We will also create new value for our customers by promoting transparent ethical management, strengthening social responsibility, and realizing sustainable management.

We will make a Global K-water that communicates with the world.

The 21st century is the Era of Blue Gold, when the industries related to water resources have a high growth potential. In order to prepare for the future and secure competitiveness, we must have global-level systems, practices, various standards for facilities, and behavior patterns. We will sharpen our competitive edge to provide the highest level of water management through sustained development of core technologies and development of world-class human resources.

We will build a creative and progressive corporate culture.

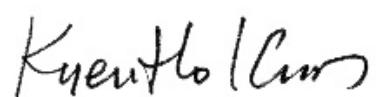
Any task cannot be performed by one person but by a team, and its success lies in the understanding and support of other team members. K-water will make efforts to build a creative and progressive corporate culture where every team member works in cooperation and harmony. To that end, we will have harmony and mutual trust as the two most important values for labor-management relations and build a true partnership for participation and cooperation.

Now sustainable management has become an essential strategy to survive and gain a competitive advantage in the era of no-holds-barred competition. K-water will apply the sustainable management system to overall management and achieve its mission of "Water for a Happier World" by using the system as a growth engine. Also, we hope this report on sustainable management will provide K-water's management results in a transparent manner and become a channel for communication between various stakeholders.

Thank you.

August, 2008

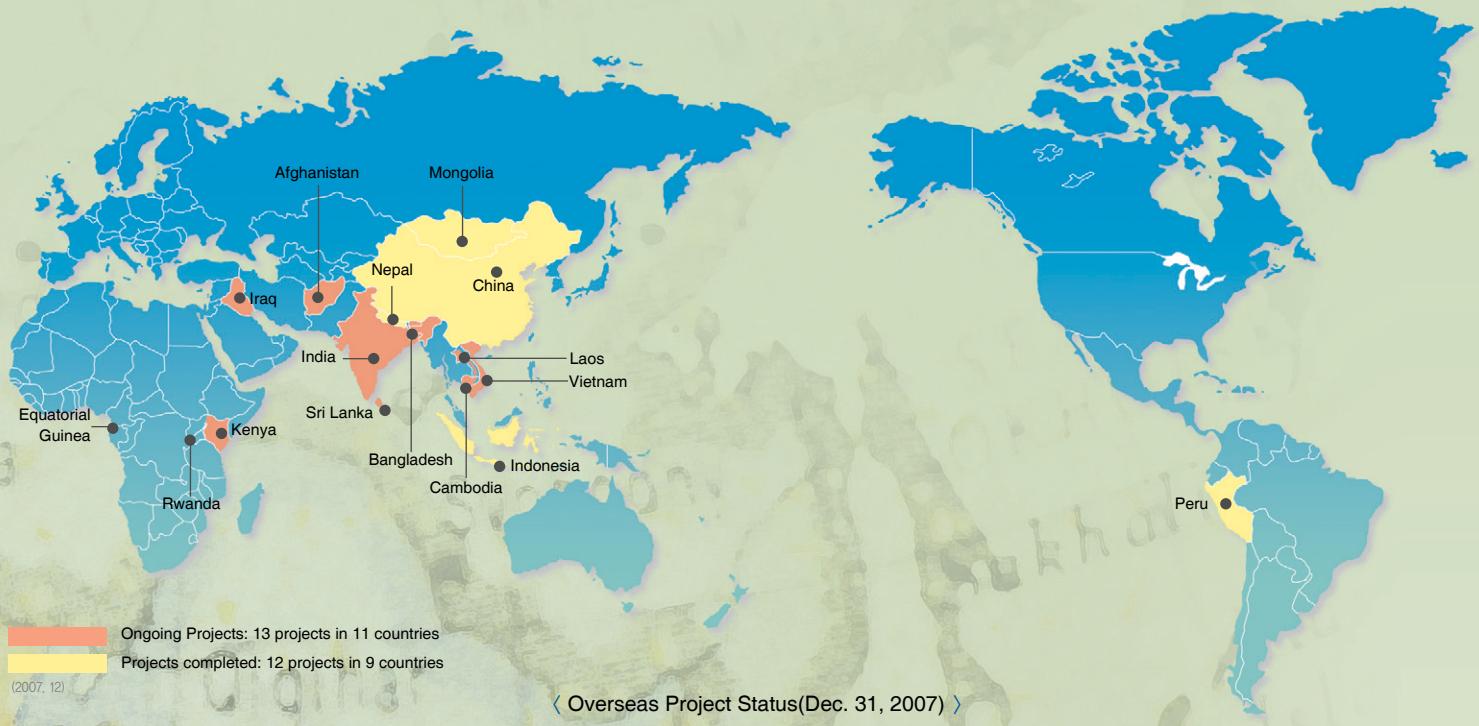
CEO & President, Gun Ho Kim





Water for a Happier World

K-water, a comprehensive water service provider that delivers happiness through water
K-water, an enterprise that makes a better world where water, nature and people live in harmony
K-water, an enterprise that delivers happy smiles and nature full of life



Seoul Metropolitan Headquarter
Kang-won Regional Headquarter
Chung-cheong Regional Headquarter
Dae-jeon Head Office
Jun-Buk Regional Headquarter
Jun-nam Regional Headquarter
Kyung-buk Regional Headquarter
Kyung-nam Regional Headquarter

< Head Office and 7 Regional Headquarters >

Corporate Overview on Dec. 31, 2007

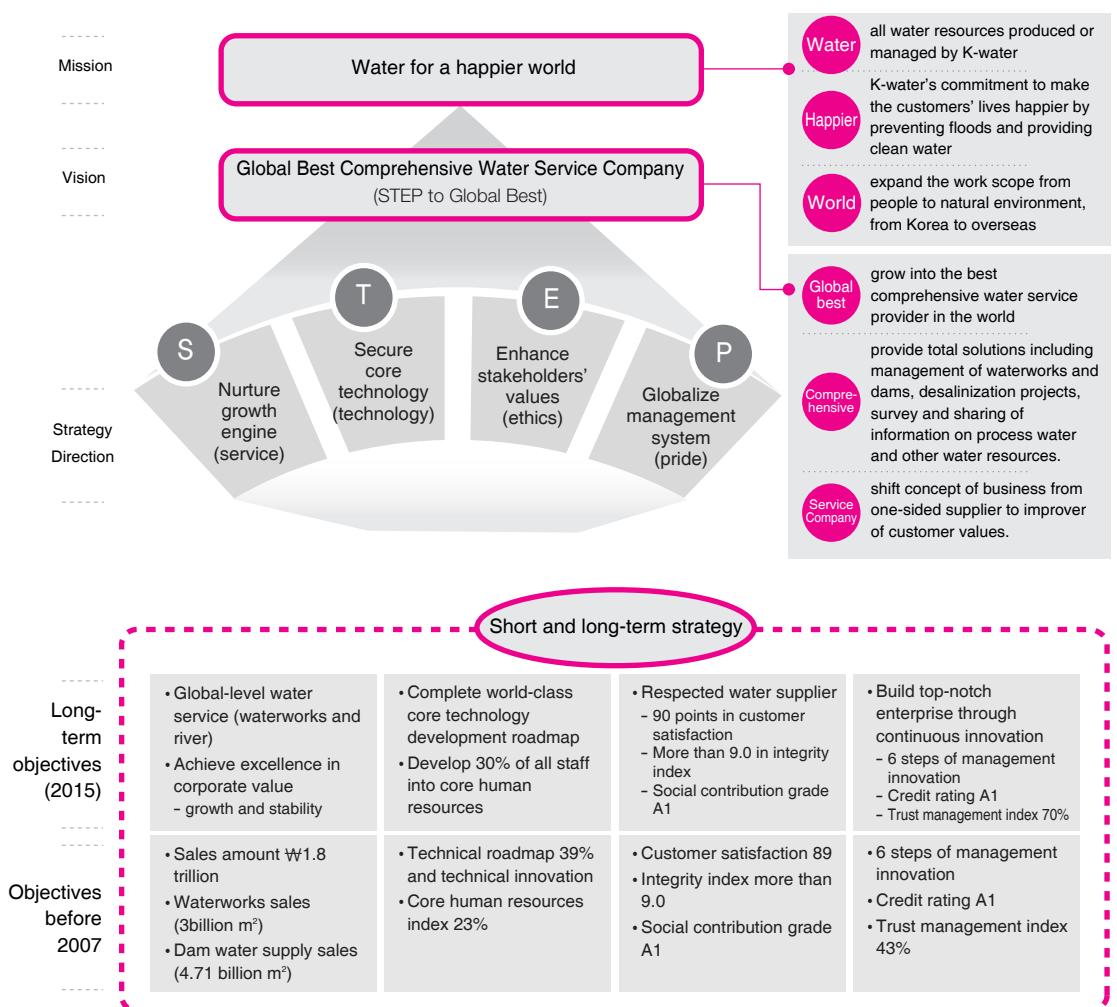
- **Corporation Name:** K-water, Korea Water Resources Corporation
- **Established:** Nov. 16, 1967
- **Net Capital:** 9,868.3 Billion won
- **Gross Liabilities:** 1,575.6 Billion won
- **Gross Assets:** 11,443.9 Billion won
- **Sales:** 1,812.9 Billion won
- **Business Segments:** Construction and management of multi-purpose dams, construction and management of multi-regional waterworks, operation and management of local waterworks, and development of industrial complexes.
- **Workplaces:** Head Office, 7 Regional Headquarters, 33 offices and overseas offices (13 projects in 11 countries)
- **Employees & Executives:** 4,135
- **Investors:** South Korean Government 90.3%, The Korea Development Bank 9.6%, local governments 0.1%
- **Investment company:** Chilgok Enviro Ltd. (49% of share), Kyungin Canal Ltd. (19.4% of share), Korea Construction Management Corporation Ltd (18.9% of share), Green JangRyang Ltd (5% of share)
- **Location:** 560 Shintanjin-ro, Daedeok-gu, Daejeon

Sustainable Management Vision and Strategy

K-water creates new corporate values by promoting economic efficiency, environmental health, and social responsibility.

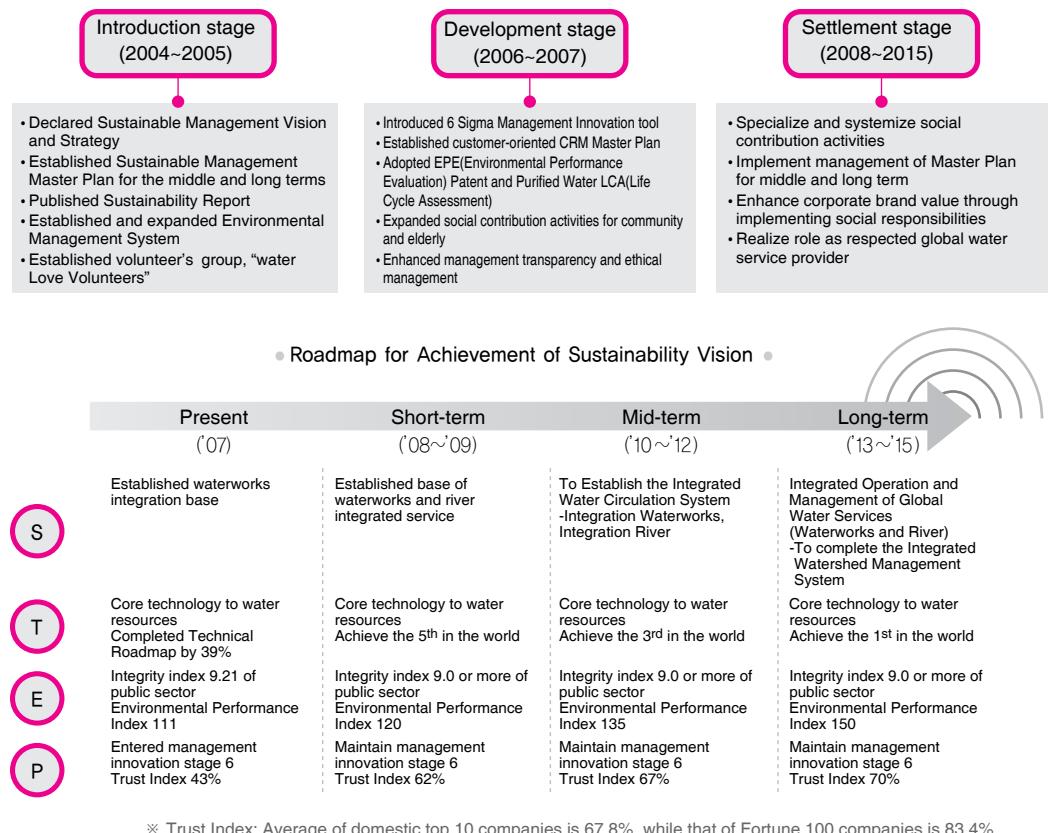
Mission & Vision

The mission represents our commitment toward the public and private organizations that contribute to social development. Our mission, "Water for a Happier World" was defined for our staff and outside stakeholders to clearly understand the raison d'etre of K-water.
 The vision shows our specific goals and future-oriented views in middle to long term. Our vision, "STEP to Global Best" represents K-water's first and foremost commitment to the service for the people.



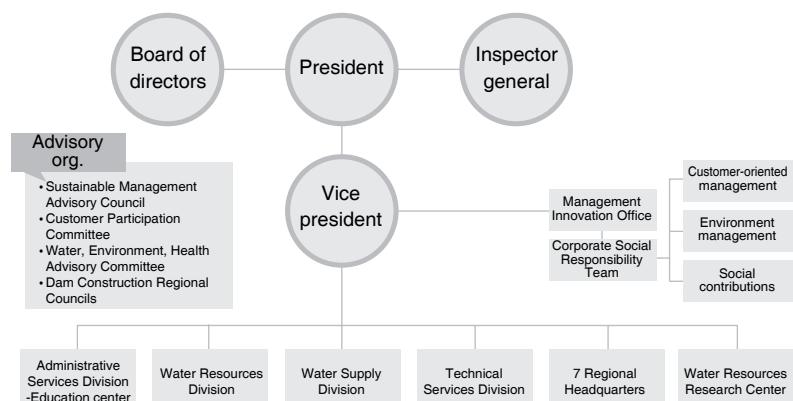
Promotion system

The sustainable management of K-water aims at enhancing economic performance and environmental reliability as well as supplying clean water to every region by implementing its social responsibilities. The sustainable management will be integrated with various former management activities to blend the best for optimal effects. With economic efficiency as a basic principle, K-water will push ahead in balance with its environmental management and social contribution activities, so as to create new corporate values and to fulfill its aim of becoming a more respected corporation.



Promotion Organization

For promotion of continual sustainable management, K-water operates 4 divisions in its head office and 7 regional headquarters as well as 33 regional offices across the nation. Sustainable management is promoted by our Corporate Social Responsibility (CSR) team comprised of 11 members within the Management Innovation Office which coordinates environmental management, customer-oriented management, and social contribution. The team prepares the sustainability report every year to provide information to the stakeholders. The report serves as a channel to facilitate communication with the stakeholders. In addition, advisory committees and councils are organized to reflect various opinions in economic, environmental, and social sector.



Ethical Management

K-water has been selected as the Best Organization in Cooperation and Sharing of Information in Construction Industry by achieving more than 9.0 points of Integrity Index for two years in a row.

Enterprise Promotion Activities

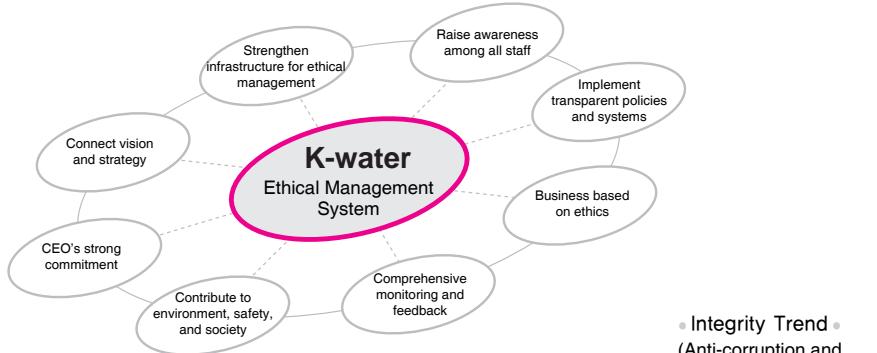
According to the CEO's commitment, we have included Ethical Management as a part of our top 4 management strategies and emphasized its importance and practiced through various channels. Continuous efforts have been made to raise awareness of ethical management among all of our staff.

We support



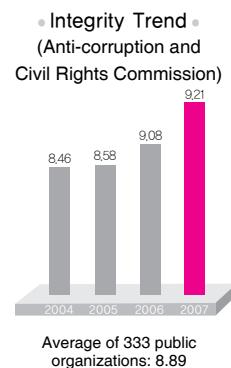
※ K-water complies with the 10 principles of the UN Global Compact.

	Organization	Activities
Vision/ Strategy	Ethics Committee	The highest-level decision-making organization related to Ethical Management
Management Direction	Integrity Improvement Office	Establish and promote integrity improvement measures
CEO Letter	Integrity Improvement Taskforce	Concentrated inspection and study by 6 major parts including construction and contract
40th anniversary congratulatory speech by CEO	Integrity Watcher	Monitor ethical compliance of division
	Integrity Club	Free activities by field teams



K-water Integrity Assessment

K-water has conducted internal assessments in July and December in order to improve the level of integrity. The assessment includes scientific mechanism by which the occurrence of corruption and cause factors can be rated. The assessment results are reflected to the management evaluations by divisions and their incentive amounts. Also, the scores of each division are analyzed in order to strengthen auditing on divisions with lower scores and improve systems to remove negative factors. As a result, our integrity index is continuously rising every year in the integrity assessment of public sector organizations, and K-water has been selected as the best organization in terms of integrity.



Various Efforts to Practice Ethical Management

K-water's Ethical Management System has been overhauled and strengthened with the CEO's initiative in order to build a basis for transparent and fair execution of businesses. The Productive Cooperation Program has also been in place to establish fair relations with the partners.

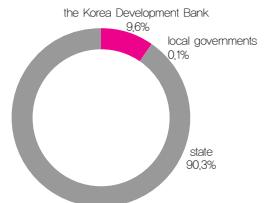
- Operate regular monitoring groups, such as Integrity Watchers
- Operate awareness program such as posters, newsletters, letters, and screen savers related to ethical management
- Establish ethical assessment system for all staff including integrity contract system and ethical management mileages
- Improve transparency by sector including construction, contract, and sales.

Corporate Governance

K-water is strengthening the role of Board of Directors and practicing open management through various participatory systems

Investors

Major businesses of K-water have a significant impact on people's lives through the construction and management of dams and waterworks facilities for the comprehensive utilization and development of water resources. Therefore, the "Korea Water Resources Corporation Act" restricts the investors to state and local governments as well as the Korea Development Bank and it stipulates that "the state shall invest at least 50% of its capital." The investors as of 2007 are the state (90.3%), the Korea Development Bank (9.6%), and local governments (0.1%)



Structure and Operation of Board of Directors

The Board of Directors is the highest decision-making body that deliberates on important issues, management objectives, budgeting and financing plans related to management as well as monitoring and supporting the executive work. The Board of Directors consists of 6 standing and 7 independent directors. In 2007, a total of 14 BOD meetings have been held and 40 subjects have been deliberated and handled.

- Maximum Utilization of Independent Director's Management Participation and Expertise
 - _ Strengthen deliberation functions on major pending issues
 - _ Innovate forms of meeting by introducing ubiquitous technology
 - _ Provide "group pre-briefing" to activate discussions
 - _ Strengthen monitoring on practicing of what were decided in the board meeting
 - _ Address pending management issues by expanding the scope of special reports to activate policy proposals
 - _ Promote improvement projects for direct downstream of dam according to proposals by independent directors
 - _ Prepare "Research Tasks for Independent Directors" and "Recommendation on Pending Management Issues" to support activities of independent directors
 - _ Join the move of corporate responsibility for the society by participating social contribution activities including deduction of participation fund and sending of briquettes to North Korea
- ※ We are also running the Junior Board (21 members) to reflect young staff opinions to the management, while operating the Management Innovation Committee to provide recommendations on management.

Evaluation and Compensation

The performance of the Board of Directors is reviewed every year internally and by the government. The executive directors receive different wages and incentives according to the government evaluation results. In addition, immeasurable efforts and performances are also reflected to the compensation system.

Internal Audit and Outside Supervising Organization

An internal audit agency is set up as an independent organization in order to monitor fairness and appropriateness of K-water's performance. The internal agency enhances the transparency in management through general inspection and examination of public enterprises' principles.

Board of Directors

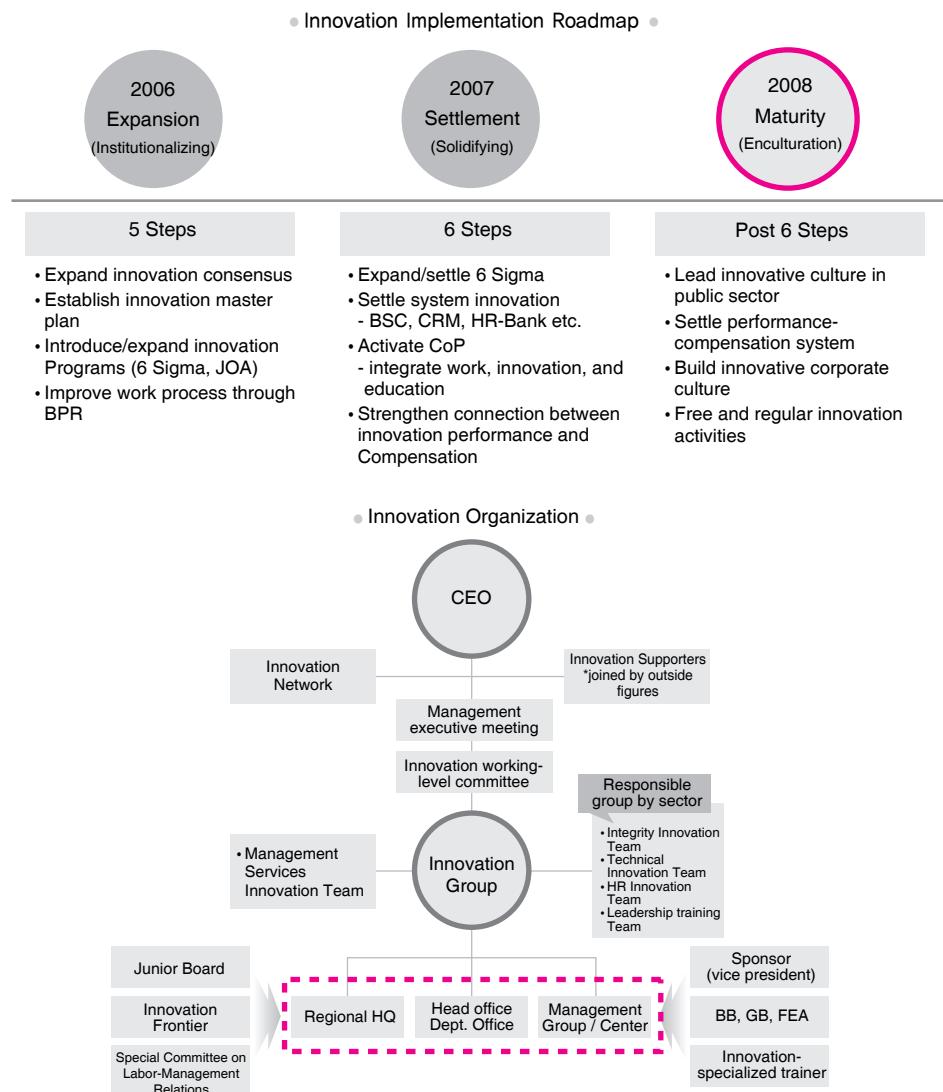
Category	Name	Title
Standing Director	Gun Ho Kim	President, Chairman of Board of Directors
Auditor	Byung Gu An	Standing auditor
Standing Director	Sung Soo Jung	Vice President
	Gil Jae Lee	Executive Director of Administrative Service Division
	Chang Jin An	Executive Director of Water Resource Division
	Du Gyun Byun	Executive Director of Water Supply Division
	Tae Sun Kim	Executive Director of Technical Services Division
Independent Director	Chang Rae Park	Researcher, Samsung Press Foundation
	Yeon Chul Kim	President, Hannam Administrative Well-fare Graduate School
	Jin Won Lee	Chairman, Kiupsarang Campaign Center
	Hong Gyu Yang	Representative, Yang Hong Gyu Law Firm
	Sang Hyun Oh	President, Korea Non-life Insurance Association
	Byung Sir Min	Inspector General at K-water (former)
	Jin Sang Shon	Professor, Dept. of Law, Andong University

Sustainable Management Innovation

K-water is making a brighter future with changes and innovations as continuous as flowing water.

Innovation promotion system

We are promoting innovation activities by establishing a promotion system in connection with the management strategies for effective achievement of our vision and strategies. To that end, we set 4 major innovation goals including customer service, focus on performance, management system, and corporate culture, as well as the strategies and tasks by each goal.



Settlement of Innovation Culture

CEO and executives have initiated the innovation efforts by conducting 6 Sigma tasks, sharing visions with all employees through open discussions, and directly participating social contribution activities, and the innovation and leadership capabilities have been further strengthened.

K-water is also analyzing the level of corporate culture and planning for innovation in middle and long-term to build an advanced corporate culture. In line with this effort, we have provided a special training program for all employees on the sharing of core organizational values and innovation of corporate culture, and 1,320 employees including the CEO joined the program in 2007. We have also launched a campaign to make K-water a better place to work by removing unnecessary tasks and tearing down the walls within the organization, which will create a great corporate culture befitting a global company.

Improvement in Work Practices

Innovation capabilities of K-water employees have been strengthened and their work practices have been improved through 6 Sigma, JOA (K-water innovation tool based on Work-out technique), and vigorous activities of study groups and other clubs dedicated to put innovation into practice. By improving work practices, we have been establishing a system where innovation, learning and work are integrated. As of June 2008, K-water is nurturing 22 Black Belts as innovation specialists. It nurtured 137 people into Green Belts and 23 into FEAs (Financial Effect Analysts). Through work improvement from Oct 2006 to Dec 2012, a financial outcome of KRW 9.45 billion in total is projected.

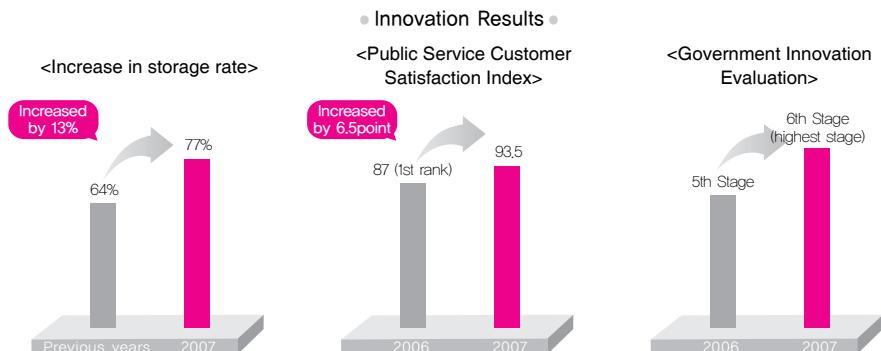
Innovative operations focused on headquarters and the introduction of 'Division-Customized Innovation Consulting' system has facilitated innovation activities to take root at work sites. Innovation tasks specific to each headquarters have been selected and implemented, and monitoring systems have been set up and operated, thereby enhancing engagement and accommodation of members and maximizing results. In addition, in order to support autonomous innovations that fit characteristics and levels of each division, we implemented 'Division-Customized Innovation Consulting' to strengthen innovation capabilities of employees and to ensure innovation activities that fit each work site. As a result, innovation awareness of site employees has greatly improved from 3.17 (before consulting) to 3.87 (after consulting) on a five-point scale.

Creation of Innovation Results

Through systematic and practical innovation activities, K-water has been continuously creating innovation results that Korean people can feel in their lives. Based on its professional work-force and advanced technologies, K-water took part in the Efficient Operations of Local Waterworks Project, significantly improving the revenue water rate and services of local waterworks of which technologies, finance and services are in relatively poor condition. The rate of revenue water was improved by 12.8% from 51.7% before consignment to 64.5% after consignment. The level of satisfaction of services rose from 64.7 to 75, increasing by 10.3 points after consignment.

K-water developed a cutting-edge technique (fluid-crossing technique) which enables work on pipelines without water supply cut-off, and put it into practical use. We developed the technique through 6 Sigma and applied it at 31 places in 9 local governments, realizing "Cut-off Time Zero." K-water filed the method for patents inside and outside of Korea, registered it as such, and presented it to the American Water Works Association (AWWA) and Asian International Conference on Fluid Machinery (AICFM), ensuring world-class technological competitiveness. K-water has transformed the dam into amenities for people and facilities to boost local residents' incomes, thereby creating and providing new values for the customers of the dam. Furthermore, we strengthened the original functions of the dam through scientific management of water storage volume. Through this, the water storage volume was expanded by 13%(1.6 billion m³), with the results being the replacement of dam construction (translated into KRW 6 trillion of financial benefit) and water quality improvement (translated into KRW 102.6 billion of financial benefit).

In the future, K-water will continue making strenuous efforts to secure competitiveness through innovations, serve its role as a leading public enterprise that enhances values for its customers, and establish itself as the world's best comprehensive water service company.



Technological Innovations

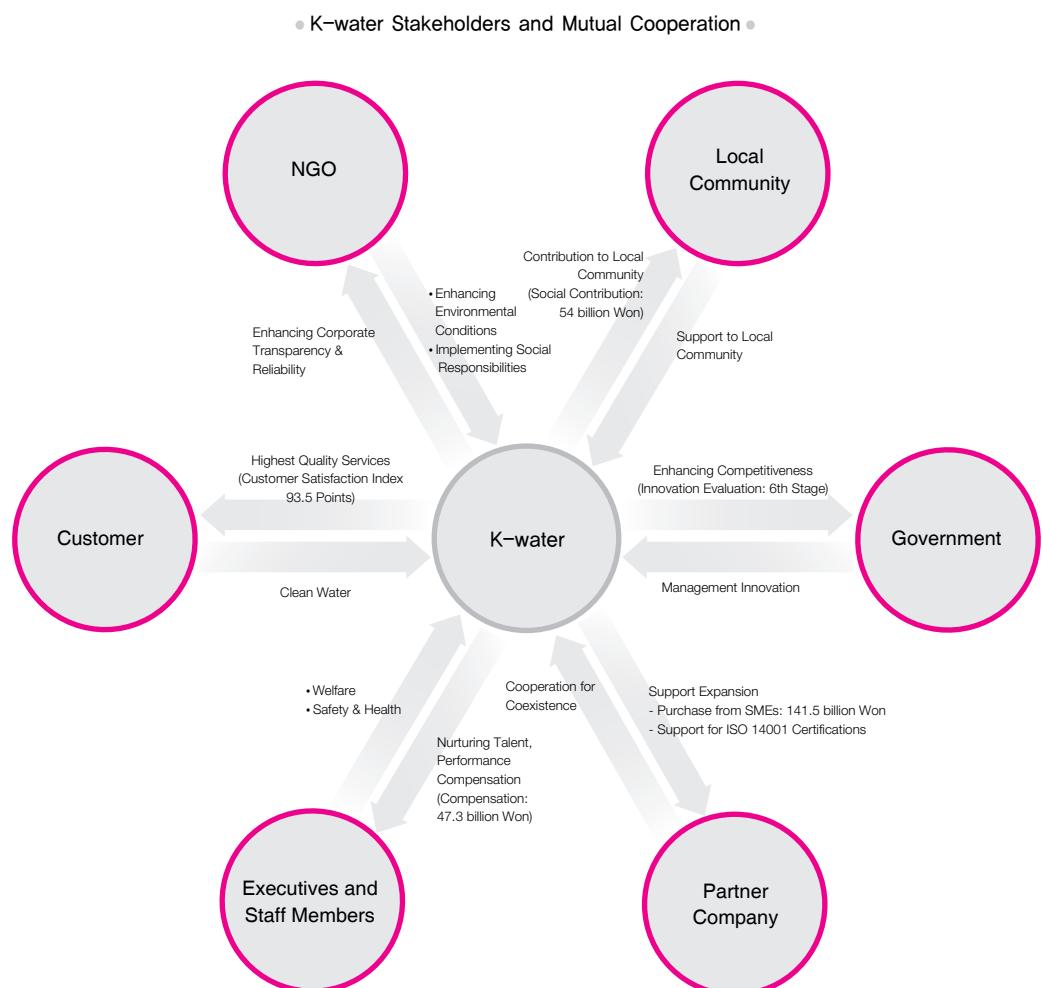
K-water implemented and began publication of "Waterpedia," an open on-line encyclopedia for waterworks technologies, in November, 2007 as part of K-water's technological innovations. The "Waterpedia" provides information on K-water's technologies, and offers a forum where customers can participate in free exchange of information and technologies for building an industry-academia-institutes technological cluster and strengthening the technological competitiveness of the waterworks industry. In the future, we'll use the "Waterpedia" to discover brilliant technologies from the industry, academia and institutes to commercialize them, and will expand major functions of the system including the water resources area.

Collaborative Cooperation with Stakeholders

We listen to valuable opinions of various stakeholders throughout all processes of the business.

Management Participation System

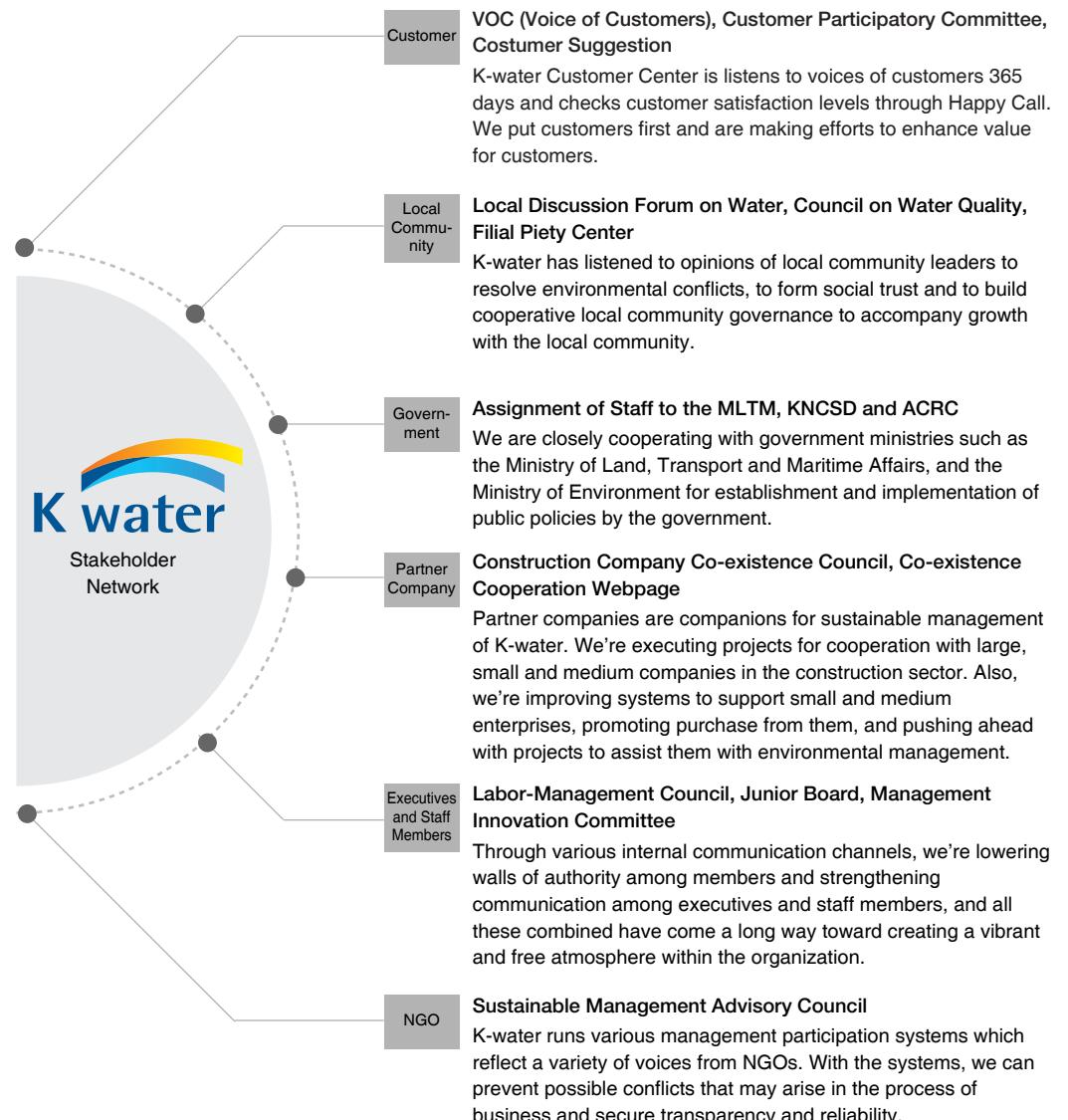
K-water is implementing various systems for external stakeholders to participate in its management, either directly or indirectly. Outside stakeholders can participate in the stage of decision making and in the process of its business, thus conflicts that might arise can be prevented in advance, and corporate transparency and reliability can be secured. Moreover, we have set up and run advisory councils and committees to receive suggestions on management from stakeholders, and also run local councils to resolve conflicts that may arise in the process of projects. The advisory councils and committees are organized with representatives from non-governmental organizations, academia, research institutes, etc, while local councils in which experts, government officials and local residents participate for deliberation on local issues, have been expanding the opportunities for participation. We also cooperate closely with appropriate Ministries including the Ministry of Land, Transport and Maritime Affairs and the Ministry of Environment in establishing and implementing policies related to water resources.



Communication with Stakeholders

K-water listens to opinions of various stakeholders. It has been narrowing differences of positions through a range of communication channels for customers, NGOs, local communities, the government, partner companies, and its executives and staff. Anybody can participate in its webpage Voice of Customer(VOC) system. We're making efforts not to exclude any single voice.

K-water found it regretful that the communication channels with stakeholders have been scattered so far by function, making it impossible to effectively respond to opinions of stakeholders. To improve this problem and to strengthen services to people, we implemented Customer Relationship Management (CRM) system and Call Center and have operated them. K-water will strive to consolidate systems for collecting and analyzing opinions from various stakeholders into one so as to provide services more quickly.



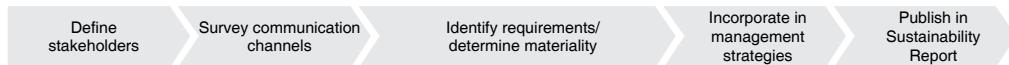
Materiality Assessment

We have been analyzing various requirements of stakeholders to deduce sustainability issues of K-water.

Identification of Stakeholders' Requirements

Per GR Guideline, we're required to identify requirements of stakeholders, analyze and respond to them, and to include the process and details in the report. For this, K-water set up and operates various communication channels to collect opinions of stakeholders. K-water determines the importance of each requirement to incorporate in management strategies. Not only that, it releases the result through the Sustainability Report while continuing dialogues with stakeholders.

• K-water Materiality Assessment Process •



K-water has set up and run various communications channels for various stakeholders to participate in management either directly or indirectly and to collect their opinions. These efforts for communication with various stakeholders include the VOC (Voice of Customers), Sustainable Management Advisory Council, Construction Company Co-existence Council, assignment of staff to government ministries and survey on employees' satisfaction level. Requirements of stakeholders identified through these communication channels have been categorized and then, assessed for materiality.

• K-water Materiality Assessment Model •



Deduction of Material Issues

We established a K-water materiality assessment model using the model of the Korean Foundation for Quality, a specialized institute, and conducted the materiality assessment to deduce material issues with regard to sustainable management.

These issues are feed-backed into K-water management strategies and disclosed to stakeholders through the Sustainability Report. What's most important in the process of preparing the report is to talk to as many stakeholders as possible and to make the report easy and convenient to read for many people. More detailed and various information are available on the pages containing each material issue. K-water is making efforts to publish the report through more transparent and efficient processes.

• Result of Materiality Assessment Regarding Issues of Stakeholders' Interest •

Description	Material Issue (contained page)
Customer	Dam and water quality (p50-52); Water fees (p39); Permission for water site use (p39); Dam management (p22-23,48,52); Social contribution (p19); Integrity (p10); Environment-friendly development of water resources (p48)
Local Community	Site tour (p23); Projects to support neighboring areas of dams (p62); Public benefit (p62-63); Corporate ethics (p10)
Academia (NGO)	Projects to support neighboring areas of dams (p62); Dam management (p48,52); Social contribution (p19); Revenue water rate (p38,82); Integration of water circulation systems (p24-25); Overseas projects (p31); Privatization of the water industry (p26-27); Consignment management on local waterworks (p26-27); How to deal with climate changes (p28-29); Technological innovations (p13); Environment-friendly development of water resources (p48)
Government	Overseas projects (p31); How to deal with climate changes (p28-29)
Executives and Staff Members	Ethical management (p10)
Partner Companies	Improvement in work processes including faster decision-making in design changes (p46)

Feedback for 2007 Sustainability Report

K-water performed a survey among in-house personnel to its 2007 Sustainability Report to find what to improve. The survey consists of 9 questionnaires concerning how they found its sustainability report, if they were satisfied about the report, what was the most impressive point in the report, what was the most helpful point to them, what we should improve next time, what is the most important issue in terms of economy, environment and society, and free speaking of their opinion field. In this survey 76 K-water employees participated. The result of the survey is as followed:



Result of the survey

Most impressive point	Most helpful point	Improvement needed point
1. Technology and Brand	1. Environmental Achievements	1. Economic Achievements
2. Environmental Achievements	2. Technology and Brand	2. Social Achievements
3. Social Achievements	3. K-water Profile	3. Business Intro
4. Business Intro	4. Economic Achievements	4. Environmental Achievements
5. Economic Achievements	5. Business Intro	5. Technology and Brand
6. K-water Profile	6. Social Achievements	6. K-water Profile
7. 2006 Highlights	7. 2006 Highlights	7. 2006 Highlights
8. Third Party Verification	8. Third Party Verification	8. Appendix
9. Appendix	9. Appendix	9. Third Party Verification

Interview with Focus Group (NGO)

- "K-water is better to cooperate with NGOs in social contribution projects such as its Love projects for local community."
- "K-water should communicate with Korean people and NGOs and reflect their opinions to its sustainability management strategy."
- "I think this report should have more information about climate changes and renewable energies."

Jung Tae Young, Director of Social Coordination Division at Korea Green Foundation

- "K-water should conduct surveys to find out whether its management objectives to increase social responsibilities and ethical responsibilities on employees' minds makes changes and forms innovative activities on regular bases."
- "It should listen to what people say about its tap water to earn people's trust."
- "K-water should advertise it is being changed. And also this report should be re-published so that normal Korean people can read it without any difficulty."

Jung Hee Wee, Director of Planning at Citizens' Coalition for Economic Justice

- "K-water should put more efforts in expanding small-scale hydropower generation facilities to establish futuristic energy system."
- "This report should contain even negative aspects of K-water's management. I suggest it should have timetable for major accidents."
- "It should include management and environment indicators in graphics to show how these factors are being changed in each year."

Jin Woo Lee, Director of Green Society Division at Citizens' Coalition for Environmental Justice

- "It should put more focus on important issues related to sustainability and what stakeholders have interest on."
- "This report should be more organized so that stakeholders can catch what it says quickly."
- "This report should show both positive and negative aspects to provide balanced and rational information to readers."

Yong Wok Jang, General Manager at Corporate Social Responsibility Center

Important issues

Economic aspects	Environmental aspects	Social aspects
<ul style="list-style-type: none"> • Water charge permission • Innovating dam management and technology • Revenue water and local waterworks operation • Integration of water circulation system • Overseas businesses and privatizing water businesses • Improving work process 	<ul style="list-style-type: none"> • Water quality in dam and waterworks • Developing environmental-friendly water sources • Preparing for climate changes 	<ul style="list-style-type: none"> • Social contributions • Clean corporate ethics • Showing dams and water facilities to citizen • Supporting surrounding area of dam • Acting for public interest

Risk Management

K-water remodeled and integrated its risk management systems into an integrated risk management system to prepare for management environment changes.

Establishment of Enterprise Risk Management System Base

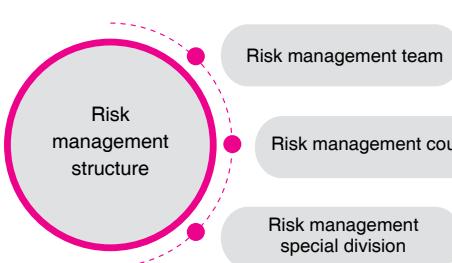
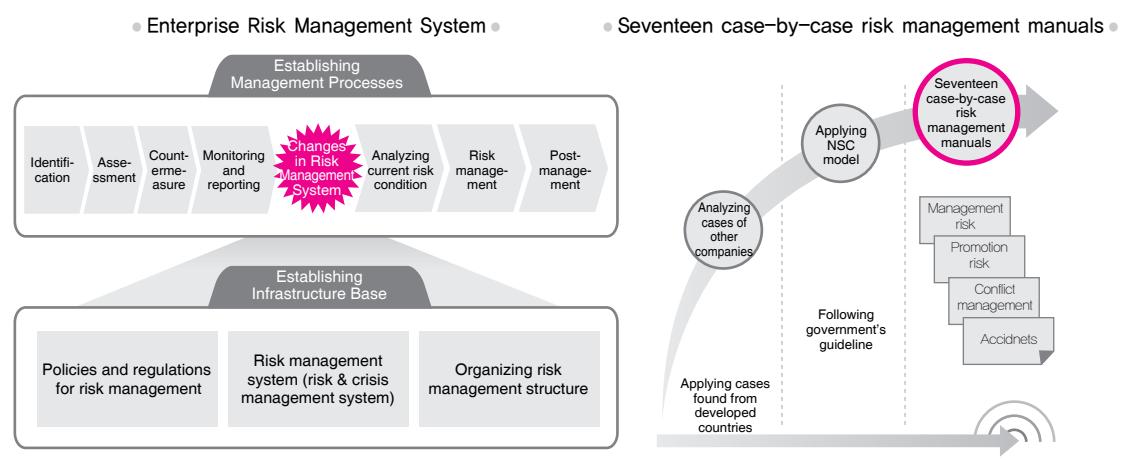
K-water established Enterprise Risk Management System to improve its corporate value by preparing risk occurrences and furthermore to implement its social responsibilities as a part of society. Enterprise Risk Management (ERM) has emergency action plans and standardized risk management processes to prevent financial and non-financial risks. Test operation of this system was completed on December, 2007. Since January, 2008, K-water has implemented risk management regulations, operated risk management structures and Enterprise Risk Management system

Firm-Settling of Risk Management System

K-water's enterprise risk management system includes both pre- and post- risk manage tactics. Most of its efforts are focused on finding and preventing risks beforehand by monitoring major risk factors and key risk indicators. Its risk management tactics use standard public sector risk management guideline and has progressive risk management tactics including initial action plans and measures to prevent expanding of risk. Also it has emergency plans for 17 different subjects such as management risk, promotion risk, and conflict risk so that employees can use these in their daily tasks.

Risk Management Structure Configuration

K-water has Risk Management Council of which chair(CRO: Chief Risk Office) is vice president of this company. This Risk Management Council is chaired by vice president so that it can implement effective risk management and monitoring. Overall risk management tasks are conducted by risk management team which is sub-sector of Business Planning and Coordinating Department. Risk management tasks will be assigned to specific department depending on the type of risk occurred.



- In charge of overall risk management tasks
- Setting the direction of risk management
- Implementing risk management plans for major potential risks
- Consists of less than 15 members including chief of risk management council, director, and chief of Business Planning and Coordinating Department.
- In charge of risk management for specific risk

Social Contribution Activities

We can make this world happier place as we share more.

Focus on Water and Region

Since K-water founded ‘Water Love Volunteers,’ a social volunteer work group under the slogan of ‘together with water, together with the world,’ it is putting much effort to make a harmonized world between water, nature and human. K-water’s social contribution activities are divided into two major groups: company motivated social contribution activities and employee motivated volunteer works. It is working towards making the volunteer work not just a one-time charity work, but corporate culture that always shares with local residents by supporting for areas surrounding dams to fulfill its social responsibility as a public enterprise by expanding support of social contributions.

Water of Life

About 7.8% of Korean population(approximately 3.9 million people) does not have tap water facilities connected to their households. Therefore K-water run “Water for Life” project to provide water supplies to such regions. It has sealed a convention with the local autonomous entity on entrusting it to manage desalination plants. Now 60% of those facilities are run by K-water. Also it has installed new drinking water supply systems to elementary and middle schools with poor quality groundwater. Also it introduced the “Water of Love” project, which involve supplying water bottles and water supply vehicles to the residents who suffers from water shortage. Also it provides environmental water for ecosystem and environment-friendly water facilities and put efforts to find empty underground water sources.

Water of Hope	Water of Love	Water of Nature
<ul style="list-style-type: none"> K-water has installed new drinking water supply systems at elementary and middle schools with poor quality groundwater. It provides installation and maintenance services without charge for 10 years 	<ul style="list-style-type: none"> K-water is operating desalination facilities in coast areas and islands It is currently operating desalination 41 facilities (out of total 68 facilities) across the nation on commission bases K-water also provides ‘Emergency Water Support Service’ to areas suffering from water shortage It supported residents in Pyeongyang and Taeann area by providing water bottles and emergency water supply vehicles 	<ul style="list-style-type: none"> K-water provides conservation and restoration efforts of ecosystem and for creating clean and friendly water environments for citizens. Dam facilities: Jangjih Lake (Goori), Chungaechun Stream (Seoul), and Gulpochun Stream (Inchon) Finding empty underground water spaces and restoring environments around dam facilities

• The number of schools that K-water has installed water supply facilities •

Before 2005	2006	2007	Total
3	100	18	121

• The number of desalination facilities operated by K-water •

Before 2005	2006	2007
32	40	41

• Environmental water supply •

2006	2007
206,000 tons	440,000 tons



Business Focus



Sharing Water with People

Water has more value than just drinking.

Landscapes with a lake, winding rivers, swamps full of aquatic life, showers cooling down mid-summer heat, and rains heralding spring enrich our life.

K-water even takes into account the secondary functions of water that are managed and offered to people in unseen places.



Transforming the Dam into a Space for the People

Through creative ideas, we successfully turned dams into an arena of harmony, communication, culture and quality of life for the general public.

Creating value for the customer

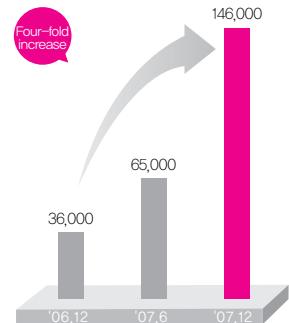
Even though dams provide essential net benefits for our daily lives such as water supply, flood prevention and power generation for clean energy, they have met with cold rejection by society as communities adjacent to the upper stream commonly suffer from poor quality of life and educational conditions stemming from dam management only for the sake of its function. In order to raise positive awareness of the dam, we set ourselves for double goals – maintaining dams' essential function and fulfilling core needs of the neighboring communities – that will enable us to create core values, such as quality of life, income and education, for the satisfaction of the people.

Customized support for the neighboring community

Category	Senior welfare	Farming family income	Educational opportunity
Who	1 st generation	2 nd generation	3 rd generation
How	Operating Filial Piety Welfare Center	Creating environment-friendly farming complex	Native English teachers for elementary schools
Status	Now in operation for Hapchun dam community and under construction for 3 other dams, To be expanded to 15 dams by 2010	For 8 dams including Daechung	

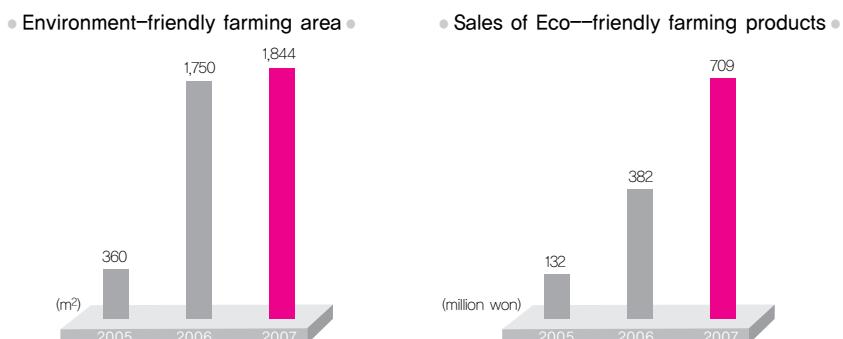
Raising the life of the aged with the Filial Piety Welfare Center: 1st generation residents in the vicinity of the dam.

We are continuing our "Filial Piety Welfare Project" for the elderly who had negative feelings against the dams as they lost their living foundation to the dams. With the Filial Piety Welfare Center near Hapchun Dam which opened in June, 2006, we offer services of actual benefits such as dispatching home services, providing free meals and various cultural events. By the end of 2007, as many as 140,000 people benefited from our service and in both 2006 and 2007 user survey, our program was granted over 90 points indicating high user satisfaction. And now, we intend to expand it to 15 dams by 2010 to provide greater benefits to the aged.



Increasing farming household income by creating environment-friendly farming complex: 2nd generation

Through our effort of creating environment-friendly farming complexes near dams, 1,844m² around 8 dams were transformed into environment-friendly farms nationwide and we are now providing eco-friendly farming training for the local farming households. In addition, to provide channels for sales of environment-friendly farming products, we held an open-market event for the first time in 2007 raising 120 million won in sales and supported sales through the association of female villagers, which altogether contributed to an increase of local community income by 709 million won.





Dam Cultural Festival

Support for Native English Teacher to Elementary School in Inland around Upstream Dams: 3rd generation

We are providing native English teachers for students living in land around dams, offering children the opportunity of global education and lessening financial burden for their parents, which is gaining highly favorable feedback. And we intend to spur our effort to expand the service.

• Current Status of Native English Teachers •

Province	No. of schools	No. of students
Gyeongbuk	21	2,418
Gyeongnam	14	1,020
Jeonbuk	19	1,379
Jeonnam	5	176
Gangwon	9	303
Chungcheong	9	654
Total	77	5,950

Dam meets with Culture

Holding “with the Local Community, with the People” Culture Festival

We held the festival which is harmonized with dam and culture at Daechung Dam for the first time in Korea. During the 2-day festival, approx. 10,000 people gathered to enjoy various events including dam gate opening, tight-rope walk and a lakeside concert with beautiful illumination around Daechung Dam at the backdrop, which contributed to elevating the image of the dam from an isolated space to an arena of harmony and culture for the people. Also, we continued to provide various cultural events such as water photograph exhibition, movie show, music concerts to make the dam a place of well-being.

Eco-friendly Space

By forming environment-friendly facilities including the Water Culture Center, Eco Park and waterside walkways, dams were transformed into a cultural and resting space for the local residents, and by opening the top of the dam and adding the ecological exhibition and resident tour guide at the Water Culture Center, we worked for greater convenience and benefit for the people.

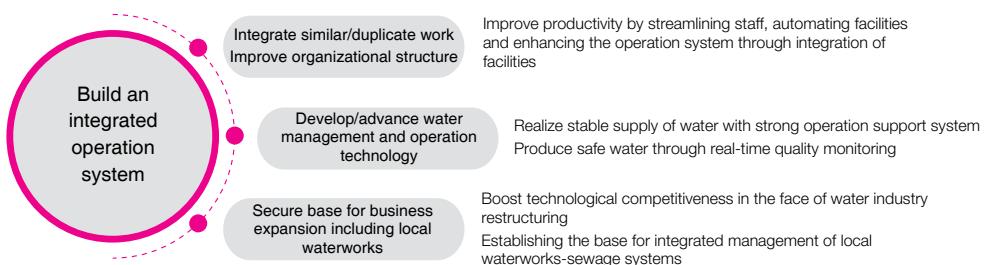
To raise public awareness and strengthen two-way communication with our customers, K-water is providing a tour program around the dam and water facilities. Anyone can apply for the tour program through K-water's website(www.kwater.or.kr).

Integrated Management of Water Supply System

We are enhancing efficiency of water supply through interregional utilization of water resources.

Integrated Water Management System

Ever-growing social interest in water supply and the public's attention to the shortage and the quality of water resources requires improved efficiency in operating water resources facilities. For efficient management and operation of such facilities, the government is currently pursuing water industry restructuring to integrate multi-regional waterworks and regional waterworks. In this regard, K-water, with a view to meeting the needs and trend of today's society, has divided the nation into 7 regions areas to utilize limited water resources more efficiently, to resolve imbalance of supply and demand between regions, identify reasonable business management direction, and to secure stability of water supply through interregional water utilization. With this strategy, we have been integrating water resources facilities scattered around each region by building regional integrated operation system that enables us to operate each facility at the integrated waterworks operation center.



Present Status of Integrated Waterworks Management

We implemented automation in our water intake and pumping plants, and improved water purification plants so as to automate facility operation by process unit. In addition, we established the integrated operation center to realize remote control of all the facilities within a region such as water purification/intake/pumping plants, distributing reservoir, and water conduction/transmission/distribution/supply pipelines, thereby successfully improving operational efficiency and securing technological competitiveness for future water market.

- 2004: Jeonbuk region
- 2006: Chungcheong, Seoul Metropolitan area
- 2007: Jeonnam region
- 2009: Gangwon, Gyeongbuk, Gyeongnam (planned)

In particular, we succeeded in building the world's largest integrated water management system that operates 23 facilities (capacity: 9,305,000m³/day) in Seoul Metropolitan area.

Japan (Tokyo Province): 6,960,000m³/day

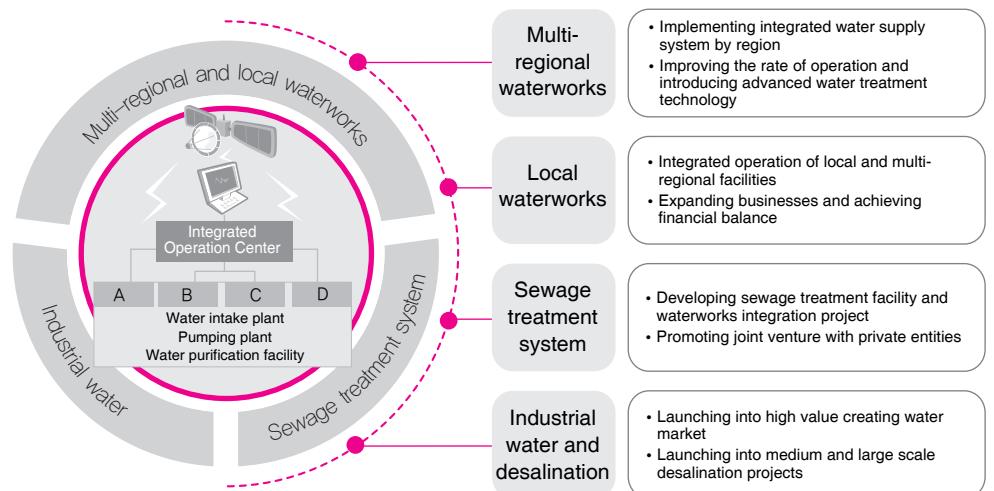
France (Paris): 1,940,000m³/day



Seoul Metropolitan Integrated Waterworks Operation

Integrated Waterworks Management Infrastructure

Currently K-water operates on integrated operation system for Seoul Metropolitan, Chungcheong, Gyeongbuk, and Jeonnam Regions, and an integrated operation system for Gangwon, Gyeongbuk, and Gyeongnam Regions will be ready by 2010. Therefore, K-water will have control over multi-regional waterworks of all of Korea to perform integrated operations by region. Also, it is endeavoring to make an integrated management system between multi-regional waterworks and local waterworks. In the future, it will build integrated infrastructure to control all water facilities, including sewage treatment systems, within regional boundaries.



Expectations for integrated water facility management

Economic aspects	Labor Saving (increase in productivity) Securing competitiveness
Administrative aspects	Work satisfaction (enhanced life quality) Enhancing operation efficiency Systemizing operation management
Social aspects	Improving brand image Facilitating outbound work process
Technical aspects	Work flexibility Securing technical competitiveness

Analysis of tangible and intangible effects of integrated management of water facilities

Classification	Calculated into monetary value (unit: KRW 1 billion/year)		
	Tangible effects (labor saving)	Intangible effects	Sum
Sum	4.19 (102)	20.20	24.39
Seoul Metropolitan Region	1.60 (40)	9.66	1.126
Chungcheong Region	0.64 (16)	2.19	2.83
Gyeongbuk Region	1.48 (37)	6.65	8.13
Jeonnam Region	0.47(9)	1.70	2.17

Process Stages by Year

Region	Promotion stage	2006	2007	2008	2009	2010	2011
Seoul Metropolitan Region	Stabilization stage	Building	Stabilization		Integrated operation		
Chungcheong Region	Integrated operation	Building	Stabilization		Integrated operation		
Gyeongbuk Region	Integrated operation			Integrated operation			
Jeonnam Region	Stabilization stage	Building Integrated Operation System	Stabilization		Integrated operation		
Gangwon Region	Building stage	Investment review	Building Integrated Operation System	Stabilization	Integrated operation		
Gyeongbuk Region	Building stage	Detailed design	Building Integrated Operation System	Stabilization	Integrated operation		
Gyeongnam Region	Building stage	Detailed design	Building Integrated Operation System	Stabilization	Integrated operation		

Efficient Operation of Local Waterworks

K-water improves the efficiency of local waterworks operation to reform tap water supply and service.

Status of Local Waterworks Operation

In Korea, waterworks industry is divided into two groups: multi-regional waterworks run by K-water and local waterworks run by local governments. However local waterworks facilities are much smaller in scale with lower operation effectiveness. Waterworks in small city and county areas, with the exception of these in metropolitan areas, are especially having difficulties investing in facility improvements due to cumulative deficit.

Status of Local Waterworks Operation

- The diffusion rate of national water service was 91.3%, but the rate in agriculture and fishery communities was only 40.7% while the rate in metropolitan areas was 99.1%. It showed significant imbalance.
- National water rate average was KRW 563.2/m³, but the rate in a county in Gangwon region was KRW 1,276.8/m³, and the rate in a county in Gyeongbuk region was KRW 338.7/m³. The highest rate was 3.77 times higher than the lowest rate.
- According to statistics of waterworks, national water production cost average was KRW 704.4/m³ while water rate remained at KRW 577.3/m³ with national realization rate of 82.0%. Therefore repeated financial deficits and failure to supply quality water occurred in 2006.
- Among employees who worked for local waterworks, average work experience was 2 years while only 37% of employees had working experience of 5 years or more. Among smaller water purification facilities, with daily process capacity of 10,000m³ or less, 17% (92 stations) only hired security personnel or part time workers.

Local Waterworks Operation Management

K-water is commissioned to operate local waterworks that used to be run by local governments to improve management and operation, to enhance people's satisfaction by cutting costs and providing quality water and, consequently, to sharpen the competitive edge of the Korean water industry. K-water's commissioned management aims to solve financial and technical problems of operation. It brings benefits to every stakeholder including residents, local governments, and related institutions by improving customer service dramatically while pursuing balanced benefit spreading of water supply service, improving revenue water, saving cost through integrated operation, raising management efficiency, managing quality of water higher than metropolitan area's thereof.

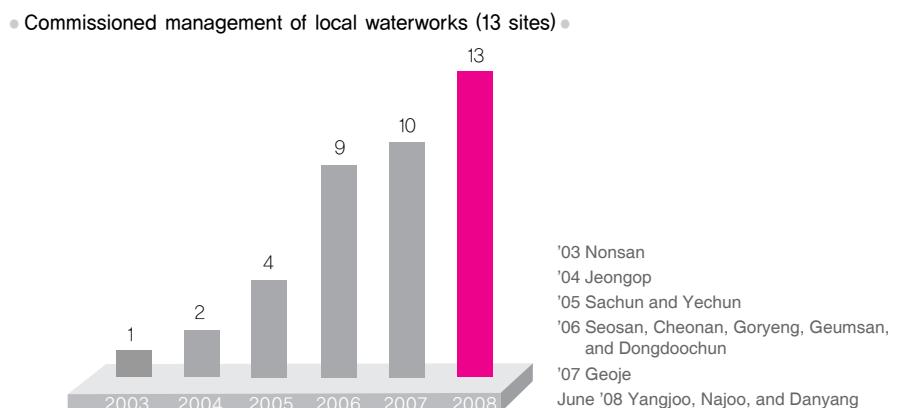
● Benefits of Local Waterworks Management ●

Residents	Local government	Related institutions
<ul style="list-style-type: none"> - Clean and safe tap water - Improved service - Lower water rate 	<ul style="list-style-type: none"> - Paying off waterworks debts - Concentrating on own administrative tasks - Investing saved budget to other projects - Earning trust from residents for local administration 	<ul style="list-style-type: none"> - Responsible management as a public sector - Providing tap water to citizens reliably - Guaranteeing job security as public servants



Local Waterworks Business Status

As of June 2008, starting with Nonsan Waterworks Service Center, 13 waterworks service centers in local governments (Jeongop, Sachun, Yechun, Seosan, Cheonan(industrial purpose), Goryeng, Geumsan, Dongdoochun, Geoje, Yangjoo, Najoo, and Danyang) have been opened. They operate local waterworks and supply water. For the next 20 to 30 years, the total of KRW 441.4 billion of facility improvement cost will be invested in the currently operating local waterworks to replace aged pipes, build IT-based integrated operation system, and to manage systematic pipe network management. Consequently, management efficiency will be maximized by increasing the revenue water rate and reducing the production cost.

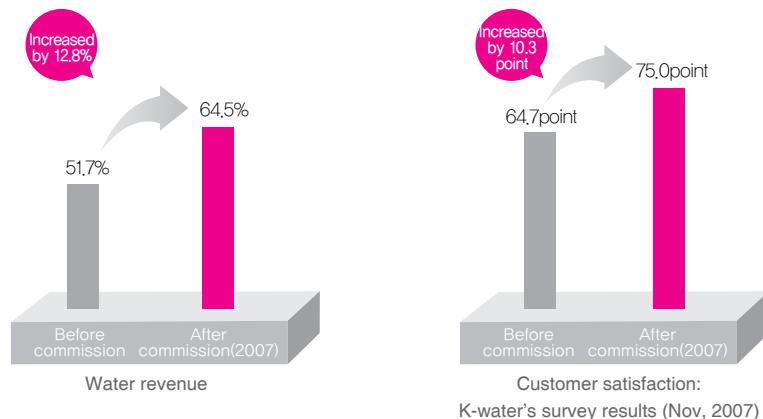


Results of Local Waterworks Management

As a result of the Local waterworks innovation projects in Nonsan, Jeongop, Sachun, Yechun, Seosan, Goryeng, Geumsan, and Dongdoochun, carried out by 2007, approximately 18,000 cases of leakage repair were performed to save tap water after 233km length of aged pipes and 32,000 gauges were replaced, and average revenue water increased from 51.7% to 64.5%. Consequently, these activities reduced water leakage by 10 million tons and saved KRW 4.5 billion of production cost.

Also, customer satisfaction average increased from 64.7 point to 75.0 point due to K-water's effort to expand the scope of water service, improve water quality, and to provide differentiated services such as leakage repairing team operation, 24 hour call center, free-of-charge building leakage inspection service, increased tap water quality inspection points, and stricter inspection checkpoints.

• Water revenue and customer satisfaction:
average from eight local governments that run the facilities more than a year •



Enhancement of Water Industry's Competitive Edge

K-water will contribute to enhance Korean water industry's competitive edge to prepare the opening of Be Korean water market and improve water revenue of local waterworks through effective operation of commissioned local waterworks. It will also provide comprehensive water management services by integrating sewage treatment systems with waterworks and secure technology and experience to build a foundation to launch into overseas markets.

Development of New and Renewable Energies and CDM Project

We are pursuing the development of new and renewable energies and CDM project in order to respond to climate changes.

Development of Renewable Energy

K-water is actively pursuing for the development of new and renewable energies in order to positively respond to the climate changes caused by global warming. K-water's capacity of total facilities as of the end of 2007 is 1,019MW, which amounts to 64% of the domestic hydraulic power facilities (1,596MW). Recently we have also been constructing the world's largest tidal power plant (245MW) in Sihwa Lake located in GyeongGi province. With investment up to 498.2 billion won continuously from year 2008 to year 2011, we will achieve the goal of development of new and renewable energies up to 340MW (7.9% of government goal).

Category	Development status	Remarks
Small hydraulic power	Operating 18 power plants including Andong small hydropower plant	Facility capacity 15.4MW
Tidal power	Sihwa Tidal (world's largest) under construction	Facility capacity 254MW
Wind power	Sihwa Wind under construction	Facility capacity 3MW
Solar power	Operating 3 power plants including Bonpo Solar	Facility capacity 140kW
Air conditioning and heating by water temperature differences	Operating 3 power plants including Daechung Dam, Juam Dam and the Chungju water purification plant	Facility capacity 100RT

Small Hydraulic Power

Starting with Gwangcheon small-scale hydropower plant located in the Juam Dam, K-water now operates 27 plants in 18 places nationwide, including Yondam, Andong, Hongseong, Yeongcheon small hydropower and Juam small hydro power which has initiated the commercial power generation since April, 2007. 15,434kW capacity of total facility of our small hydropower plants amounts to 26.7% of the entire domestic small hydropower generation. Currently we are expanding the small hydropower development projects into Daechung regulation Dam, Seongnam water purification plant and Daegu Gosan water purification plant and other sites. Through this project, Small hydropower 1 (Andong Dam, Jangheung Dam, Seongnam I) generates 15.473 million kWh of electric energy annually, which contributes the annual reduction of 9,689 tons of carbon dioxide, while small hydropower 2 (Daechoeong Dam, Juam Dam, Dalbang Dam, Seongnam II) generates 13.996 million kWh of electric energy annually, which contributes to the annual reduction of 8,697 tons of carbon dioxide.

Tidal Power

In order to enhance the water quality of Sihwa Lake and generate pollution free electricity through the development of sea energy, K-water is constructing the world's largest scale tidal power plant with facility capacity of 254,000 kW ($254,000 \times 10$ plants) and total project costs of 355.1 billion won, and this plant is supposed to be completed in September of 2009. It is expected that this project will generate 552.7 million kWh of electric energy annually, which contribute to the annual reduction of 315,440 tons of carbon dioxide. In addition, this project is expected to activate the local economy, as it will be able to enhance the water quality of Sihwa Lake by the seawater influx up to 55 billion tons annually, and this lake will be used as a tourist attraction of the west coast if restored to its original ecosystem.

Wind Power

We are pursuing the wind power generator construction project of 3,000 kW ($1,500 \times 2$) scale by using the abundant winds surrounding Sihwa Bangameori in Ansan city of GyeonGi region, and we already acquired the approval for development. Sihwa wind will generate 6,293 million kWh of electric energy annually, which will contribute to the annual reduction of 4,013 tons of carbon dioxide.

Solar Power

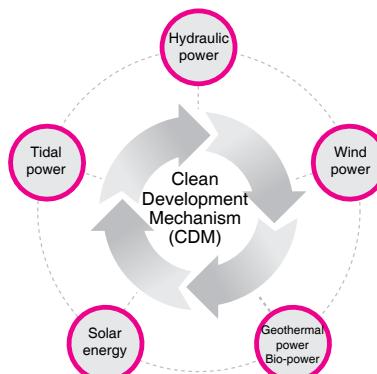
For our solar power generation project, a 10kW generator was placed in Seongnam water purification plant in December, 2004, and a 30kW one in Water Culture Center in Daechung dam to supply power internally. A 99kW scale generator has been established for commercial use at Bonpo water intake station in December, 2007. In addition, we are planning a 1,500kW scale solar power plant in the upper part of Namgang Dam. This project will expectedly generate 2,077 million kWh of electric energy annually, which will contribute to the annual reduction of 1,146 tons of carbon dioxide.

Air Conditioning and Heating by Water Temperature Differences

Air conditioning and heating by water temperature differences is a method that applies the phenomenon that the temperature of water in rivers or the lower part of dams is lower than that of the atmosphere in summer while higher in winter to be converted to air conditioning and heating as to save electric power. Currently Juam Dam, Daechung Dam and Cheongju water purification plant are equipped with this facility, and the effect of energy saving is being analyzed.

UN Registration of CDM projects

In the active response to United Nations Convention on Climate Change, K-water has registered CDM project as the method to reduction greenhouse gas by development of new and renewable energies. Starting CDM project for the first time in the public sector in May, 2005, we have registered 4 mechanisms by Jan, 2008, which is the highest achievement in Korean CDM projects. In addition, there are currently ongoing CDM projects such as solar power generation by using sites of dams and waterworks (1 plants), small hydropower generation (2 plants), and energy efficiency enhancement including raise of pump efficiency and revenue water rate.



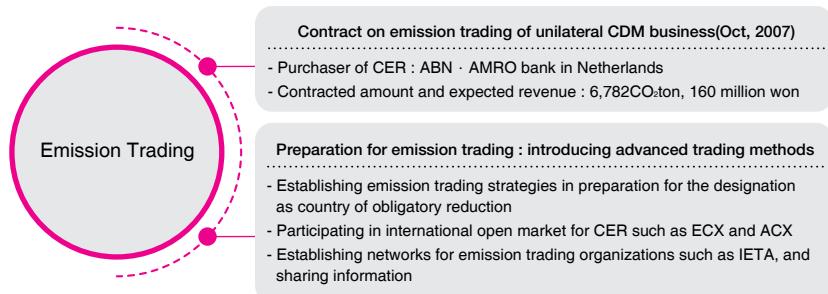
Project name	Target	UN registration date	Annual generation(kWh/y)	CO ₂ reduction(ton CO ₂ /y)
Sihwa Tidal	Sihwa Tidal	Jun, 2006	552,700	315,440
Small hydropower 1	Andong Dam, Jangheung Dam, Seongnam 1	Oct, 2006	15,473	9,689
Small hydropower 2	Daechung, Juam, Dalbang, Seongnam 2	Feb, 2007	13,996	8,697
Sihwa Wind	Sihwa Wind	Jan, 2008	6,293	4,013
Total			588,462	337,839

* As for CO₂ emission factor, current 3 years' weighted mean emission factor for CO₂ emission by power plants using fossil fuels, which is announced by Korea Electric Power Corporation has been used.

* Small hydropower 1 (Andong, Seongnam 1, Jangheung), Small hydropower 2 (Daechung, Seongnam 2, Juam, Dalbang)

Emission Trading

In Oct of 2007, we contracted with ABN · AMRO bank in Netherlands to sell green gas emission (CER) of CDM project of small hydraulic power 1 for the first time in Korea so far as Unilateral CDM method (Oct, 2007), thus we've been firmly established as an eco-friendly company preparing for the activation of carbon market domestically and abroad. In order to further respond to climate changes, K-water will try to operate and manage multi-purpose dams by scientific methods, and obtain CER favoring national benefits by creating new CDM projects including enhancement of energy efficiency of dams and waterworks, and also reinforce technology development for adoption to climate changes and greenhouse gas reduction.



Constructing Eco-friendly City Space and Industrial Complex

We're constructing comfortable city spaces where nature and people coexist peacefully, and eco-friendly cutting edge complex cities.

Ansan and Sihwa New Town

The project of development of Ansan and Sihwa New Town, which had begun in 1977 to distribute the population and businesses of the metropolitan area, completed the Ansan 1st step project (49.75km²) which built Banweol industrial complex and residential areas accommodating 300,000 people in 1993, and Ansan 2nd step(9.58km²) and Sihwa 1st step (57.11km²) projects are supposed to be completed in 2008.

The project of development of Ansan and Sihwa New Town has solved the shortage of residential areas and distributed the over-crowded factories of the metropolitan area, which has contributed to residential stability and the balanced regional growth. Especially, Ansan new town has been developed as the first planned city in Korea so that it has the comfortable traffic and residential environment featuring more green park areas, and enhanced road traffic networks. And its green area rate is 63%, the highest throughout in Korea.

Eco-friendly National Industrial Complex

Gumi and Yeosu national industrial complexes, planned according to the government's key industry promotion policy, could be developed as eco-friendly complexes with nature and people in harmony as the accommodated business fields were selected in consideration of territorial, geological features and connections with other businesses. As a result, Gumi national industrial complex has been growing to the high added-value digital electronic business cluster: complex of area 5.7km² was completed by 1995 and 6.8km² more will be expected until 2009. In addition, with the supply of more than 330,000 tons of water from the water source, Nakdong River, penetrating the complex, it has the optimal condition as an industrial complex. Yeosu national industrial complex, a large-scale petrochemical complex, started in 1973 and will be completed by 2010 : area 11.3km² was completed by 2000, and 7.8km² more will be expected to completed by 2010. This largest petrochemical complex in Korea has contributed and will further contribute to national competitiveness and balanced regional growth.

Sihwa MTV and Songsan Green City

To utilize the tideland created by Sihwa tied embankment eco-friendly, "Committee of sustainable development of Sihwa region", organized by the central government, local government, city council, local citizen and environment groups and related experts, has been founded in Jan, 2004. This committee aims to build Sihwa MTV (Multi Techno Valley) in the northern tideland and Songsan Green City in the southern tideland in order to convert the Sihwa region into an eco-friendly future city encompassing distribution, commerce, recreation, cutting-edge industry and tourism/leisure.

Sihwa MTV (Multi Techno Valley) will be created as an eco-friendly ocean oriented cutting-edge industrial complex (9.26km²). It will prevent thoughtless development by providing the planned location for the small and medium enterprises in the national capital region, and improve business competitiveness and revitalize the economy, and also complement the weak points of the existing Sihwa and Banweol complex by accommodating cutting-edge venture industries, and improve the water quality of Sihwa Lake.

Constructing Sihwaho Tidal Power Plant

Sihwaho tidal power plant, located on the small Gari Island in Sihwa embankment, is the world's largest one, with the generation capacity of 254MW. In order to improve Sihwa Lake's water quality by sea water influx and to meet the policy on the recycled energy expansion, tidal power plant started construction and is expected to be completed in 2009. Once operational, sea water influx will be 160 million tons, 5 times more than now, so the water quality of Sihwa Lake will be much improved to 2.0ppm the same with outside sea, and its ecosystem will be expected to be restored to the almost the same level with the surrounding sea. In addition, annual power generation will be 553 million kWh, the amount to supply power to a city with 500,000 population for one year, and generate pollution free clean energy, which contributes to annual reduction of oil imports up to 862,000 barrels and annual reduction of carbon dioxide up to 315,000 tons.

Toward Overseas Water Markets

Based on our accumulated experiences and technology powers, we are actively advancing into overseas water markets.

Paradigm Change in Water Markets

With the full-scale opening of WTO era, world water markets have been rapidly changing into a free competition system based on market opening and privatization. In this situation, K-water advances into world water markets to overcome the congested domestic water market, and also actively promotes overseas businesses as to raise technology power and to improve product competitiveness through competitions with multi-national enterprises.

Establishing Middle and Long Term Strategies

To enhance overseas businesses in terms of quality and to deal with changed business environments, we placed business bases in Southeast and Southwest Asia and established middle and long term strategies on overseas-invested businesses. And we are making efforts to achieve overseas sales of 100 billion won and to place K-water in a strong position in world water markets by 2011. In addition, to carry out systematic and stable businesses, we've made a manual for overseas-invested businesses and a manual for working overseas. We've also developed and have been using a business evaluation system to examine the profitability of overseas business and risk management model to figure out and cope with various business risks.

Reinforcing Overseas Business Capabilities

Our business position in Vietnam has been strengthened as we received orders of drinking water development project in Kien Giang and waterworks feasibility evaluation project in the Longan region. In addition, we received orders such as drinking water feasibility evaluation project of Nyabarongo River in Rwanda, construction of Asembo water purification plant and Suswa waterworks repair project in Kenya, project to establish water supply & drainage master plan in Chittagong, Bangladesh and a drinking water development project in Bolikhan, Laos, so we carry out half of all 8 received projects in other countries outside the previous countries, which expands the scope of our overseas businesses. As results, we received and now are carrying out the water resources development project of Krang-Ponley River from the Cambodian government. In addition, we actively organized a consortium of Korean enterprises as to carry out hydropower project of Patrind, Pakistan. Furthermore, we created direct overseas-invested businesses such as a hydropower project in Philippines and waterworks construction project in Indonesia to enhance overseas business one step further.

Expanding Strategic Ties and Partnerships

To strengthen the mutual partnerships and strategic ties with Korean private companies, we opened "2007 Overseas Water Industry Forum." To strengthen strategic ties and corporation with international organizations, we signed the memorandum of understanding (MOU) for technology cooperation and joint development of water resources with Cambodia ministry of water resources and weather, and we also signed MOU with the Mongolian ministry of construction and city development for the evaluation of water resource feasibility of Ulaanbaatar.

Total Water Service Company in the World

As competition with foreign multi-national water enterprises are getting tougher, K-water representing Korea water services, based on the global networks constructed by carrying out 25 projects in 16 countries and was 40 years of accumulated technology power and know-how, will advance into overseas markets jointly with Korea private companies for mutual prosperity centering on projects whose feasibility has been proved in terms of legal, financial and technological aspects. And we will jointly advance into rapidly growing water markets in Southeast and Southwest Asia in order to grow into a world class total water service company.

Ongoing projects	Completed projects
13 projects in 11 countries (22.93 billion won)	12 projects in 9 countries (17.82 billion won)
<ul style="list-style-type: none"> • Asia : India, Cambodia, Afghanistan, Sri Lanka, Iraq, Bangladesh, Laos, Vietnam • Africa : Equatorial Guinea, Kenya, Rwanda 	<ul style="list-style-type: none"> • Asia : China, Vietnam, Nepal, Cambodia, Afghanistan, Indonesia, Iraq, Mongolia • South America : Peru



With Water_Economy



Raising Competitiveness of
Our Water

Though water is a renewable resource, Korea's water demand is gradually getting bigger than its supply due to rapid population increase outrunning self-purification and circulation and increasing pollutants in water.

To provide healthful and clean water, K-Water is launching a new phase as the best corporation with comprehensive service through innovative management, transparent management, and specialized management and globalized human resources training.



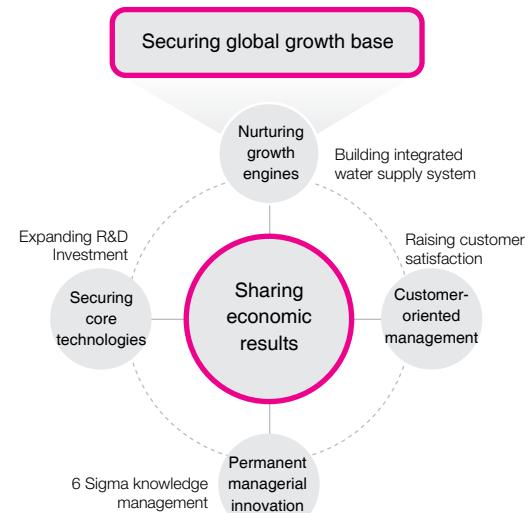
Economic Sustainable Management Strategy

K-water is gaining basis for growth by concentrating on growth engine businesses and obtaining core technologies.

Response to Quickly Changing Business Environment

K-water promotes sustainable managements to deal with fluctuating business environments such as raising public demand for restructuring public enterprises and market changes in water industry and to build foundation to achieve corporate mission and vision. Also it will share economic profits earned by these efforts with stakeholders.

- Economically sustainable promotion strategies •



Nurturing Growth Engines

We will lay the foundation for solid base for growth selecting efficient operations of local waterworks, sewage, overseas business, and river management as growth engines which are consistent with our vision and have a high degree of linkage with the existing business, alleviating national financial burden and contributing to economic growth.

Also, we will promote a water supply circulation system that will involve integrating local water supply system, sewage, and sea water desalination around multi-regional water supply business, and that will require integrating river management and survey and environmental water around dam management.

Securing Core Technologies

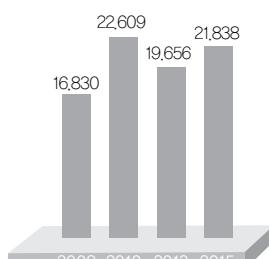
We will secure core technologies by expanding R&D investments on project basis in order to raise the efficiency of the existing business and to systematically promote business with growth engine.

- First: Our own business for development of water resources, multi-regional water supply system.
- Secondly: Diversification related to local water and sewage and river projects
- Thirdly: Integrated management by region, readjustment of water supply system, advanced water purification and development of core technologies
- Fourthly: Business on environment-friendly and new renewable energy

Focus on Customers and Innovation

We will lead management innovation by raising customers' happiness index resulting from their satisfaction through customer-oriented management and applying knowledge management and 6 Sigma as management tools for innovation at all times.

- Yearly Investment Plan (KRW 1 billion) •



- Medium- and long-term financial plan •

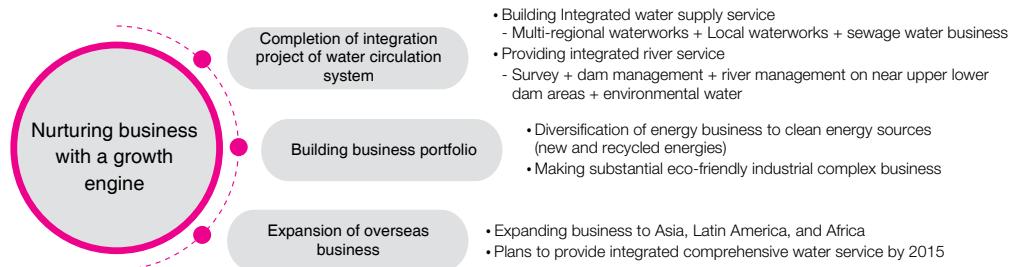
Division (KRW 1 billion)	2008	2010	2013	2015
Sales	22.219	27.896	32.486	39.153
Net income	0.702	1.472	1.972	2.556
Assets	122.629	141.539	166.511	175.776
Liabilities	22.208	35.053	50.653	52.865
Capital	100.421	106.486	115.858	122.911
Turnover ratio of total capital	0.18 times	0.20 times	0.20 times	0.23 times

Business Structure

Building an integrated watershed management system, K-water will change its route to integrated water service provider.

Nurturing Business with a Growth Engine

K-water's nurturing of business with a growth engine is intended to raise the value of stakeholders by innovating the nation's inefficiently managed water supply system and providing high quality water service to customers. For this purpose, our goal is to build integrated water and river management service by using IT technology in the short term and to complete integrated watershed management system to provide high quality integrated water services.



Completion of Integration Project of Water Circulation System

The purpose of integrating water circulation system is to increase the efficiency of water management and to raise the customer value by providing integrated service of water supply and rivers through integrated management of water supply business by region and integrated operation of water resources-related business by basin.

Water supply business is actualizing comprehensive service by region. It has been achieved according to following efforts. First, it has been pursuing efficiency on investment and operation by building integrated management systems on multi-regional and local waterworks. Second, it has been inventing high-value added markets about advanced purification on industrial water. Finally, it has been evaluating accessibility and gentrifying quality by developing alternative water resources.

The river business will be promoted comprehensively considering quantity and quality of water, ecology environment and culture through providing integrated services by region such as the upper and lower of dams, construction and operation of dams by size, environment water, flood information, construction and operation of canals, and various survey businesses.

Building Business Portfolio

Our business will be promoted in the direction of diversifying, stabilizing business structure, and varying revenue sources other than water circulation system. The industrial complex already developed will be made to create synergies with other businesses, or some specialized complexes regarding water will be developed. In short, we are promoting various fields of business such as expansion of water-related indirect business, diversification of clean energy production, and a continuation of the business of industrial complex. We will become a specialized institution devoted to producing the new renewable energy and securing the trading revenue from emission rights by building stable business portfolios such as Sihwa MTV, development of Songsan Green City, and energy business, by 2015.

Expansion of Overseas Business

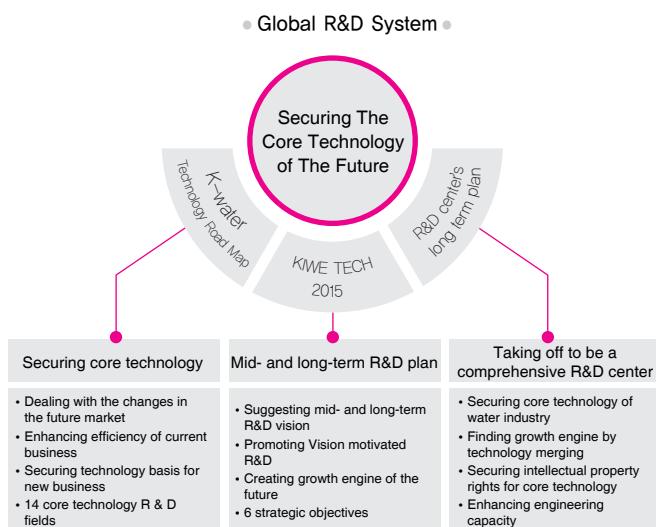
Based on our accumulated capabilities of managing water, we will secure competitiveness in global standards by promoting water circulation system in overseas countries gradually and systematically. The countries targeted for our entry are Southeast Asian countries such as China, India, the Philippines, and the developing countries in Latin America, the Mid-east and African countries that are suffering from water shortage. Using our Official Development Assistance (ODA) business as a stepping stone, we will continue to expand our investments seeking to revitalize our business through engineering. Through these preliminary stages, we will achieve the status of a global company by 2015, which will provide the world with comprehensive services of design, construction, and management in the field of water

Investment in Research and Development

K-water is conducting comprehensive R & D activities. It is increasing R & D investments and expanding R & D infrastructures to develop the core technology of the future.

R&D Investment Expansion

K-water has set 6 primary R & D strategic objectives and 66 sub-projects aimed to be completed by 2015. This strategic plan includes implementation plan for K-water's Technology Road Map, which is focused on growth strategy to create and secure growth power for the future, and KIWE TECH 2015, long and mid term R & D plan of Korea Institute of Water and Environment. To accomplish such goals, K-water invested KRW 80 billion, 7% of total revenue, in research and development and secured core technologies of water industry such as KSMBR process technology (high level waste water process technology). Also it expanded its R & D force by increasing research staffs from 192 personnel to 238 personnel. To accelerate technology innovation, it is promoting support for R & D subjects concerning core technology of water industry and supports for innovative small companies.



Expanding R & D Infrastructures

We are promoting the creation of sustainable R & D infrastructure to secure core technologies related to water. As regards the field of water resources, we completed the construction drawing of Environmental Hydraulic Test Center to acquire river-related technical power. Also we are expanding our infrastructure on water gate inspection fields and educating employees to be experts of the field. Moreover we completed the construction of a training practice center. We are putting much effort to secure essential professionals and core technology to be a leader of the water industry.

● R&D Investment Status ●

Classification	'05	'06	'07	'08 Plan
Revenue(KRW 1 billion)	10.907	11.113	11.413	11.923
Investment (KRW 1 billion)	0.729	0.761	0.800	0.804
Investment Rate (%)	6.7	6.8	7.0	6.7

Note: The revenue generated from complex construction is not included

R&D Infrastructure : Building/Land (79,832m²/90,311m²), Test Equipments (573 items)

* KIWE TECH 2015 : KOREA INSTITUTE WATER & ENVIRONMENT technology 2015

* KSMBR : K-water+Ssayong Membrane Bio-Reactor



Korea Institute of Water and Environment, the core of water industry's R&D

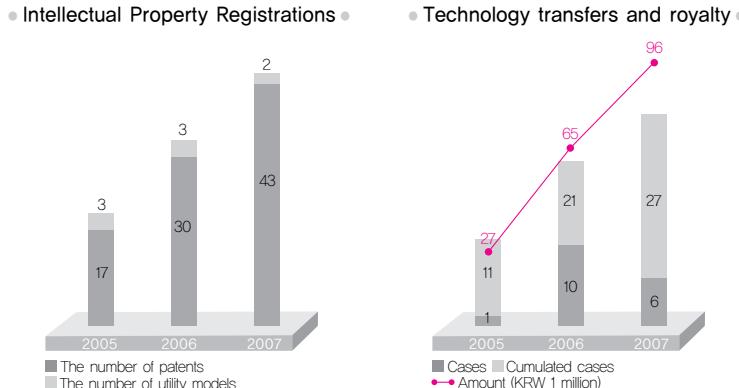
Intellectual property management system

Knowledge Based Management System Building

Status of Yearly Application and Registration

K-water pursues to secure core technology that can stimulate sustained growth by managing intellectual property rights systematically using an intellectual property management system. Also, it transfers its own technology to small and medium sized companies to develop mutual benefit. In 2007, it received 100 million won as royalty. K-water is on track to become a top class company in the world.

The number of intellectual property applications and registrations increased each year. As of 2007, K-water held 199 intellectual property rights. Also it conducts technology value assessments before applying for patents to evaluate marketability and importance of the technology in many aspects to manage intellectual property rights more effectively.



Support for Technology Development of Small and Medium Sized Companies

K-water has helped small and medium sized companies by encouraging them to develop new products on purchasing guarantee condition to nurture these companies to develop technology since 2004. Also, it started K-water Small and Medium Sized Company Technical Innovation Support Project to accelerate open technology innovation from 2007. It selected and supported 3 projects (total KRW 677 million), including CM ENTECH's Dimension Split Type Multi-Path Dry Ultrasonic Flowmeter development project, and supported total of KRW 1 billion to small and medium sized companies with innovative technology every year. K-water not only tries to gain monetary profit but also aims to give opportunities various stakeholders to grow and fulfill its social responsibilities while cooperating with small and medium sized companies in research and development. Such cooperation will bring a chance to take innovative technology to K-water, so it can reach out to new business.

Support for small and medium sized companies in develop new products on purchasing guarantee condition

Year	2005	2006	2007	Total
Development Completion	1 case	6 cases	5 cases	12 cases
Net Purchasing (KRW 1 million)	54	1,325	1,646	3,025

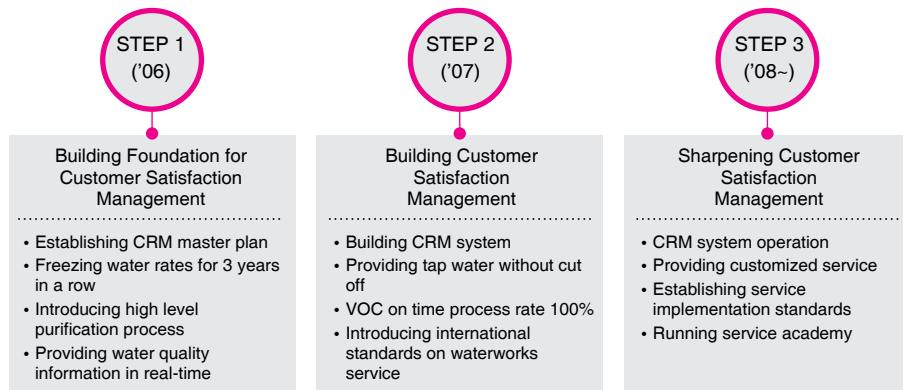
Customer-oriented Management

K-water will create values to make the world a better place for our customers.

Customer-oriented Management Strategy

K-water selected “customer-oriented management” as one of the 10 strategies improving customer value. It established a master plan for Customer Relationship Management(CRM) to provide customized services for customers in 2006, started building the system in 2007, completed the CRM system in June 2008, and launched K-water Customer Center, an integrated call center. Also, it set the final goal of its strategy implementation management system (BSC system) on achieving sustainable management through customer satisfaction. K-water is now carrying out customer-oriented management.

• Customer-oriented management promotion strategy •



Freezing Water Rate for 4 Consecutive Years

K-water has frozen dam and service water rates for 4 years straight (2005 to 2008). Although there were many factors to raise the rate such as an unchanged rate for 3 consecutive years, purchasing of new facilities, increased in prices, and increases in legally required labor cost, it was able to freeze the rates to reduce burdens in customers' households and business costs by putting forth various efforts such as establishing a cost management roadmap and six sigma activities. Consequently K-water contributed in enhancing corporate competitiveness and stabilizing market prices.

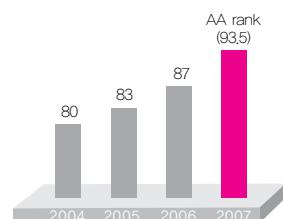
Total Support Service (TSS)

K-water has set up Procedural Technology Total Support System (TSS) for Local Waterworks, which uses service searching mechanism to provide delicate services to customers in improving water purification facilities. It provided technical support to nine water purification facilities in 2007. The water quality and customers' satisfaction were improved on water purification facilities that used the TSS. K-water is receiving more requests for overall water facilities such as pipelines and water revenue. In the future, it will implement more systematic supports by teaming up with a pipe inspection group to take care of pipeline and revenue water problems.

Customer Satisfaction (AA Rank)

K-water provides differentiated and customized services with customer satisfaction management strategies and detailed assignments given to departments to satisfy various customers' needs and changes in business environment. Also it abided service implementation standards written on Customer Charter to provide service from customer's perspectives, to improve customer service quality, and to enhance service reliability of public enterprises. As a result, it ranked as the best company in National Customer Satisfaction Index (NCSI) in 2006, and also received “AA,” which is the best rank, in Public Service Customer Satisfaction Index (PSCI) in 2007.

• Result of Public Service Customer Satisfaction Survey •



Providing Information on Water Quality

Each year we conduct our own survey on our customers' opinions about water and their degree of satisfaction, and we implement measures to improve customers' confidence in water and to prevent contamination based on the findings of this survey. For transparent disclosure of information about water quality, we are providing it on a real-time basis on our web page. Also, we are providing water quality related information and useful everyday life information related to water through our cyber water quality

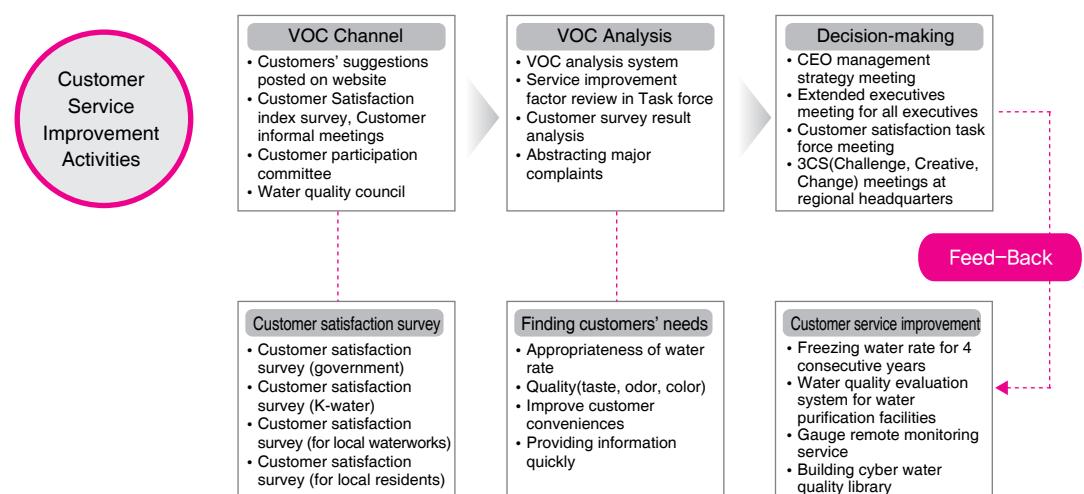
Providing Customized Service

K-water classifies customers into two different categories: direct customers and indirect customers. Direct customers include local governments, demographics who receive water supply from K-water commissioned by local governments, and lotting-out customers. Indirect customers include concerned parties like NGOs and local communities, website customers, and most Korean people. It provides customized services fitting customer's needs.

Classification	Service content
Direct customers	Service charge discount (for long period use, etc.), gauge maintenance, emergency repair service, replacing pipes without water cut-off, free leakage check inside of building, and helping to get a loan for lotting purpose
Indirect customers	Social contribution activities, Filial Piety Welfare Center, dispatching native English teachers, visiting and experience program, K-water newsletter, providing K-water water bottles for free, etc.

Customer Service Improvement Process

K-water checks 'Service Standards to Fulfill' clauses every half year, posts results on website, and reflects employees' customer service satisfaction performance to their performance evaluation and salary to motivate them to satisfy customers. Also it opens 'Voice of Customer (VOC)' channel all the time to reflect customers' needs. Entire company is putting much effort to improve customer-oriented work processes and general management practices.



Water Rate, Application Procedure and Method

- For more details, please visit Speedy Service (Water Rate Information) on K-water's website at www.kwater.or.kr

Water Gate Information like Water Level of Dam, Reserved Water Amount, and Discharged Amount

- For detailed information of all the dams run by K-water, please visit National Water Resource Information Management System at www.wamis.go.kr to check real-time information

Permit to Use Lands Assigned for Water Facility Purpose

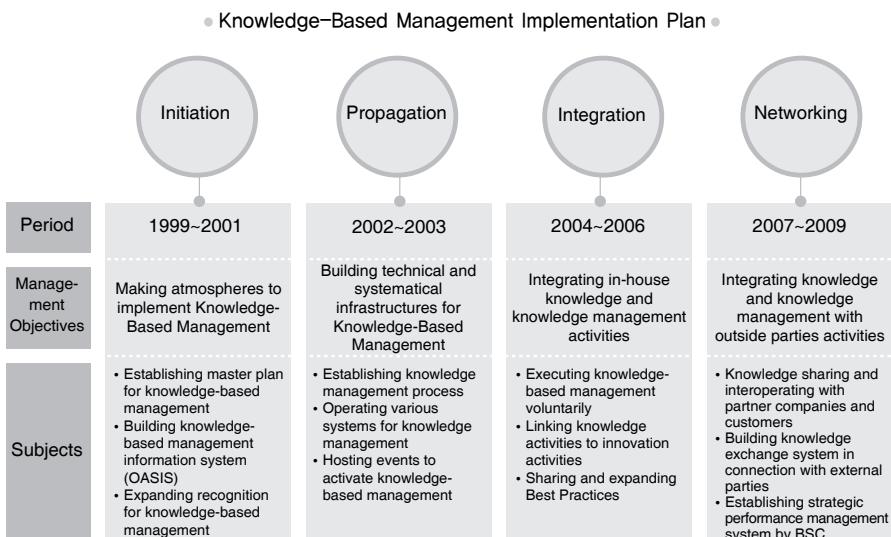
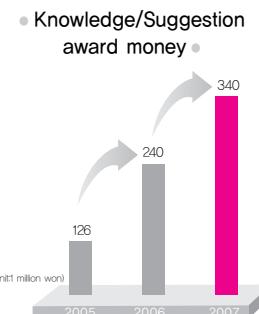
- Basically, lands used for water facilities should not be used for any other purposes because these are secured to protect and maintain water facilities. However, K-water sometimes allows people to use these lands as long as it does not obstruct the purpose and usage of water facilities for basic rights and health of people
- If you have any question, please send your question on [Speedy Service]-[Customer Center]-[Voice of Customer] page at www.kwater.or.kr or call our local management group or center to get an answer quickly

Six Sigma and Knowledge-Based Management

K-water is actively implementing management innovation tools such as knowledge-based management and six sigma to enhance its corporate competitiveness.

Introduction and Activation of Knowledge-Based Management

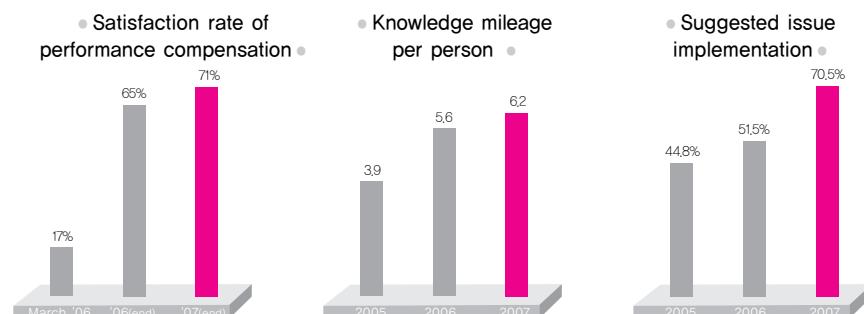
After experiencing a painful lay off of 31% of employees in 1999, K-water has realized the importance of knowledge-based management because invaluable knowledge and work proficiencies disappeared due to such a strong restructuring. Laid off employees brought their years of experience at K-water with them. Therefore the way of finding, creating, saving, and sharing employees' knowledge became the biggest issue. Currently, seven hundred active learning groups are organized. About 60 thousand cases of knowledge and suggestions created by employees along with about 5 million documents produced in the work process are registered so that employees can access needed information and utilize it on the job at any time.



※ 700 learning groups, 60,000 knowledge/suggestions, 5 million document registrations

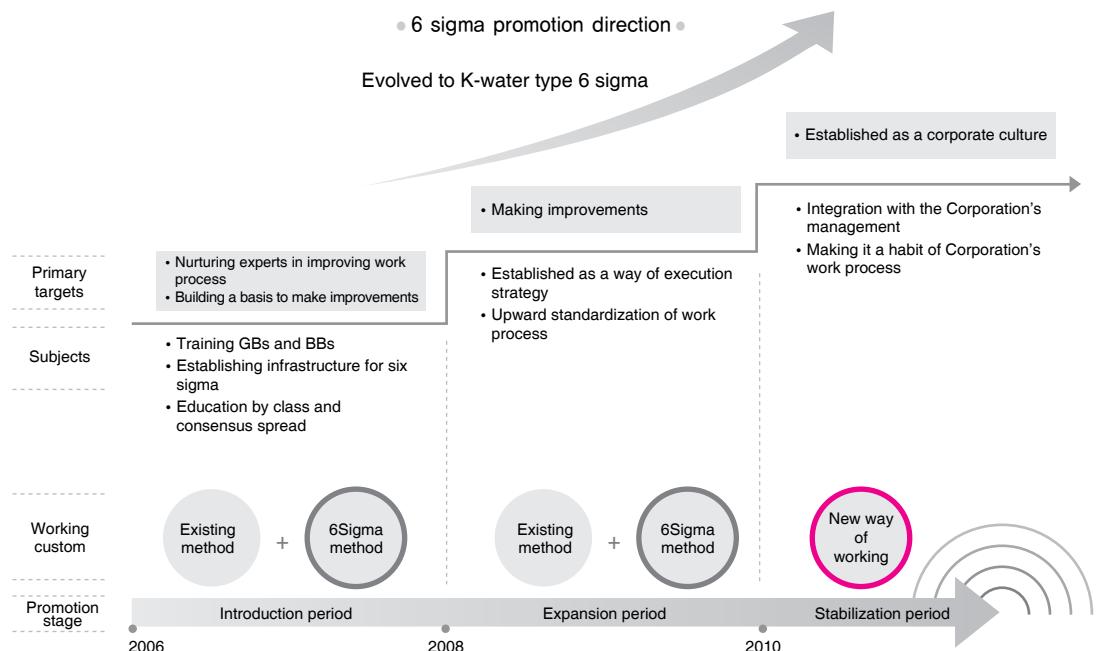
Results of knowledge-based management

K-water won the 'Grand Prize for Knowledge-based Management' (Maeil Business Daily - Booz Allen & Hamilton) in December 2007 and established itself as the nation's best company practicing knowledge-based management. Also, its excellence was recognized by the government, and K-water was selected as an excellent case of management innovation. Also K-water's knowledge-based management was benchmarked by Cheong Wa Dae (office of the president), Ministry of Public Administration and Security, and many other government institutions as well as private sectors.



6 Sigma Management Innovations

K-water introduced 6 Sigma to improve work customs to match a rapidly changing hardware environment in order to become a world class company. K-water is promoting 6 Sigma not just a tool of improving work but as an activity to change corporate culture through "nurturing experts in improving the work" and "innovating the working procedure." K-water hopes to establish 6 Sigma as our corporate innovation activity which changes its corporate culture. K-water pronounced '6 Sigma Management Innovation' to apply 6 sigma innovation mechanism to its corporate culture as early as possible in October, 2006. Starting with CEO's model assignments, all the executives are working affirmatively to complete their 6 sigma assignments to accelerate innovation speed in 2007.



6 Sigma Promotion Results

K-water linked 6 sigma tasks to Balanced Score Card (BSC) and produced 137 GBs (Green Belts) and tangible effect of 9.45 billion won from October, 2006 to December, 2007. As of June, 2008, 137 Green Belts and 22 Black Belts have been trained. For more objective performance evaluation, K-water appointed Financial Effect Analysts (FEA) to execute evaluations by selecting them through in-house open selection process.

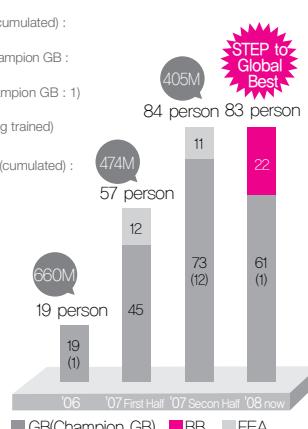
K-water registers improvement suggestions, created with 6 sigma technique, as knowledge or suggestion on Knowledge-based management system to accumulate, share, and to expand it. K-water will develop the association between 6 sigma activities and existing other innovation activities, create values for customers by promoting core improvement projects to become 'the best water service provider in the world,' and promote overall management innovation activities to implement our corporate mission 'To make the world better place to live with our water.'

6 Sigma Promotion Results

※ Innovation personnel (cumulated) :

- 243 person
- GB : 137 person (Champion GB : 13 person)
- GB : 61 person (Champion GB : 1) being trained
- BB : 22 person (being trained)
- FEA : 23 person

※ Financial performance (cumulated) :
9.45 billion[KRW]



Briefing by assignment leaders





With Nature _ Environment

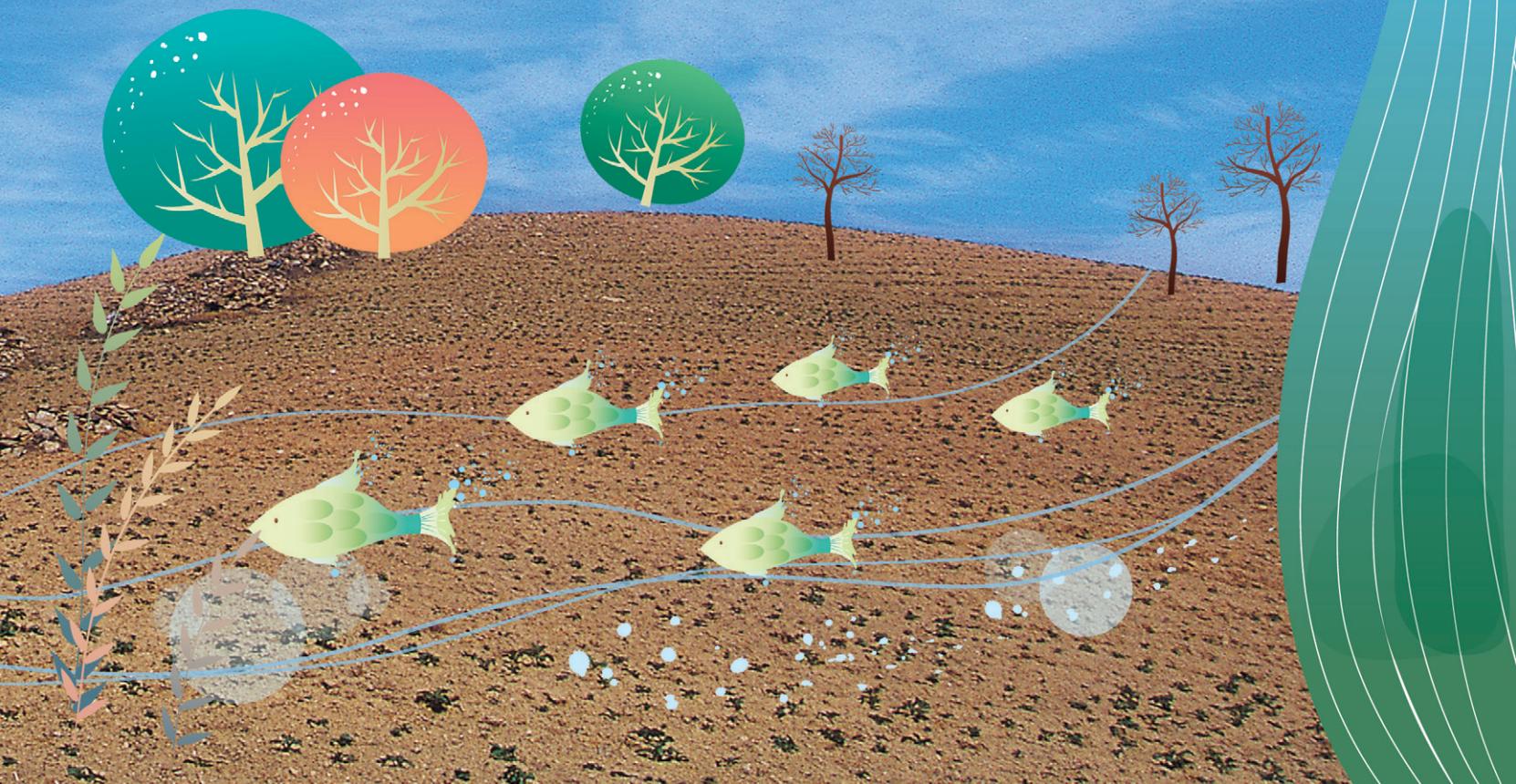
Going Back to the Water





There was water at the beginning of the world. Water is the Mother that gave birth to life. It is where life began.

Water, air, earth..... all this nature is not a legacy to hand down to our future generations, but one we have borrowed from them. That's why we should pay special attention to natural resources. K-Water is making every effort to make sure green and healthy nature continues generation after generation through environment preservation and clean energy production business along with environment-friendly water management.



Environmentally Sustainable Management Strategy

K-water creates a whole new environmental value beyond legal obligations through the environmental management.

Global Environment Management System



- ▶ Since the announcement of environmental management in 2002, K-water has continued to pursue environmentally-friendly management and switched to a management system where economic efficiency harmonizes with environmental soundness.
- ▶ K-water has implemented its own Environment Performance Evaluation(EPE) system to manage environmental impacts and environmental management performances systematically. Moreover it established EPE Indexes to improve the environmental management performances continuously. EPE Indexes are being managed by Balanced Scorecard (BSC) strategy.
- ▶ K-water's environmental management practices reached beyond the scope of legal environment management performance expectations. Its management practices are sharpening their edges to create new environmental values by preventing environmental risks, implementing Clean Development Mechanism (CDM) system, and trading carbon emission rights, etc.
- ▶ K-water is publishing Sustainability Reports to improve communication with stakeholders, to provide information with no obscurity, and to help the growth of environment friendly communication.
- ▶ K-water plans to strengthen its global environmental management basis by adopting ISO24500 and ISO26000 to be a leader in environmental management.

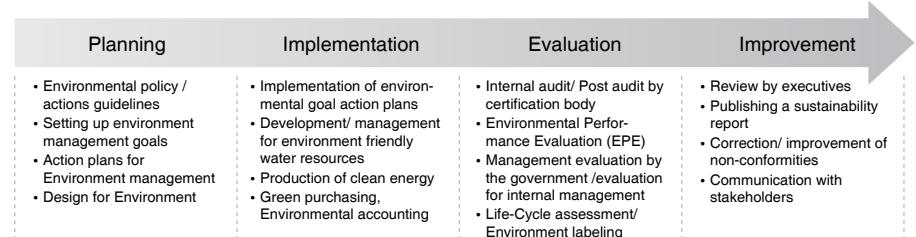
Environmental Management System

K-water has been improving environmental impacts of its business activities by operating various environment management programs.

Environmental Management System

Following the initial certification of the Environment Management System (ISO 14001) in October 2002, the efficacy of the environment management system is validated by a renewal audit every three years. The standard of ISO14001 environmental management system and the standard of ISO9001 quality management system are included in the company regulations of K-water. According to the procedure of environmental management work as detailed in the company regulations, all divisions carry out works related to the environmental impact analysis, goal setting, environmental audit and outcome evaluation. Also, K-water acquired the LOHAS Management Grand Award sponsored by Korea Green Foundation in November, 2007 and the 2007 Sustainability Management Grand Award sponsored by the Ministry of Knowledge Economy and the Korea Chamber of Commerce and Industry in December, 2007, which provided an opportunity to verify the K-water's quality management system and its management performance.

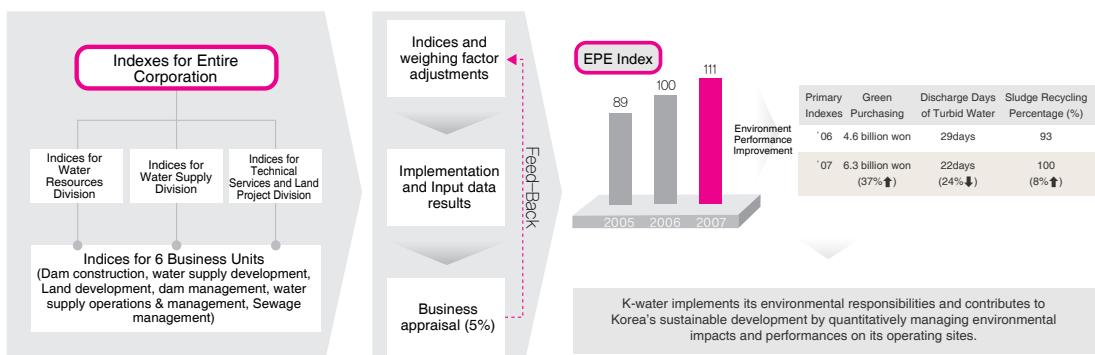
● Environment Management Program ●



Environmental Performance Evaluation (EPE)

For the systematic management of the environmental outcome to be achieved through environmental management activities, Environmental Performance Evaluation Program based on ISO 14031 has been introduced and run since 2003. In 2006, the project on setting up the computerized system for the environmental performance evaluation was completed and the environmental performance management and internal assessment has been conducted based on the system. In addition, the patent on the computerized system for the environmental performance evaluation was acquired in January, 2007, for the first time in the country and it provided an opportunity to suggest a standard model for EPE system in the water services sector.

● EPE Operating System and Environment Performance Improvement ●

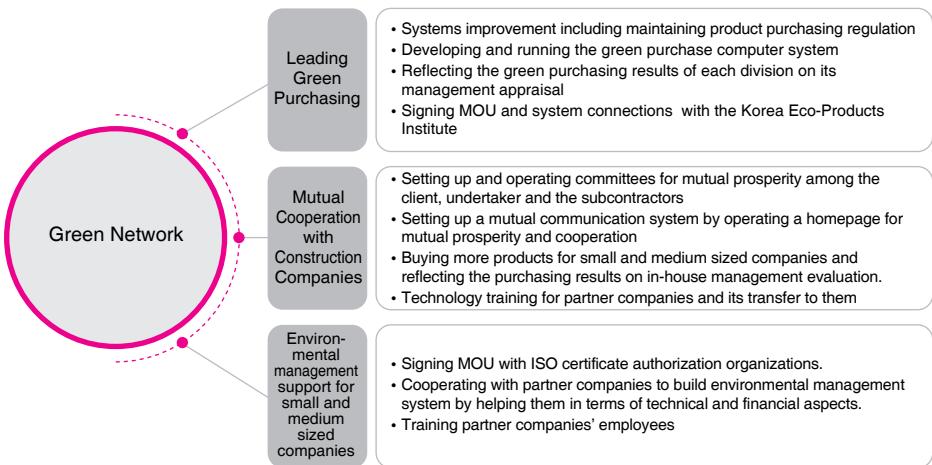


Environmental Audits

Environmental audits are conducted for each business unit annually in order to inspect and improve the environmental management system. K-water improved its auditing capacity against ISO standards by training 13 employees to become certified ISO auditors. In 2007, 70 cases of non-conformity in the internal audit and 12 cases of that in the external audit were discovered by the environmental audit and corrected accordingly.

Green Network

K-water improves its environmental management capacity by facilitating green purchasing, environment friendly supply chain managements, and environmental accounting.



Green Purchasing

Green purchasing is an act of purchasing environmentally and nature-friendly green products for the preservation of global environment. K-water is managing environment-friendly Eco Label and Energy Recycling Label products, EDP products and energy efficiency management products as green products. Our corporation has been introducing and operating the green procurement system since 2002 and continuously working hard towards revitalization of green procurement by improving the operating structure and the purchasing system. The green procurement statistics reached KRW 6.3 billion in 2007, showing a 37% increase from KRW 4.6 billion in 2006. Purchasing energy saving office supplies and electronic appliances for saving indirect energy is being expanded, and the energy efficiency management product worth KRW 280 million was purchased in 2007. Moreover K-water reinvigorates the purchase of products from small and medium sized companies as its focus project throughout the company. As a result of such efforts, its purchasing form small and medium sized companies reached KRW 430.9 billion; 2.9% increase from KRW 418.6 billion in 2006. K-water was awarded with Secretary's Award from Ministry of Knowledge Economy for its efforts.



Mutual Cooperation with Construction Companies

In order to establish and spread mutually cooperative partnerships in the construction field, K-water has selected construction projects being pursued by Ministry of Construction & Transportation subsidiaries. The ordering body, undertaker and the subcontractors are all participating in setting up and operating the mutually cooperative committee. On top of four sites assigned in 2006, K-water has selected and is running seven sites for dam and industrial complex preparation work and is further working towards reinvigorating the projects for mutual cooperation for co-development with small and medium sized enterprises in the construction area and for their technical support and mutual benefits.

Environmental Management Support for Small and Medium Sized Companies

The scope of corporate environmental responsibility is being expanded from the company's own responsibility to entire processes of product manufacturing. K-water promotes environmental management, including supply chain networks with partner companies, by supporting small and medium sized companies through environmental management support projects. The implementation of environmental management practices and clean manufacturing system in our partner companies enhance their environmental management capacity and consequently our competitive edge. Since many of these small and medium sized companies lack the workforce, information, and infrastructure to become environment friendly companies, K-water provides various environmental management programs such as environmental management training, audits, and financial support for certification acquiring processes for them to be certified by ISO14001 standard. Furthermore, K-water and its partner companies will complete their social responsibility and contribute to enhance industries' environmental capacities.

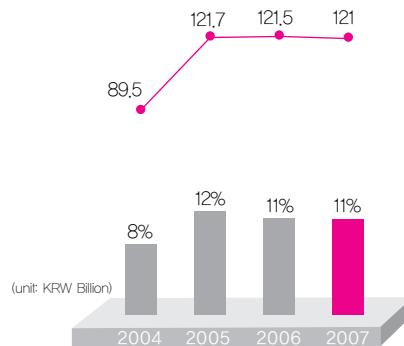
- Environmental management support system for small and medium sized companies



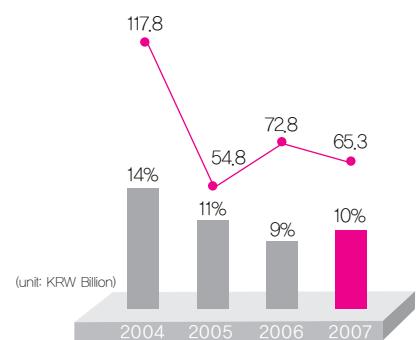
Environmental Accounting

K-water is operating an environment accounting system in order to support reasonable management decision making and to provide information to stakeholders in an open and transparent method by quantifying the environment management performances. While participating in the environmental accounting test project sponsored by the Ministry of Commerce, Industry & Energy in 2003, the concept and criteria for environmental cost appropriate for K-water have been self derived to come up with yearly environmental cost and environmental investment following 2000. The environmental cost in 2007 has been estimated to be KRW 121.0 billion which is 11.0% of the project cost, while environmental investment was KRW 65.3 billion or 10% of the total investment. In 2007, a management audit computer system has been set up in order to run the results of the environmental accounting in a more systematic manner. Using the environment accounting information produced, an environmental accounting system will be developed to enable its application in management decision making when setting up new environmental investment and environmental capital budgets in the future.

- Rate of Environmental Cost to Total Cost



- Rate of Environmental Investment to Total Investment

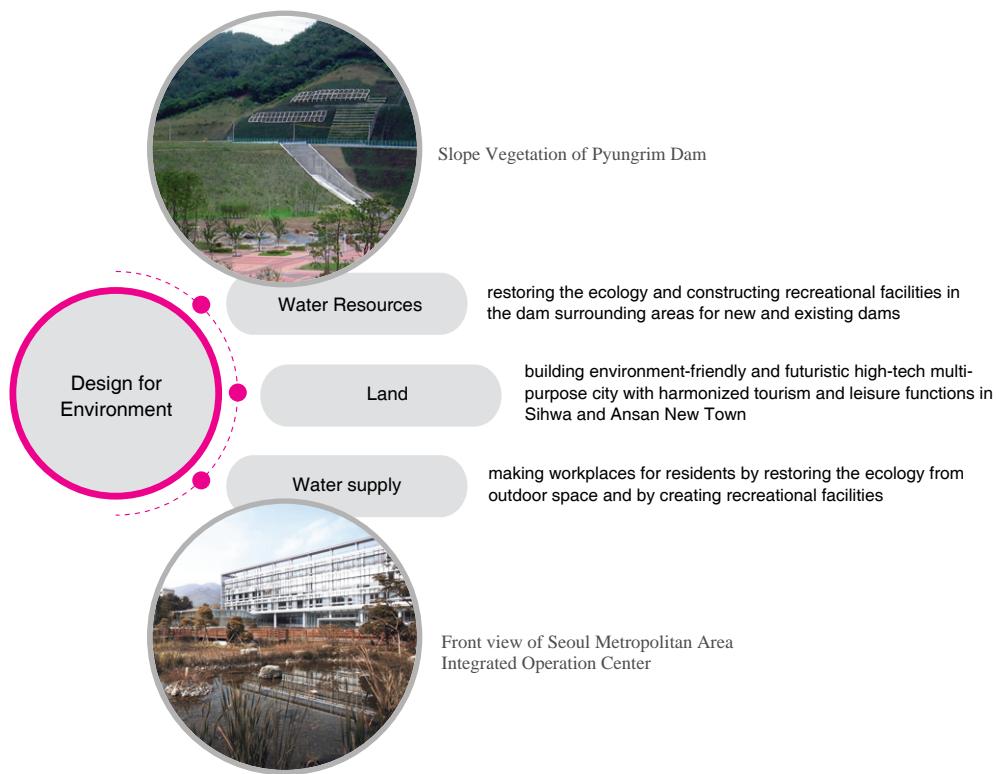


Environment-friendly Water Resources Development

K-water enhances its environment-friendliness to provide more places for cultural & recreational purpose and to preserve ecological system.

Design and Construction for the Environment

K-water minimizes the environmental impact resulted from construction activities and creates another natural environment where life comes into being by abiding to the "Design Guideline For the Environment (2003)" from planning and designing stage of the water resources, waterworks and development project carried out by K-water.



Taking Care of Forests around Dams

K-water has set up an annual master plan taking care of forests around dams together with the Korea Forest Service since 2002, while the Korea Forest Service has carried out the schematic design and the construction work. Starting from 2002, the test project was carried out in around 1,800ha and 1,300ha of land around the Jangheung Dam and the Daegok Dam respectively.

"Taking Care of Forests around Dams" brought about an increased ability to retain source water in the forests and promoted ecological soundness. Moreover, it also prevented generation of turbid water and water pollution during flooding seasons as a result of earth and sand drain. Moreover, during the dry season, we are able to provide a sound place for leisure for the people by promoting the role of green dams in maintaining moisture in the soil and by connecting lakes and forests.

- "Taking Care of Forests" is to create an ecologically sound forest through afforestation pruning, thinning, and renewal of tree species and by creating a multi-layered forest.

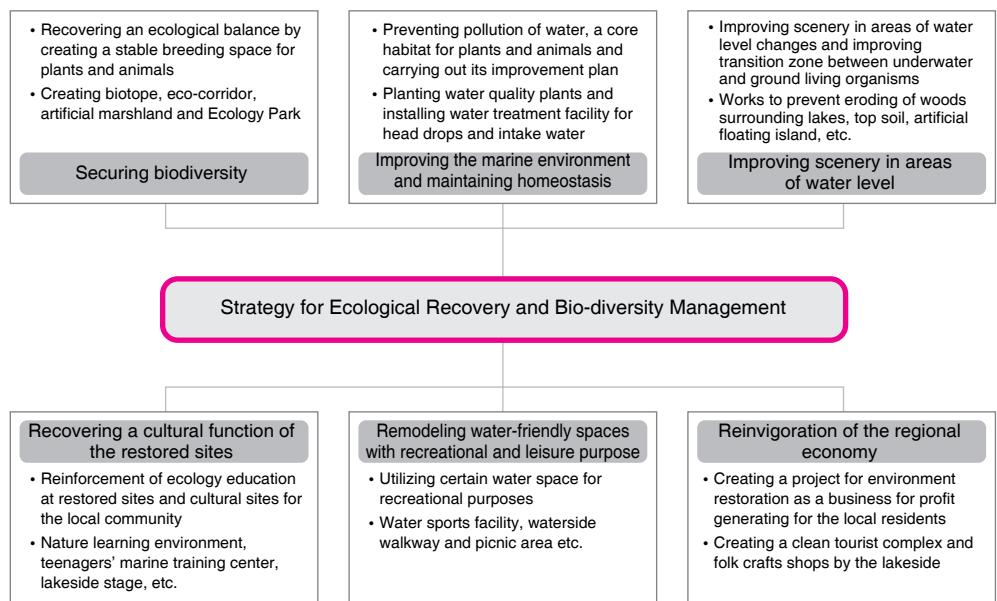
K-water won the 1st Good Construction Project Owner Awards for its excellent job on Sihwa Lake Artificial Swampy Land project. Good Construction Project Owner Awards are generally given to the public institutions which own construction projects. This award is sponsored by Construction Technology Construction Culture Enhancement Committee, a presidential consultative council under the supervision of the Ministry of Land, Transport and Maritime Affairs. Winners of this award are carefully selected based on selection criteria such as the plan, design, and maintenance of public construction structures.

Protection of Bio-diversity

Preserving Bio-diversity is an urgent and essential matter from the perspective of sustainable development of the earth and the further existence of mankind. K-water is carrying out diverse activities such as the preservation of bio-habitat environments, minimizing destruction to the natural environment from development projects, restoring the destroyed ecosystem and creating an enhanced ecosystem to improve bio-diversity, global agenda.

K-water puts forth efforts to preserve essential vegetation systems for the survival of wildlife. It protects plants, as much as possible and relocates old trees and plants within the region where they are found. Also it makes artificial swampy lands to improve water quality and to provide habitats for insects, amphibians, reptiles and fish.

K-water is especially interested in making habitats for otters, a natural treasure of Korea. It provides artificial habitats for otters to protect them. It has built an otter ecology park and habitats for otters in an area downstream from Gushun Dam, to educate children of the importance of living organisms by teaching them the ecology of otters.



Ecology park and habitats for otters in Guchun Dam

Water Quality Management

K-water is improving water quality using an advanced water purification technology and stricter quality management standards.

Advanced Water Purification Treatment Process

Since 2003, the water grade assessment at the purification plant has been carried out voluntarily for 14 categories including turbidity, residual chlorine, taste, odor, disinfection by-products among metropolitan water purification facilities producing tap water. The water grade assessment at the purification plants induces competition among water purification plants, and it is being carried out for the purpose of producing high quality tap water through voluntary improvement of facilities and management for operations. In this assessment, K-water applies much stricter standards than what law requires. For example, K-water's turbidity test pass level is 0.05NTU which is one tenth of 0.5NTU which is required by the law.

- The results of water quality improvement ●

Water quality standard (turbidity)	Under 0.5NTU	
Water grade assessment(targets of K-water) '07 operation results(concentration)	0.05NTU 0.04NTU	<ul style="list-style-type: none"> • Operated with 10 times stricter standard • Improved by 12.5 times
Water quality standard (chlorine residue)	Under 4.0mg/L	
Water grade assessment(targets of K-water) '07 operation results(concentration)	Under 1.0mg/L Under 1.0mg/L 99.4% achieved	<ul style="list-style-type: none"> • Operated with 4 times stricter standard • 99.4% achieved
Water quality standard (HAA)	Under 0.1mg/L	
Water grade assessment(targets of K-water) '07 operation results(concentration)	Under 0.024mg/L Under 0.016mg/L	<ul style="list-style-type: none"> • Operated with 4 times stricter standard • Improved by 6 times

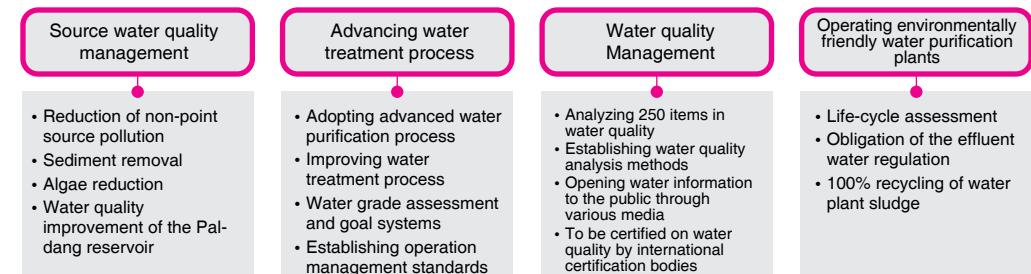
Water Quality Planning and Management

Considering the instruments and human resources necessary for testing, the water quality tests are conducted in 3 steps (1st step: 34 water purification plants; 2nd step: 4 regional water quality analysis centers; and 3rd step: Water Analysis & Research Center). Until 2007, water quality was tested on 250 items in accordance with the international standard. From the year of 2007, 69 items were added on top of 250 items (total of 368 items) to achieve top level water analysis capacity in the world. K-water posts its water quality data collected from all the purification plants on its web site(www.kwater.or.kr) in real-time to allow people to see how safe the water is.

Continuous Replacement of Worn-out Pipes

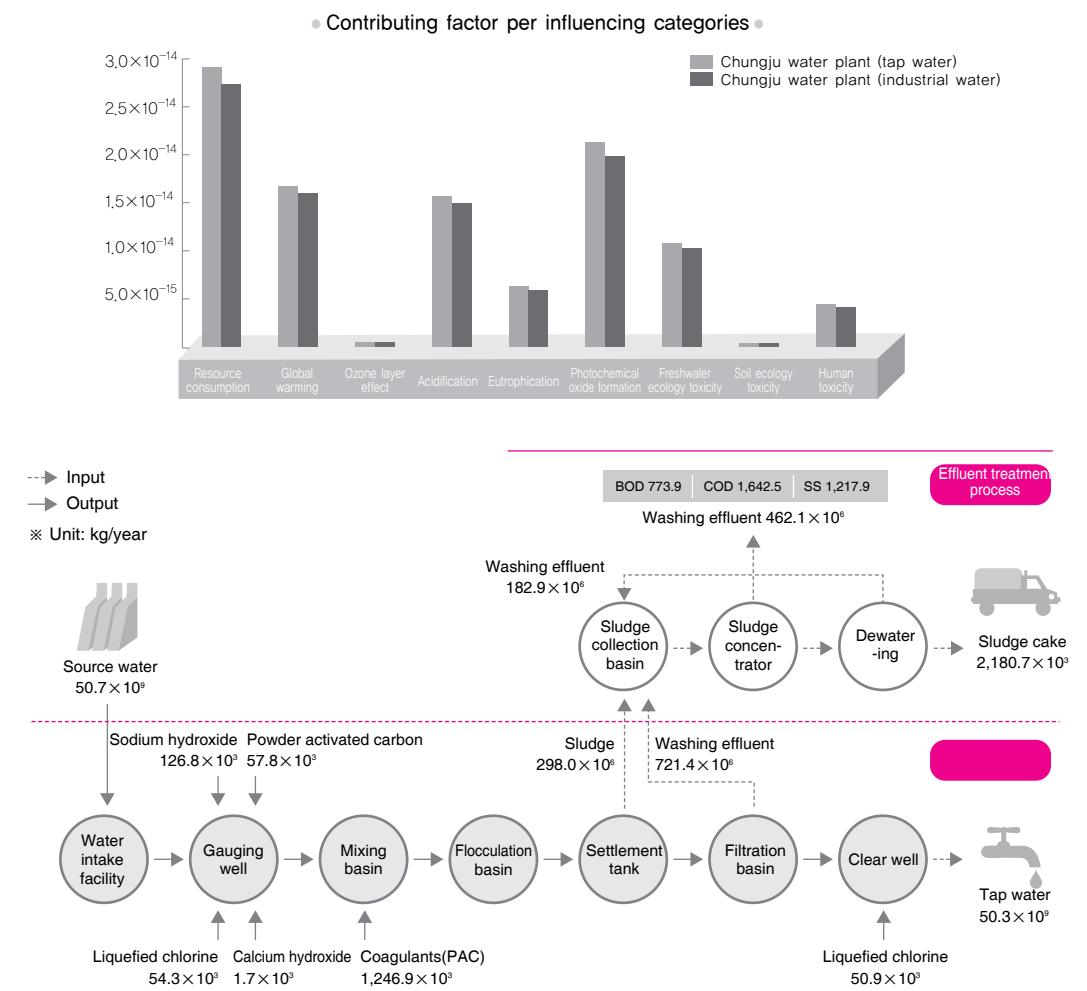
Although tap water may have been produced safely at the water purification plant, it could become contaminated while being transported through worn out pipes before reaching the tap, which is a key cause of rust water. K-water is trying not only to improve water purification facilities but also to work hard in order to provide a stable supply of quality water by continuously improving worn out pipes by designating sections for worn out pipe improvement (replacement, reinforcement, and regeneration) every year. In 2007, K-water replaced 12.5km total length of old pipes from its multi-regional waterworks pipelines to provide clean water, and also the average revenue of water in multi-regional waterworks run by K-water since 2001 has been maintained 99% or more every year.

Providing customers with reliable and clean water



LCA: Life Cycle Assessment

LCA is a technique intended to quantify and evaluate the affecting factors on environmental pollution generated throughout the process of manufacturing and supplying tap water "from source water to clear well" and at the same time to reduce and improve them. In 2007, the life-cycle assessment method was applied throughout the entire production process for water at the Chungju water plant of the Chungcheong regional headquarters, whose source water is the Daechung Dam. Upon the analysis on the contribution as per level of environmental impact on nine causes including resources consumption and global warming following environmental assessment across categories, "resources consumption" was found to possess the largest environmental load while the contribution to the environment in producing 1m³ of water was found to be 2.9×10^{-14} (based on overall contributing weight of one per influencing factors) at the most. Sludge transportation is the process with the largest environmental impact and the optimal sludge treatment method to minimize the sludge transportation distance has been sought after in order to improve the process of tap water production in an environment-friendly method.



EDP: Environmental Declaration of Products

EDP is a Type III Environmental Declaration which quantifies resources being used throughout the product's lifecycle and environmental pollutants being discharged, as well as their environmental impact. The results of this assessment shall be certified and revealed by a third party.

- Gosan water plant, drinking water (Certification No. 2007-002)
- Chungju water plant, drinking water (Certification No. 2007-009)
- Chungju water plant, industrial water (Certification No. 2008-002)

All the water plants under K-water's control will be EDP certified to open their water production processes clearly to general public. It will use the data acquired during the assessment to make better water production facilities.

Clean Management of Water Sources

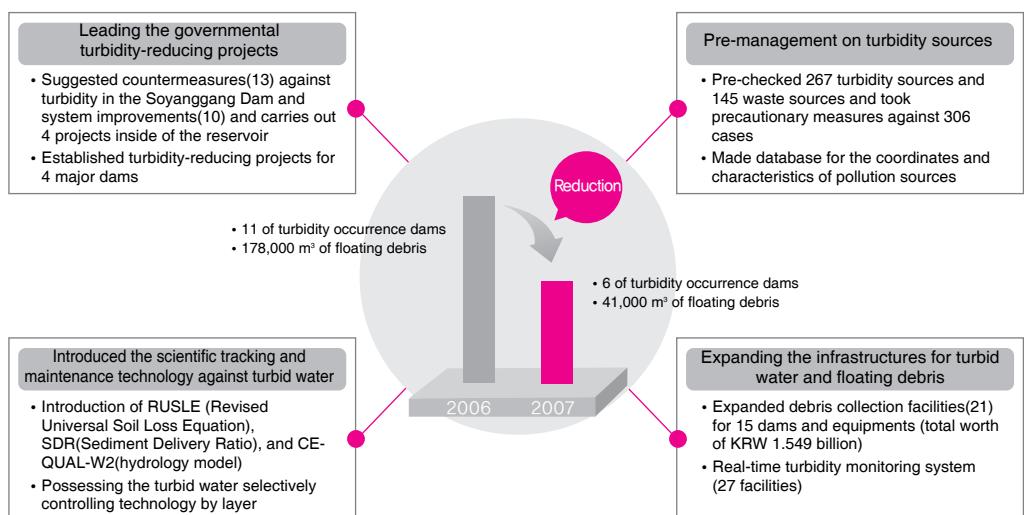
Cleanliness of tap water depends on strict management of water sources.

Management of Pollution Sources around Dams

For the purpose of treatment of the domestic sewage and livestock wastewater causing water pollution in dams, 91 environmental basic facilities are constructed and operated in the upper streams of Yongdam Dam, Daecheong Dam, Jangheung Dam, and Chungju Dam. K-water applied integrated surveillance control systems scattered at the environmental basic facilities. Consequently, we increase the reliability of water quality which is treated and save the cost of maintenance and management by improving water quality in reservoirs for dams and increase the operation efficiency with the nation's first integrated operation and management by basin. K-water established measures to reduce the influence of non-point pollution source. These measures include the operation of seven artificial swampy lands ($265,700\text{m}^2$) on the river flowing into the upper streams of 4 dams, including Daecheong Dam, and seventeen water plant culture islands ($220,440\text{m}^2$).

Management of Turbid Water Flowing into Dams

We make and promote various measures for the solution of muddy water problems in the reservoirs for dams caused a landslide from water damage which is increasing yearly, including landslide and overflow in the area of the upper stream of dams due to the change of precipitation pattern such as typhoon and local downpour. The existing muddy water control system, which is focused on aftermath control and maintenance, has reached its limitation. Therefore K-water applied precautionary riverside pollution source maintenance measures as a fundamental solution. To understand the present status of muddy water that flows into the reservoirs of dams and moving condition, we install and operate automatic turbidity measuring equipment at 27 locations and 9 dams. Also, we conduct the measure for the reduction of muddy water influence in the downstream of dams by means of the quick discharge of muddy water flowing into dams or clean water with improvement of water intake system.



Collection & Disposal of Flood Debris

Every year, garbage dumped at the upper dam areas as well as plants and wasted trees from forest and farming areas flow into the dam in great quantities with heavy rain during flooding. Such flood debris will causes for algae to grow and deteriorates water quality in reservoirs. In 2007, K-water implemented more systematic approaches to control pollution sources. Such activities include pre-checking the areas where debris might float during flooding season, establishing database for 145 pollution sources, operating Land Cleaning Voluntary Activities (48 times, collected $1,130\text{m}^3$ of debris), and giving lectures on pollution prevention practices (231 times). As a result of such efforts, the amount of floating debris decreased in large scale compared to that of 2006. Moreover, by 2009, KRW 9.22 billion will be invested to set up and carry out comprehensive measures to handle dam floating matters in order to secure collection boat, carrier, isolation net and treatment facilities on a yearly basis.

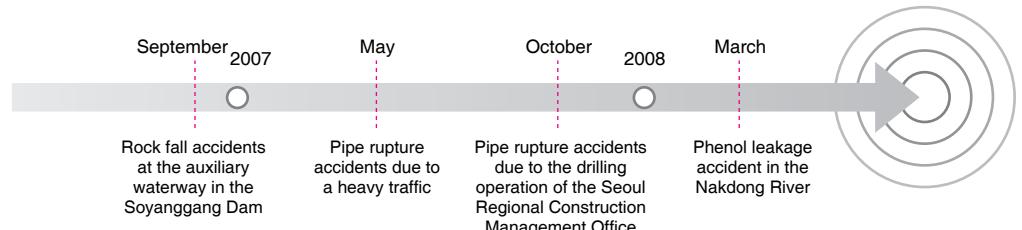
Responding to Accidents

K-water has emergency systems to respond to various potential risks scattered around sites.

Site Emergency Control

Major accidents, related to dams and water purification plants under K-water's supervision, includes aged piping facilities, mis-constructions, damages in water pipes, and intake of hazardous materials into dam reservoirs. K-water is putting forth much effort to prevent accidents by replacing old pipes and applying quality control measures on pipe construction sites and to quickly respond to accidents by enhancing emergency situation control abilities through emergency drills. It does its best to cause no inconvenience to Korean people.

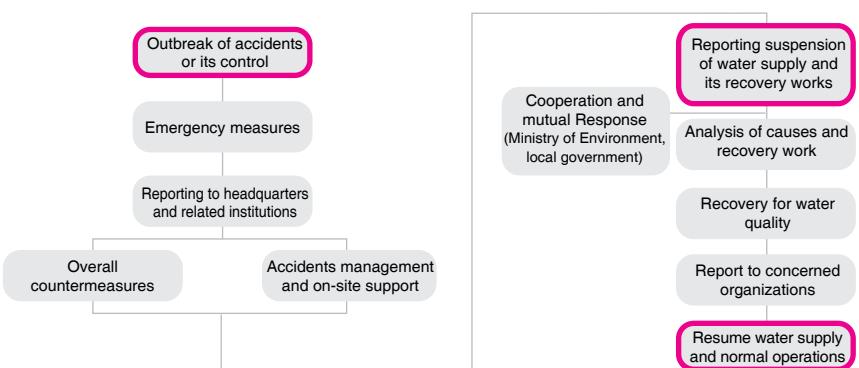
In March, 2008, when a fire at Kolon Chemical's Kimchun factory caused hazardous materials, including phenol, to be leaked into the mainstream of Nakdong River, K-water quickly responded to minimize environmental damages by monitoring water quality in real-time and applying activated charcoals on its water purification facilities at early stage of the leakage accident according to emergency manual and response scenarios. As a result of such a quick protective measure, it could minimize socioeconomic effects on the Gumi region. Right after the accident, it cut the water supply to the region, dispatched seven water supply cars (capacity: 15m³) and 115,000 bottles of water to the region to help residents. As soon as it checked that the phenol concentration level of tap water was safe, it continued supplying water to the region. In the future, it will revise Site Emergency Manual to reflect the characteristics of corresponding sites, improve ERM system, enhance emergency response simulation training, introduce water source bio-alarm system on Nakdong River area, and implement system to estimate the arrival time of hazardous materials and concentration.



Hazardous Material Control

If hazardous material leakage occurs at our work sites, it can seriously damage the surrounding environment, bio-diversity, and residents' health. We are abiding by related regulations through strict handling of the hazardous materials generated from the project site. So far, there has been no incident of leakage of major hazardous materials. Moreover, a capability of management for crisis preparedness is being developed by establishing a crisis preparedness manual in preparation for outbreak of various accidents including leakage of hazardous materials and following regular exercises.

• Hazardous Material Leakage Control System •





With People _ Society



A Bridge between Water
and People



Care for a cup of tea or a glass of water?

Water connects people and smoothes relationships.

K-water is doing its utmost to be a company anyone would want to work for, one loyal to its social commitment, one that deserves trust, and one serving people and is loved by them.

Socially Sustainable Management Strategy

K-water is doing its best to implement corporate social responsibility as a corporate citizen.

Focus on Value Promotion of Stakeholders

K-water promotes the strategy for socially sustainable management to contribute to society. The socially sustainable management strategy is one of ten primary strategies of K-water. It mainly concerns enhancing values of stakeholders in six different aspects.

Transparent & Ethical Management K-water strives to establish a transparent and honest managing action and process. We will lay the foundation for a culture of ethical management within the daily work and lives of executives and employees.	Human Rights Management and Safety & Public Health K-water considers the human rights, safety and public health of every single employee in all establishments, and works hard to protect the rights of minorities such as the handicapped and women.
Human Resources Management K-water supports the career development of every employee starting from joining the corporation until retirement, taking into consideration the individual's competence and value of life.	Customer-Oriented Management K-water gives our customers pleasure by providing clean water and the best service for water provision.
Win-Win Partnership K-water has built a firm partnership with the supply and demand enterprise and is practicing the win-win management by collaboration such as technical aids.	Local Contributions K-water runs a variety of collaboration programs for local residents and strives to contribute to the development of local societies and further the country through social contribution activities.

• Index of Estimation for BSC related to Socially Responsible Management •

Classification	'07	'08~'09	'10~'12	'13~'15	Notes
Customer satisfaction (PCSI)	AA(93.5)	AA	AA	AA	Ministry of Strategy and Finance
Transparency Index	9.21	9.0 or higher	9.0 or higher	9.0 or higher	Anti-Corruption & Civil Rights Commission
Social Contribution Rank	A1	A1	A1	A1	Specialized Institution
Social Contribution Index	83.2	85.0	87.0	90.0	K-water
Core Labor Index	24%	25%	28%	30%	K-water

* Social Contribution Index: Participation × 0.3 + Activity Time × 0.4 + Participation Fund × 0.3

* Core Labor Index: (Ph.D. × 1.5 + Master × 1 + Professional Engineer × 1.5 + 6 Sigma Belt × 1) / Total Number of Employees

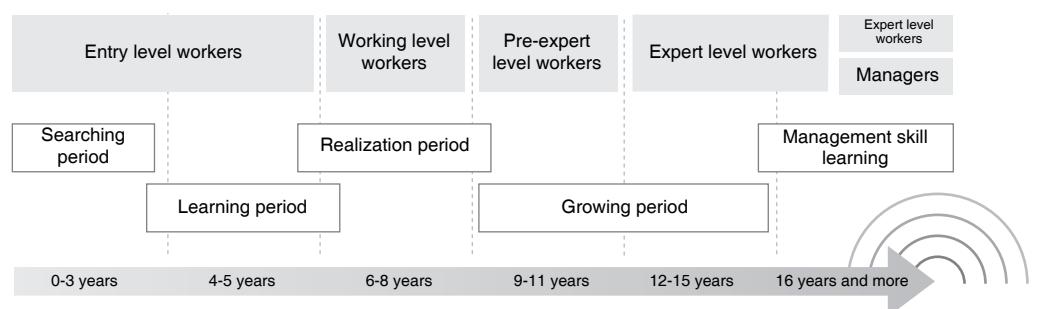


Development of Top Level Competency

K-water trains its employees to be future leaders by sharing corporate's core values and by maximizing employees' potentials.

Career Development

K-water helps employees to set Career Development Path (CDP) and provides customized education systems with various skill levels to help each employee to increase his/her proficiency in a certain field by himself/herself with self-motivation.

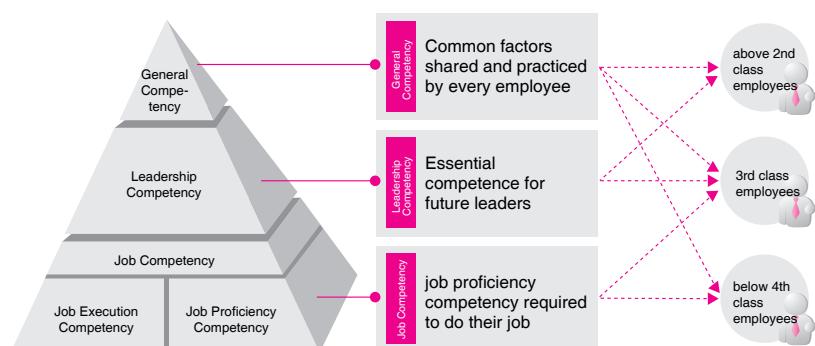


Compensation for Performance

The monthly wage of a new employee is set at 270% of the legal minimum. All employees are subject to a periodic evaluation. Executives receive piece rates according to their accomplishments after closing a management contract with the president. For recipients of pensions, the first class employees are evaluated on department evaluation, while the second class employees are evaluated on their individual MBO evaluations in order to receive piece rates. Employees under the third class receive piece rates in accordance with the department evaluation.

Education Programs

K-water's employee education program can be categorized into three types: General Competency ; common factors shared and practiced by every employee; Leadership Competency ; essential competence for future leaders; Job Competency ; job proficiency competency required to be a top class water expert.



※ K-water's core values: ① Service mind ② Challenge for the futures ③ Honesty ④ Respect ⑤ Self-esteem

General Competency	<ul style="list-style-type: none"> This competency training course aims to help employees to keep in mind core values as their career is developed by promotion or position transfer Most courses aim to motivate employees to challenge the future by teaching them how to face changes and how to become innovative
Leadership Competency	<ul style="list-style-type: none"> Leadership training courses Leadership types are classified by positions: vision accomplishment leader, change leading leader, and problem solving leader Training courses are aimed to help trainees to execute core roles
Job Competency	<ul style="list-style-type: none"> Aims to increase individual employee's job proficiency to develop individual and enhance K-water's competitiveness Jobs are classified into 83 different job groups. Various training courses are prepared for employees with different proficiency levels Employees select one job category in which they want to have proficiency in the long term

Balance between Life and Work

K-water operates various programs to enhance the quality of life of employees.

Welfare Policies

Stabilizing Living Foundation and Increasing Quality of Life

In order to solve housing problems due to nationally scattered waterworks, we provide boarding houses and company houses, and give loans for buying a house, ultimately providing for stability of housing and living status through purchasing a house.

Family-Friendly Welfare

For individual welfare we run a welfare program for families to give them a strong impression and stable trust, increasing productivity. Through the additional service for anniversary celebration and "Family Love Tour", employees are motivated to work and families are touched. Moreover, by admission to a culture organization, they can experience high quality culture and art.

Customized Welfare System

In order to offer satisfactory welfare with limited budget, we introduce a customized welfare system which allows the employee to choose freely from the offered welfare items within a certain cost limit. Also, we introduced welfare card system which can be used in association with the customized welfare system.

Lifetime Learning

By providing employees with various education programs, it is possible to develop each individual's ability. This program is a Competency Reinforcement Plan (CRP) which allows each employee to increase his/her proficiency in a certain field by himself/herself. The basic concept of CRP is the T-style human capital development, a T-style employee being an individual with professional knowledge of a field as well as a broader knowledge and perspective of related fields. This program educates on a professional field from the beginning of joining in the company for a certain period, followed by a broader education about the overall process of the company after becoming a member of the board.

Health and Safety

Health Care

According to the results of health examination in 2007, healthy groups (A and B class) and commented groups (C2 and D2 class) were 88.3% and 11.7%, respectively, not changed from 2006. The ratio of diseased patients among the total examinees has decreased from 3.2% in 2006 to 3.1%, which shows some improvement. However, in the commented group, while the number of incidents of stomach ulcer and intestinal diseases decreased, the number of incidents of adult diseases such as hypertension and hyperlipidemia increased slightly. Therefore more intense care such as more exercise, diet, medical therapy, or change in life-style shall be encouraged to those people. We have operated Smoking Quitting program(2 times), Obesity clinic.once), and mental health program(EAP program) for our employees. Moreover, we gave lecture 'Lifetime Health Management of Women' for our ever increasing number of female employees.

Clinics within Company

We run dental and oriental medicine clinics within the company for employees and their families. Also, we run a filial piety clinic jointly by oriental clinics and Water Love Volunteers for local aged people as a social service. We prepared a welfare center to accommodate more health clinics by remodeling the building and improved medical facilities to increase the quality of health care.

Improvement in Work Environment

To improve the work environment within the company, we have established a criteria for appropriate space and equipment in five fields-offices, cafeterias, fitness centers, employee lounge, and employee rotation systems to make a more pleasant work environment model. Also, construction of K-water Culture Center was completed in March, 2007 and provides space for recreation and sports.

Prevention of Industrial Accidents

We run various systems such as reinforcement of industrial safety and health education for the safety of employees, safety management at construction sites, and prevention from accidents during internal sports.



Lifetime Learning Center



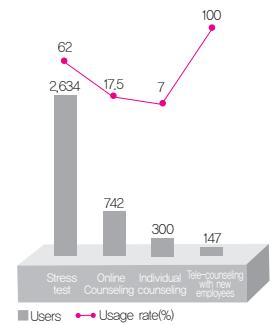
Signing on No Strike for Essential Tasks Agreement



Obesity Clinic

Employee Assistance Plan (EAP)

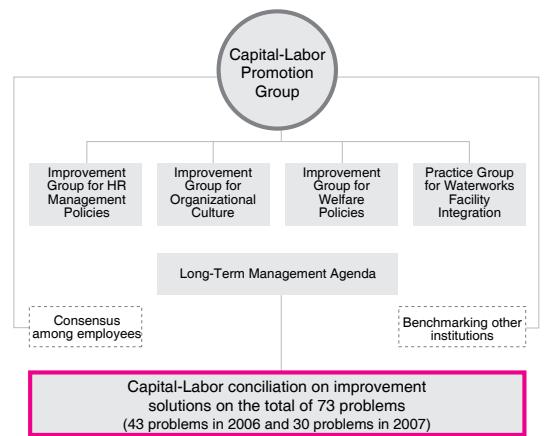
We strive to enhance work satisfaction by introducing EAP to cope with stress induced from various reasons such as increase in work load, maladjustment in the organization, etc. As a result, the organization can ensure and continue a stabilized labor force and expect improvements in productivity.



Implementation of Better Labor Culture

Efforts for Capital-Labor Conciliation

The Labor Union, established in November, 1987, is for employees under the third class and has adopted the Union Shop system by which an employee is automatically admitted on joining the company. Currently, there are 3,203 members, representing 78.8% of the total number of employees as of March 2008. Capital-Labor Collaborated Safety and Health Committee run by K-water is managed as Capital-Labor Consensus Committee, consisting of 9 members from both Labor and Management. Since 2006, the Capital-Labor Consensus Committee deliberates on pending problems every fiscal year, striving to decrease conflicts through bilateral comprehension and satisfactory explanation, increasing productivity and employee welfare, leading to the common gain. By 2007 this committee reconciled on 73 agendas to improve our system. Also the committee strives to improve and guarantee working conditions abiding by the Article 7 'Prohibition of Forced Labor' of Labor Law.



No Strike for Essential Tasks Agreement

According to the agreement between labor providers, labor users, and government in November, 2006, the forced labor strike reconciliation regulation was demolished. And for the essential public work places related to electricity, water, and gas, No Strike for Essential Tasks regulation was brought into the light. K-water has signed on the No Strike for Essential Tasks agreement in November, 2007 for the first time. Therefore K-water now can fulfill its responsibility as a public sector by supplying water all the time even when strikes are going on.

- No Strike for Essential Tasks Regulation:

Regulation to maintain essential personnel at work places to maintain essential public services even when labor strikes are going on (enacted by deliberate agreement between labor providers and labor users effective from January 2008)

Human Rights and Diversity

We strive to protect the rights of minority employees and handle employee troubles.

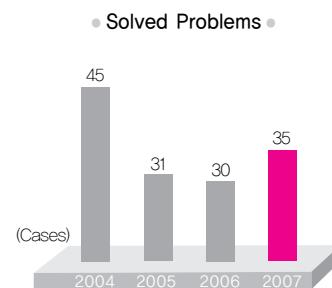
Human Rights Protection

Efforts for Human Rights Protection

K-water has a policy to protect the rights of minority employees and handle employee troubles. We run various programs such as expanded employment, gender equality and maternal protection programs to protect the rights of minority employees such as handicapped people, female employees and contract employees, and we also have a Gender Equality Department within the Labor Union. We expect to expand human rights education which is yet at the preventive state. Also, we guarantee the right of forming associations and the freedom for collective bargaining stated by the collective agreement, which ensures the complete protection of rights in every job site.

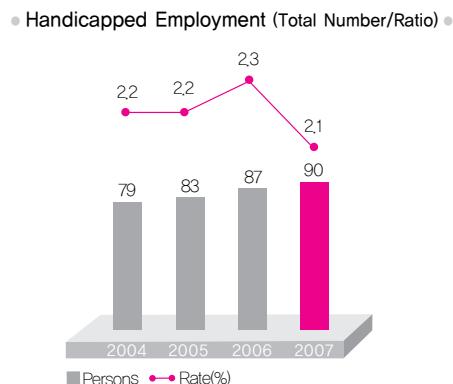
Handling of Employee Troubles

We set a Troubles Window in HR-BANK to consult with employees at all times. Through on-line and face-to-face counseling, we solved 35 employees' troubles, out of 60 counseled cases, after a suitability test in 2007. Unsolved cases are considered in the following periodic transfer. Also we applied EAP(Employee Assistance Plan) to solve stress induced by various causes such as maladjustment to organization, work overload, etc. is managed by the company taking measures to prevent and solve the problem to provide a healthier and more pleasant life within the organization, increasing the quality of life.



Expanded Employment of the Handicapped

We give disabled people additional points during employment. In the first exam, a handicapped person is given additional points of 3-5% of the whole score according to the degree of disability. Disability after joining the company also qualifies for 100% of the basic salary. Registered handicapped employees are treated as equally as a subject of employment protection, and are given encouragement and 3 days paid leave before and after the Day for Disabled People. Also, there are convenient facilities in the building such as exclusive parking areas, ramps, washroom, etc. Employment rate of handicapped people is currently 2.1%, which has exceeded the 2% obligatory employment rate of disabled people for eight years in a row since 2000.



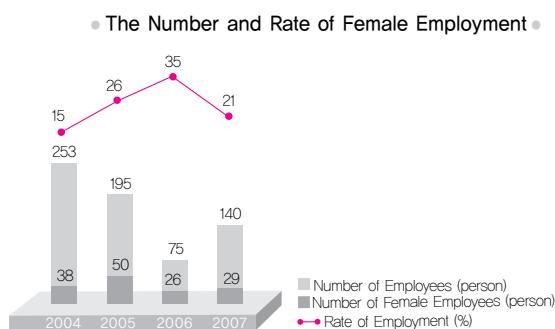
Gender Equality

Gender Equality Program

The first public enterprise to announce gender equality in 2004, we took action by increasing female resources and supplying equal opportunities in personnel management. Also, we have put together a substitute resource pool in order to cover those in maternity leave. The pay level is identical for both male and female at the same level in case of same entrance year. Gender equality is applied to promotion and compensation as well.

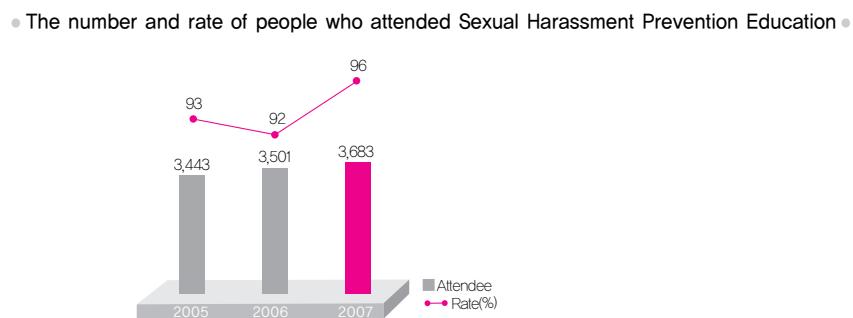
Increase of Female Recruitment

As of December, 2007, 9.5% of a total 376 employees have been female. Among them, there are 2 directors (level 2), and 11 vice-directors (level 3). The expansion of the target plan to more job categories resulted in 21% of new employees in 2007. Particularly, 30% of new employees in job categories of administration, civil engineering, environment, and computation were females, satisfying our target female employee rate(30%).



Education for Sexual Harassment Prevention

According to the article 3 of 'Enforcement ordinance on prohibition and relief of sexual discrimination,' we operate education programs to prevent sexual discrimination within the working environment and report results to the Ministry of Gender Equality. For better protection of individual rights and prevention of decrease of productivity, one person from every department must acquire a cyber education degree and transmit to the rest of the department annually.



Maternity Protection Program

K-water provides a breastfeeding room and women's resting spaces in the headquarters to protect maternity. In effort to reduce a conflict between work and family of employees and childcare responsibilities of working parents, we operate childcare facilities within the company and voluntary closing hours.

- Childcare Facility: Water Lovers Daycare
- (Childcare Day) Every Wednesday
- Introduction of Temporary Rest with Spouse
 - _ Condition: in case of overseas service of 1 year or more, educational dispatch, and temporary rest for employee's spouse
 - _ Period: Once, 2 years
- Improvement of Maternity Leave Policy
 - _ Employees with a child age 1 to 3
- Childbirth Promotion
 - _ Distribution of childbirth bonus, exceptional application for circulation work of pregnant women and nursing mothers
 - _ Installation of feeding equipment, exclusive parking area for pregnant women and nursing mothers

Social Responsibility Implementation

K-water recognizes Social Responsibility as a part of corporate management plan and pursues to enhance the value of stakeholders.

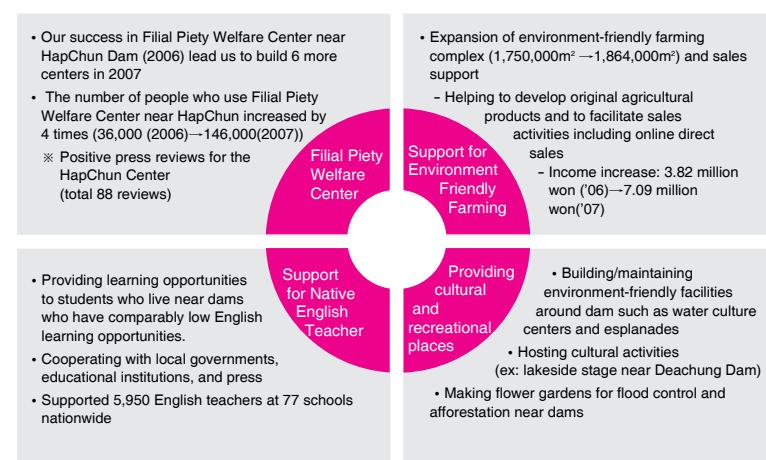
Social Contribution System

K-water recognizes social contribution as a part of corporate management plan, associated it with its corporate mission and vision, and pursues to enhance its corporate image. For K-water, social contribution means more than just contributing profits to charity. It is a part of management activities. K-water recognizes social contribution as a long term investment that can maximize values for stakeholders.



Social Contribution to Local Community

K-water operates support programs that offer direct help to residents, who suffer from forced migration and various regulations, in areas adjacent to dams and help boost the local economy in order to improve their profits and welfare.





Filial Piety Welfare Center



Dam Cultural Festival



Environment-friendly Space

Social Contribution in Overseas Countries

K-water's social contribution efforts in overseas countries have expanded its scope to North Korea, Cambodia, Mongolia, and Equatorial Guinea, as it expanded business activity areas to such countries in 2007. K-water developed 6 wells in Cambodia where it is putting forth efforts to establish Water Resource Development Overall Plans. In Mongolia, where K-water is conducting drinking water development projects funded by the Korean government's overseas aid activity, it built 6 gers (house woven with fabrics) for poor people. Also, K-water's energy business team contributes a certain amount of money on a monthly basis to an orphanage in Dominican Republic.

Overseas Social Contributions (Korea Food for the Hungry International)

- For the localization of our overseas branches
 - Social contribution efforts in overseas countries: Mongolia, Cambodia, and East Timor
 - Local support activities in our 3 overseas branches including Equatorial Guinea and Kenya branches

Providing briquettes and bottles to North Korea (Lovecoal)

- Supplied briquettes to Gaesung area which suffers chronic fuel shortages
 - Supplied 200,000 briquettes (plans to supply 400,000 briquettes in the next 3 years)
- Supplied 40,000 water bottles to help North Korea to recover from flood disaster in 2007

Activities for Water Love Volunteers

'Water Love Volunteers,' is a social volunteer work group which systemizes the volunteer work of employees and gives official company support, and is currently working for local communities. 92% (3,560 employees) of the total employees participated in 2007 87 groups around the country spent total 69,000 hours in volunteer activities. We operate a management system for independent voluntary work each designed to fit the uniqueness of each public corporation so that all activities are manageable throughout the whole process of the voluntary work. With the 'Love' system, the whole process of voluntary work (club opening, member recruitment, plan input, financial resource prepayment, postactivity preparation, prepayment settlement, etc.) is constantly managed. Activation of voluntary work is promoted by club finance referral and management ability, input and management of individual voluntary work mileage. Volunteers can take one paid day off once a month to participate in these activities.

Diagnosis of corporate social contribution

We received the highest 'A1' grade from the assessment of our level for social contribution activities, which was made by 'Lime Globe', an authoritative strategic institution of social contribution to accurately assess our current level for social contribution activities and build a new activity system. K-water's social contribution activities are carried out keeping a proper balance between 'water-related strategic business' and 'local business', and they contribute to innovation of the organizational culture through the best voluntary work and motivation systems in town.

● Progresses and Achievements in 2007 ●

Classifications	'06	'07	Notes
Hours of community service(per person)	13.7h	18.5h	Other companies' average(7h)
Social contribution investments	47.5 billion won	54 billion won	3% of revenue(Other companies' average(0.3%))
Social contribution index	78.7	83.2	4.5 points ↑ (Limeglobe)
Social contribution ranks	A1	A1	Top class rank(Limeglobe)

Third Party's Assurance Statement

Dear Readers of K-water Sustainability Report 2008

Foreword

The Korea Management Association Registration and Assessments (KMAR) has been engaged by K-water to verify the contents of its 2008 Sustainability Report (the Report). K-water is responsible for the collection and presentation of information within the Report. Our responsibility is to carry out assurance activities on specific information in the assurance scope as stipulated below.

Our independence

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

Assurance scope

K-water described its efforts and achievements of its sustainability activities in the Report. The assurance process was designed to provide readers with the following information;

- **Assurance of the economic segment:** Review whether financial performance data has been extracted appropriately from K-water's 2007 Financial Statements Audit Report as defined in the Report's performances and conclusion sections.
- **Assurance of social & environment segments**
 - K-water Profile
 - Business Focus
 - With Nature: Environment
 - With People: Society

'Described appropriately' means that the contents of the Report appropriately reflect actual data and raw information and are drawn up in a consistent and reliable manner. For the economic segment, we based our evidence gathering procedures on reasonable assurance. It is a higher level of assurance than the limited assurance in terms of characteristics and the extent of tasks performed.

Assurance standards

KMAR performed the review based on our assurance standards that have been developed in accordance with the Accountability's "AA1000 Assurance Standard." We also used the International Auditing and Assurance Standards Board-issued "International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information" as additional guidelines.

Assurance process and conclusions

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

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

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

■ **Economic performance**

We compared the Report against K-water's 2007 Financial Statements and found that the financial data presented in the Report has been appropriately derived from 2007 Financial Statements.

■ **Environmental and social performance**

Nothing has come to our attention that causes us to believe that information contained in the environmental and social sections under the assurance scope is inappropriately presented and no material errors were founded

Recommendation for improvement

We hope K-water's the Report will be actively used as a communication tool with stakeholders and recommend the following for improvements.

- Extension of stakeholder engagement in the Report planning and production processes
- Building up integrated risk management on social and environmental risk

August 29, 2008
CEO Ki Ho Park

Korea Management Association
Registrations & Assessments Inc.

K. H. Park

CEO **KMAR**

Publishing the Sustainability Report...

The report did its best to reflect the voices of stakeholders in the process of issuance, and was assured by the third party.

K-water mainly aims to issue a corporate accomplishment report that will earn the trust and respect of stakeholders. We asked for advice from internal and external major stakeholders on the planning and writing of the report, and made efforts to stay true to the accomplishment index presented by the G3 guideline, an international standard, in the sustainability report.

Report range of accomplishment index

The report presents the sustainability management status and accomplishments of 33 domestic branches, including the head office, and 11 overseas branches. Since the 4 K-water financing companies have the same accounting periods as our corporation, it did not have an effect on comparison possibility of periods and structures, and the share method and cost method were used for the share ratios.

Report standards of accomplishments data

The report made efforts to stick to the report rules stated in the G3 guidelines. Accomplishments data on economy, environment and society, were found according to the index agreements attached to the G3 guidelines. The EPE system from the 2005 computation system was mainly used to quote data in the environment part, and the financial part used financial statements and settlement of accounts that were inspected by accounting. Social part and other data were received from each related department and used. Each accomplishment index presented the tendency data of 3~4 years, and not only ratio but absolute value was also presented to help understand the data.

Efforts for sustainable improvements

It is the fourth year since the first report in 2005. However, the report still lacks many points to become a report appropriate for the standard of expectations and interests stakeholders have in it. K-water will make efforts to more actively collect opinions of internal and external stakeholders, and reflect them to make a more sophisticated report and sustainability management in the future.

Standard of G3 guideline adaptation

The K-water sustainability report 2008 was written to fulfill the conditions of level A of the G3 guidelines application levels. KMAR confirmed through assurance that the report was appropriate for level A+.

Report standard	C	C+	B	B+	A	A+	
Standard notice	G3 profile notice G3 Management method notice G3 Accomplishment index and additional indexes	Results Results Results	Notice categories 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15 No need Must report at least 10 accomplishment indexes (At least on economy, environment, social and product liability index, each)	Outside assurance of report	All items of level "C" and 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17 Notice of CMA of all indexes Must report at least 10 accomplishment indexes (At least on economy, environment, social and product liability index, each)	Outside assurance of report	Same as requirements of level B Notice of CMA of all indexes a) Report all G3 core indexes and industrial guide indexes according to the importance rule, or b) if not, explain why

Appendix

Sustainable Management Performance Index (GRI Report Index)

GRI Report Content Index

Key Performance Index

Ethics Preamble, Environment-friendly Management Principles,
Customer Charter Preamble, Mission statement for Innovative vision

Important Financial Statements

Terminology Definitions



Sustainable Management Performance Index (GRI Report Index)

Economy

Economic Effects

Creation and Distribution of Economic Value

The business of water resources, a core business directly connected with national economy, creates economic value by efficiently utilizing limited resources and returns it to society. Recently, we saw our sales increase for 4 consecutive years, with the result that the economic value of K-water is also increasing. More than 70% of the total annual sales are invested as operating expenses and capital cost to continue production.

Creation and Distribution of Economic Value		(Unit: million won)			
Division	2004	2005	2006	2007	
Created economic value (1)	1,522,358	1,618,263	1,751,463	1,833,397	
a) Net sales	1,493,084	1,590,951	1,721,105	1,812,905	
b) Interest income, rent, and profits from sale of assets	29,274	27,312	30,358	20,492	
Distributed economic value (2)	1,131,907	1,143,012	1,290,085	1,401,972	
a) Operating expenses:					
production costs, and asset purchasing expenses	740,754	691,681	829,876	914,252	
b) Wage and welfare: wage, benefits	205,101	215,891	227,781	278,099	
c) Capital cost: interest paid, dividends	80,944	75,785	78,209	61,119	
d) Taxes: corporate tax, local tax paid	71,355	96,177	91,431	81,446	
e) Investment in local community:					
contributions, various allotted charges	33,753	63,478	62,788	67,056	
Surplus economic value (1-2)	390,451	475,251	461,378	431,425	

Responding to Weather Changes

The Financial Effects, Risks, and Opportunity Factors of Climate Changes

In order to positively respond to the climate changes due to global warming and carry out a master plan for development of the new renewable energy on the national level, K-water is actively pursuing projects for development of the new and renewable energy including small-scale hydropower, Sihwa tidal power generation plants, Sihwa wind power mills, and CDM projects since 2005. K-water signed a small-scale hydropower CO₂ allowance sales contract with ABN-AMRO Bank for the first time in Korea' Unilateral CDM projects in October, 2007. K-water is practicing its environment-friendly sustainable management philosophy and responsibilities while reducing greenhouse gas and preventing global warming by using water power, tidal power, the new and renewable energy, wind power, solar rays energy, existing waterworks facilities and resources.

* For CDM projects and CO₂ allowance sales contracts, please refer to 28 and 29 pages.

Retirement Grants

We guarantee the immediate and total retirement grant payment, accumulating retirement grant complement and considering the average wage during 3 months in work and before retirement as stated in the Labor Standard Act. We are considering changing our current retirement grant system to retirement pension system. Retirement Pension Policy will be enacted with the agreement of the Labor Union.

Government subsidy

As it carries out business of public weal, K-water receives a part of its

business expenses from the government in the form of a subsidy. We have received government subsidy for the last 4 years for introducing advanced purification facilities and building up infrastructure for national rental apartment complexes, which are two of the Ministry of the Environment's model projects, and for increasing the rate of revenue water. In addition, it received 18.5 billion in 2006 and 1.46 billion won in 2007 as government subsidy for such projects.

Recipients of government subsidy

Details	2004	2005	2006	2007
Total(million won)	18,047	24,001	18,500	1,463
Kumi Sewage Treatment Plant	8,968	-	-	-
Kumi Research of Cultural Properties	20	80	350	-
Kumi rental complex	3,614	11,604	5,600	-
Yeosu rental complex	3,000	4,000	3,000	-
Changwon advanced purification plant	1,342	3,742	5,588	-
Construction of International Water Supply and Drainage Center	1,103	-	-	-
Increasing the rate of revenue water (Jeongeup)	-	4,575	3,962	1,463

Market Status

New Employee's Salary vs. Legal Minimum Salary

The monthly wage of a new employee, 5th class employee with university degree, is set at 270% of the legal minimum.

Local Purchasing Policy

K-water purchases through electronic purchasing system and procurements. K-water ensures that construction contracts or merchandise in less than certain amounts are procured locally to facilitate local purchase in the area where the field office is located.

Local Resident Hiring

In general, limitations such as academic background, regionalism, and age are not considered when it comes to hiring people, but metermen and operating staff (operators) at the business office are being hired locally.

Indirect Economic Effects

Investments in SOC facilities

K-water is contributing to the economic development of the nation through total investments of 1,000.647 billion won in 2007. It invested 536.1 billion won in the expansion of water resources such as the construction of dams such as Hwabook Dam and Buhang Dam. Also, it invested 339.5 billion won in building waterworks facilities and water supply facilities, and 189.1 billion won in building new towns and industrial complexes.

Dam Environment Improvements and Opening Water Culture Center

Comparably new dams were constructed with environmental considerations, but old dams gave no such benefit to the local economy because of their obsolete facilities. For these reasons, K-water opened the top of the dams and completely renovated the existing facilities, providing the local residents with observation decks, elevators, promenades and water culture centers that serve as resting or cultural space for them.

Support for Dam Adjacent Area

K-water not only provided financial assistance to revitalize the economy of

area around dams, but also supported farmers by contributing to raising farm households' income and to improving welfare. K-water provided 52 billion won for such projects in 2007.

Local support projects	Income raising projects and living foundation building projects
Resident support projects	Residents living support projects and children raising support projects
Other support projects	Dam reservoir usage fee subsidy, promotion and other projects

Developing Environment-friendly Farming complex and Holding Dam Culture Festival

K-water not only provided financial assistance to revitalize the economy of area around dams, but also supported farmers in the upper areas of the dams in spreading environment-friendly agricultural complexes. It is also contributing to raising farm households' income substantially by assisting them in expanding markets for their harvested agricultural products. Also it provides various events such as water gate opening performance, tightrope dancing, and night light show at Daechung Dam, under the slogan of "With the Region and With the People."

Environment

Materials

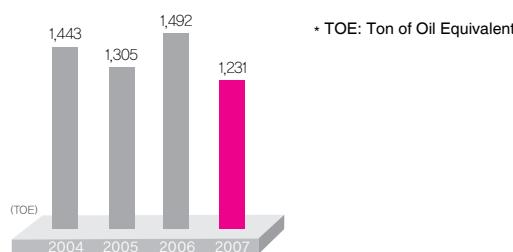
For the water purification chemicals and raw waters, please refer to page 51, 'Life Cycle Assessment.' For waste sludge and construction wastes, please refer to page 71.

Energy Conservation

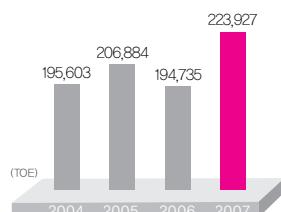
Energy Consumption

The total energy consumption during 2007 was 225,000 TOE, which was increased by 14.7% compared to last year. Most of this consumed energy consisted of electricity used for intake and supply of water, as well as operation of pumps in water boosting stations. The cause of such increase was that the increase in supplied water caused increases in electricity consumption. The amount of direct energy consumption, like diesel and gas, was 1,231TOE, and the amount of indirect energy consumption, which mainly resulted from electricity usage, was 223,927 TOE.

● direct energy consumption amount (TOE)



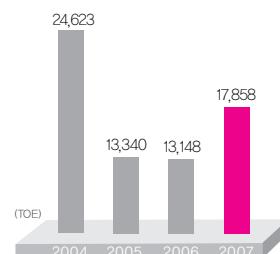
● Indirect energy consumption amount (TOE)



Efforts for Saving Energy

Saving energy is very helpful for raising our competitiveness such as improving air quality, reducing costs of water production, etc. In order to enhance the efficiency of our energy consumption system, K-water has evaluated the efficiency of energy usage from the stage of reviewing and designing various facilities, and we have also intensified our management for electric power consumption at existing facilities. In particular, we have concentrated our efforts in strict management of electric power consumption as this is the largest portion of our costs in the water supply business.

● Energy Savings per department by implementation of the energy-saving programs



● Energy-saving programs

Management Focus	Electric power peak control through direct load control program Flexible operation of building temperature control system and automatic light-off system Elevator operating level and time change Promoting carpool system and small car purchasing
Water Supply Focus	Analyzing contracted electricity usage contract to reduce fee System improvement including revision of Korea Electric Power Corporation's electricity supply regulations Applying efficient facilities and improving existing facilities
Power Generation Focus	Improving facilities to maintain load power factor over 95% Setting and maintaining electricity consumption/saving rates in dam operation Expanding the development of new and recycled energy sources

● Accomplishments of energy-saving programs

- Reduction of electricity cost by managing the program for control of direct load (KRW 5.4 million)
- Reduction effect by managing electrical power consumption on waterworks ('06, 0.315kwh/m³ ⇒ '07 0.315kwh/m³)
- Saved amount of 3,595Mwh ≈ Saving in crude oil imports: 6,000 barrels (KRW 517 million)

Water Usage

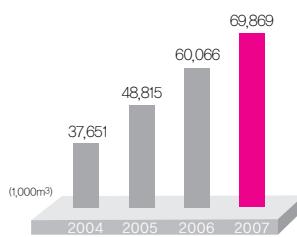
Water Sources Affected by Water Intake

Intake of water from the rivers for the purpose of producing tap water may possibly bring about changes in the ecosystem which include lowering of water levels from the intake source including dam and rivers and reduction of fish resources as a result. Daap water intake facility, built in 2005, is being used as a fish protection dam during dry season. Recently, with construction and operation of the Daap water intake facility, the estuary of the Seomjin River is being turned into the ocean thus bringing about changes in the ecosystem which includes increases of maritime fish resources like sea bass. Thus, the research and investigation is being carried out on the site in order to identify an accurate cause of the phenomenon.

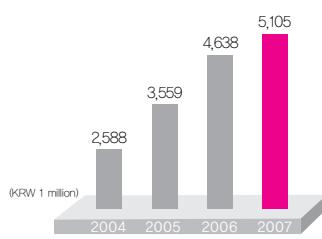
Water Recycling

In K-water's headquarters, we use backwater in toilets and heavy water for trees. Also, we gave discount (30% of water utility fee) to those customers who use heavy water to expand the scope of recycling for the settlement of resources circulating society. For our headquarters, heavy water usage data, please refer to page 83.

- Customers' heavy water generation



- Heavy water usage discount



Bio-diversity Conservation

Diverse activities are being carried out for the preservation of the bio-habitat environment such as minimizing destruction to the natural environment from development projects, restoring the destroyed ecosystem and creating an enhanced ecosystem. For more information on bio-diversity management strategy and future plans, please refer to page 49.

Monitoring Environmental Change from Business Activities

In order to identify environmental impacts and changes resulting from construction, K-water is monitoring environmental changes on its project sites for 5 years. In 2007, post environmental assessments have been carried out at Gunnam flooding control facility, Gulpo stream drainage, Buhang Dam, Hwabuk Dam, Sungduk Dam, Hatangang Dam, and Pyungwae Dam, Pyunglim Dam, Jangheung Dam, Namgang Dam, and Daeguk Dam to monitor environmental effects and changes resulted from

the construction.

As a result of the monitoring changes on the status of animals and plants, water quality, air quality, noise, vibration, changes to the crops, etc was negligible. However, in certain dams, the number of foreign species was increased, but it might be the result of other factors and not the construction. Increases in polluted deposits might be caused by closed water area of artificial lake. We have to do more research on this matter.

Status of Rare and Endangered Species at Major Dams

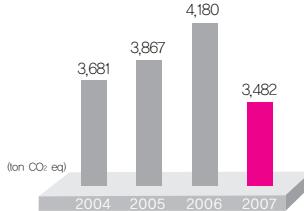
Classification	Rare and endangered species
Soyanggang Dam	4 fish including yellow mandarin fish, 3 plants including paeonia ovovata, 4 amphibians and reptiles including short tailed viper snake, and 8 mammals including wildcat
Namgang Dam	3 insects including Anax nigrofasciatus, 2 fish including Pseudobagrus brevirostris, otter, and 2 birds including kestrel
Chungju Dam	5 plants including buckler fern, 2 amphibian and reptiles including short tailed viper snake, and 3 mammals including flying squirrel
Juan Dam	6 amphibians and reptiles including freshwater tortoise, 4 mammals including marten, Korean ratsnake, 5 mammals including flying squirrel, 3 bird including kestrel
Imha Dam	Tortoise, 4 mammals including wildcat, 5 birds including mandarin duck, 2 mammals including European otter, 5 birds including red sparrow hawk
BuAn Dam	Korean ratsnake, 2 amphibians including narrow-mouth frog, 5 birds including common buzzard, 11 birds including mandarin duck, 2 mammals including European otter, sparrow hawk, mandarin duck, 3 mammals including European otter
Deachung Dam	11 birds including Mandarin ducks and 2 mammals including otters
Hapchun Dam	Sparrow hawk, Mandarin duck, and 2 mammals including wildcat

Green Gas Emission

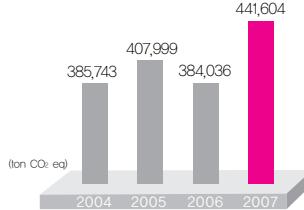
Green Gas Emission

The total green gas emission during 2007 was 445,000 TOE, which was by 14.7% compared to last year. Most of this green gas emission consisted of electricity used for intake and supply of water. The direct greenhouse gas emissions from consumption of gasoline and gas amounted to 3482 CO₂ tons and the indirect greenhouse gas emissions from consumption of electricity and recorded 4416 CO₂ tons.

- Direct CO₂ emissions



- Indirect CO₂ emissions



Other Indirect Emissions

In 2007, other Indirect green gas emissions caused by business trips and employee transportations was 1,482 CO₂ tons, reduced by 20% from 2006.

Green Gas Emission Reduction Projects and Results

About K-water's CDM project and result, please refer to page 29.

Efforts to Reduce Greenhouse Gasses and Air Pollutants in Order to Prevent Global Warming

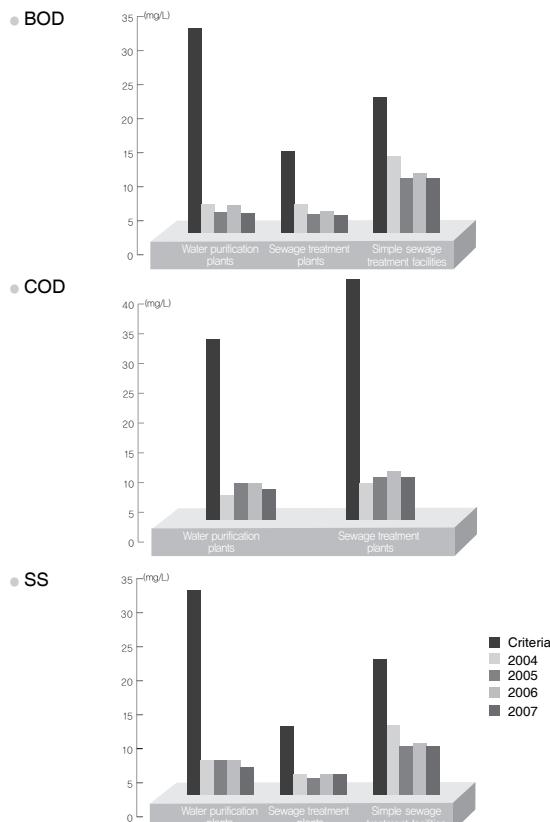
The water purification process does not discharge those materials destructive to the ozone layer such as freon gas, and regular safety checks are being conducted in order to prevent leakage of freon gas included in the air conditioning products within buildings. Moreover, although there is no manufacturing process which discharges air pollutants directly, efforts are being made in order to reduce oil consumption by reflecting it on the environmental goal in order to minimize air pollutants which may be discharged by the use of gasoline and kerosene consumed for the operation of the workplaces.

- Status for air pollutants discharged in 2007 (Unit: kg)

Particulate matters	SOx	CO	HC	NOx
221	1,506	3,992	1,036	10,205

The Amount and Quality of Effluents

Since the amount of water discharged and its quality from the water purification plant and sewage treatment plants may have a considerable influence on the river water quality and the ecosystem, K-water is applying strict management standards beyond the legal requirements, and the quality of discharged water is continuously being monitored in order to minimize the impact to the ecosystem on the water discharge area and to conserve the water quality at the downstream. Moreover, the quality of the discharged water has been selected as a core index for the environmental goal and environmental performance evaluation for the sites of dam project operating waterworks facilities and sewage treatment facilities, and such results have been reflected as divisions' assessment criteria since 2004.



Water purification plants

Average quality of the discharged water at water purification plants in 2007 was enhanced to BOD 2.8mg/L, COD 5.3mg/L, SS 4.8mg/L, showing the improvement from 2006. It is within 16% of the basis of discharge taxes levy, BOD 30mg/L, COD 40mg/L, and SS 30mg/L.

Sewage treatment plants

Average water quality of the discharged water from 20 sewage treatment plants currently being operated in 2007 was BOD 1.9mg/L, COD 6.9mg/L, SS 2.7mg/L, which was a mere 19%, 17%, 69% of the reinforced water quality standard for discharged water based on specific regions including the clean area which was BOD 10mg/L, COD 40mg/L, SS 10mg/L, respectively. Moreover, K-water is also assuming leadership in enhancing the water quality of discharged water with the optimal means of operation using the self-developed sewage treatment program (PASS2).

Simple sewage treatment facilities

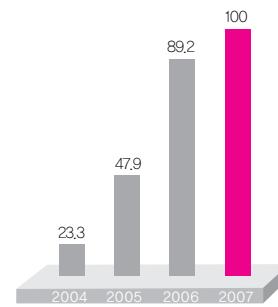
Average water quality of the discharged water is BOD 6.1mg/L, SS 5.4mg/L, which is within 31% and 27% of the legal requirement of BOD 20mg/L and SS 20mg/L respectively.

Waste and Recycling

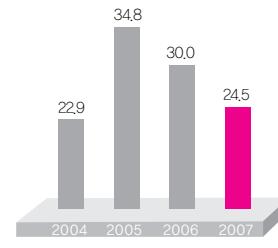
Sludge from Waterworks and Sewerage Treatment Systems

The sludge produced in the course of water treatment of 1m³ was 66 g and the quantity of sludge produced from sewage was 97,458 tons in 2007. It was 100% recycled into cement, filling materials, planting soil. The total quantity of sludge produced in the water purification process in 2007 amounted to 9,172 tons, 2734 tons, 30% out of this, was recycled into planting soil, cement ingredients and compost, and 6,438 tons have been discharged to the seas. Currently, recycling facilities are being built for businesses discharging sludge to the seas, and the sewage sludge from all sewage treatment plants managed by the K-water will be recycled 100% when the construction is completed.

- Recycling of sludge from water purification plants (%)



- Recycling of sewerage sludge (%)



Recycling of Construction Waste

K-water is trying its best to preserve the national environment and improve the resources conservation and public welfare by appropriate and environment-friendly handling of ever increasing construction waste and by continuous recycling efforts. As a result of these efforts, 90,925 tons of construction waste have been recycled as road and park site preparation soil, and 10,218 tons of wood waste were also processed into wood chips to be distributed to local residents for compost and firewood for heating (98% recycling). Proactive efforts will be made by active pursuit of reduction policy which will minimize waste at its generation stage and further expand the scope of recycling for the settlement of resources circulating society. In order to achieve this, continuous efforts will be given to predict the amount of waste generated per processes on the site, to set up their corresponding plans for treatment, and to maintenance and manage accurately discharge conditions and timing in the waste treatment plan.

Hazardous Material Control, Waste Treatment and Discharge

Discharge Management of Hazardous Materials

We are abiding by the related regulations through strict handling of the hazardous materials generated from the project site. For more information, refer to page 53.

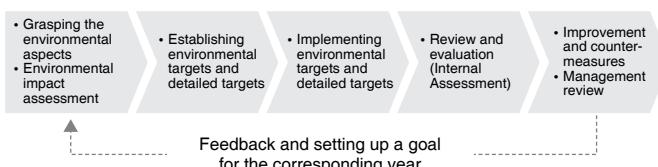
Waste Discharge Management

Following the restriction against discharging sludge to the seas (admission to the protocol of London Dumping Convention in 1996), discharging sludge from water purification plants to the seas has been banned with amendment of enforcement regulations in the Maritime Pollution Prevention Law (Ministry of Maritime Affairs & Fisheries Regulations No. 330, on February 21, 2006) from January 1, 2007, and K-water has managed to recycle 100% of sludge generated from water purification facilities since 2006.

Products and Services

Results of Environmental Effect Reduction Efforts

K-water has been continuously improving the environmental performance through the dynamic circulation process of P(Planning), D(Deed), C(Checking) and A(Amendment) reflecting ISO 14001 requisites, and in 2007, we set up 30 environmental targets in 8 major areas and achieved 98% of them (96% in 2005 and 98% in 2006).



Achievements of Environmental Management in 2007

Environment-friendly development and management	5 cases of Design for Environment (DfE) 28 cases of Environmental impact assessment by project 3 cases of environment-friendly development 8 cases of environment-friendly management of facilities 62.9% achieved in management of revenue water rate at regional waterworks 1 LCA cases (Chungju water purification plant) KRW 72.8 billion (8.9%) of environmental investment
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Supply of clean water	Improvement of quality of dam water (COD 2.8mg/L in average) Improvement in revenue water rate (48 ⇒ 50%) Improvement of water quality (Purified water: 0.1 NTU 99.4%; settled water: 1 NTU 95.8%) Solution on distrust for tap water (supply of water of 6,970 million bottles, real-time exposure on water quality at 28 facilities)
Production and consumption of environment-friendly products	Production of hydropower energy (2,159 GWh) Green purchasing (KRW 6.3 billion)
Reduced consumption of resources and recycling	Reduction in cost of chemicals for purification of water (KRW 5.2/m³ in unit requirement of chemical) Electricity consumption at project sites (reduction of 3,399MWh) Reduction in oil consumption (LNG 331,000 m³, Diesel 88,761 L, Kerosene 8,850 L) recycling of waste materials Reduction in usage of backwash water at water purification facilities (1.35% of clean water production) Reduction in food waste (discharge of food leftovers generated from headquarters 178kg/day)
Reduction in discharge of pollutants	Improvement of discharged water quality from water purification plant (BOD 2.8mg/L, COD 5.3mg/L, SS 4.8mg/L) Control of discharged water quality from waste water treatment facility (BOD 6.1mg/L, SS 5.4mg/L) Reduction in discharge of sludge from water purification plants (discharge of sludge: 0.07kg/m³)
Environment, safety and public health control	Drill for sudden water quality drop (45 cases) Accident in environment, safety and public health: none Penalty for violation of environmental laws: none
Strengthening ties with civil society	Environmental volunteer activities (152 times/ 9,510 hrs) Implementing cooperative programs with non-governmental organizations (operating councils): 33 cases Tour of inspection on water resources corporation (for 18,336 people/ 357 groups)
Other activities for environment management activities	Promoting Forest Management Program (area 103,000 ha, project cost KRW 543 million) Opening of performances for environmental management Publication of report for sustainable management and registration of GRI Development of water resources in underdeveloped countries (8 overseas projects/ KRW 10.4 billion) Patent registered 29 cases (ex: pressurized lifting filter)

Regulation, Transportation, and Environmental Accounting

Conformation of regulations

No fines or non-monetary sanctions have been imposed upon us due to violation of laws or regulation.

Environmental Effects of Employee Transportation

In the research concerning the amount of air pollution generated from transportation of out employees, we found our employees generated 693,094 kg of pollutants such as SOx. To minimize energy consumption, it is enforcing no-driving-day and car pool system.

Environmental Effects of Employee Transportation (unit: kg)

Minute dust	SOx	CO	HC	NOx
20	139	2,551	5	379

Environmental Cost and Total Investment

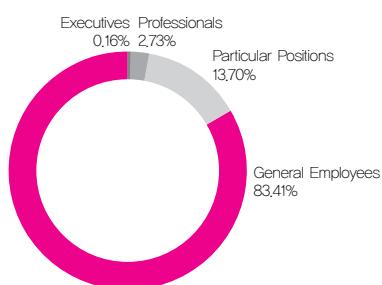
For more detailed information on environmental accounting such as environmental cost or investment, please refer to page 47.

Labor

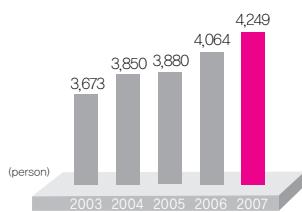
Employment Status

Including the seven executives, the total number of employees is 4,249 persons, which increased by 4.6% since 2006. Due to the government's policies for solving the unemployment problem of youth and to the change in employment in accordance with undertaking of district waterworks, the number of new positions has increased. The number of new employees is 235 in total, with 140 (60%) hired via open employment.

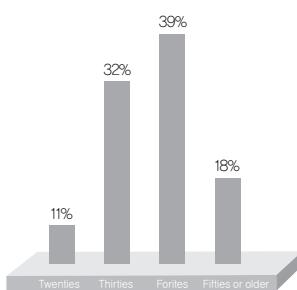
- Total Number of Executives and Employees in 2008 (personnel)



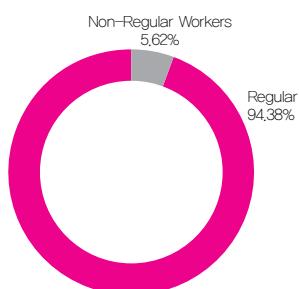
- Status for Executives and Employees (personnel)



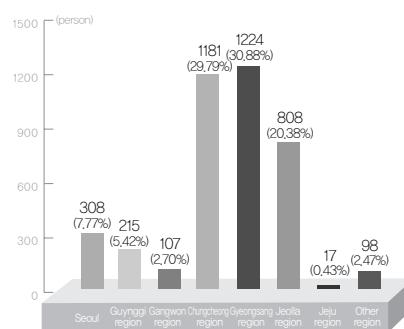
- Composition by Age (%)



- Type of Employment



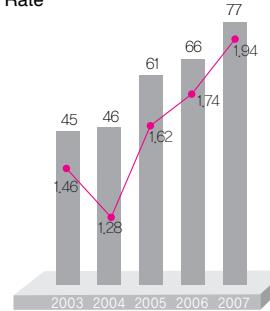
- The number of employees by region



Separation Rate

In recent years, the number of retirees has increased, but the transfer rate has decreased. The total number of transfer was 77 in 2007, which only reaches 1.9% of transfer rate.

- Retirees and Separation Rate



Welfare Policies

We offer various welfare policies to increase productivity by motivating employees, increasing their quality of life and stabilizing the living foundation as well as the four major social insurances set by law.

Classification	Content
Housing	Loan for buying a house Providing company owned housings
Education	Financial support for junior high or high school students Financial aid for college tuition Running daycare center
Health	Establishment of Health Management System (Clinic for quitting smoking and reducing obesity) Medical room in headquarters, and safety and health personnel at sites In-house dentist and oriental medicine hospital EPA program
Maternity protection	Providing breastfeeding rooms and women's resting place Interim workforce for maternal leave
Injury compensation	Injury compensation Health insurance for difficult-to-cure diseases such as cancer
Others	Running physical training center Support for club activities Funeral support service

Labor Relationship

According to the Article 35 of Labor Union and Labor Matter Adjustment law, collective bargaining is practiced on important matters affecting 78.8% of employees such as work conditions. Under Article 21 of collective agreement (responsibility of notice), the Labor and Management must notify each other on occurrence of important matters such as alteration on article of association and work conditions.

Safety and Health at Workplace

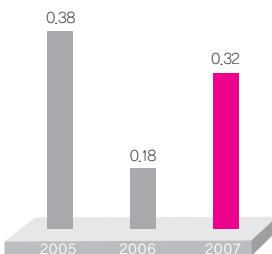
Capital-Labor Collaborated Safety and Health Committee run by K-water is managed as Capital-Labor Consensus Committee, consisting of 8 members from both Labor and Management. The Capital-Labor Consensus Committee deliberates on pending problems every fiscal year, striving to decrease conflicts through bilateral comprehension and satisfactory explanation, increasing productivity and employee welfare, leading to the common gain.

Safety and Health Matters in Capital-Labor Consensus Committee

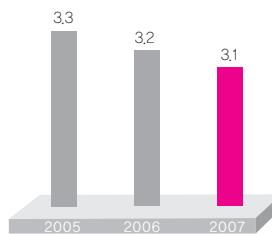
- Work environment improvement for female employees
- Integrated Injury Compensation
- Safety measures for accidents
- Maternity Protection

Industrial Disasters, Diseased Employees

Industrial Disasters (%)



Diseased Employee (%)



Risk and Disease Management Program

For the enhancement of life quality of aged people in areas adjacent to dams, we have built a Filial Piety Welfare Center.

Employee Assistance Plan(EAP)

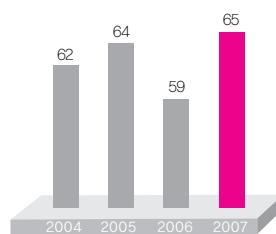
We strive to enhance work satisfaction by introducing EAP to cope with stress induced from various reasons such as increase in work load, maladjustment in the organization, etc.

Filial Piety Welfare Center

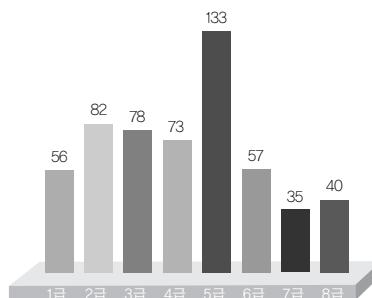
For the enhancement of life quality of aged people in areas adjacent to dams where the ratio of elderly people is increasing, we have built a Filial Piety Welfare Center (180m²). At the Filial Piety Welfare Center near HapChun Dam which opened in June, 2006 costing 1.3 billion won.

Education and Training

Annual Average of Education Hours per Person



Annual Average of Education Hours for Each Class



Support Program for Retirees

With the introduction of Salary Peak Policy in 2004, the number of career changes has increased. For this, we run the 'Evergreen Program' to help salary peak subjects and the third class employees having 2 years before retirement to prepare for a new life by career education and consultation.

Fair Evaluation and Compensation

All employees are subject to a periodic evaluation. Executives receive piece rates according to their accomplishments after closing a management contract with the president. For recipients of pensions, the first class employees are evaluated on department evaluation, work assessment, and strategic subject assessment while the second class employees are evaluated on team evaluation and their individual MBO evaluations in order to receive piece rates. Employees under the third class receive piece rates in accordance with the department evaluation.

Work Assessment Results	Assessment by superior
Strategic Subject Assessment Results	Assessed by CEO for strategic subjects and general performance

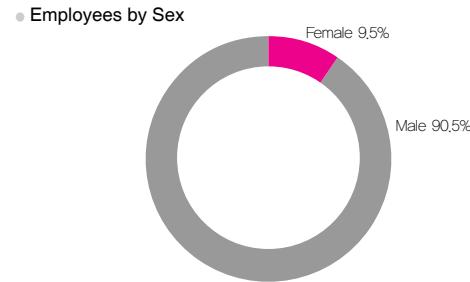
Diversity and Equal Opportunity

Employees and Executives

The gender ratio among the employees of 2007 is 90.5% male to 9.5% female. However, thanks to having enacted a system of female employment since 2003, the number of new female employees has reached 21% in 2007 and is expected to increase further. As of December, 2007, K-water employees total 376 female employees which are 9.5% of entire workforce. Among them, there are 2 directors (level 2), and 11 vice-directors (level 3).

Pay Level Comparison

The pay level is identical for both male and female at the same level in case of same entrance year.



Human Rights

Investment and Procurement Practices

Human Rights Investigation on Investment Agreement or Contract

K-water's International projects are mostly small investment projects such as Official Development Assistance (ODA) and engineering (investigation layout, execution supervision, etc.) technology export, which do not include subjects of the protection of human rights. In the future, we will include subjects of human rights in direct investment projects.

Human Rights Review for Contractors

K-water eliminates corporations which do not meet our basic ethical standards when sealing a domestic goods or construction contract. We collectively evaluate the company's financial soundness, credibility, quality of products, and business showings in substitution of human rights investigation of those companies we work with.

Human Rights Training for Employees

Currently K-water's human right protection training courses are concentrated on sexual harassment prevention training. In the future, it will expand training courses to other aspects of human rights.

Anti-discrimination Practices

K-water has a policy to protect the rights of minority employees and handle employee troubles. We run various programs such as expanded employment, gender equality and maternal protection programs to protect the rights of minority employees such as handicapped people, female employees and contract employees, and we also have a Gender Equality Department within the Labor Union. For more details, please refer to page 61.

Right of Forming Associations and the Freedom for Collective Bargaining

We guarantee the right of forming associations and the freedom for collective bargaining stated by the collective agreement, which ensures the complete protection of rights in every job site.

Prohibition of Underage Employment

According to the employment rules, we prohibit employment of those under age 15, or middle school students under age 18. We are considering changing rules for our new employees to submit the proof of their ages.

Prohibition of Forced Labor

We abide by the Korean Labor Standard Law on the subject of prohibition of forced labor and Abolition of Forced Labor Convention ILO (NO 105). Also we support Labor Standards principles of Global Compact.

Protection Practices

For better protection of individual rights and prevention of decrease of productivity, one person from every department must acquire a cyber education degree and transmit to the rest of the department annually.

Protection on Rights of Local Residents

As a public enterprise, which has heavy responsibilities in SOC investment, K-water faces many conflicts and law suits arisen with local residents in the process of dam, waterworks, and complex development constructions. The cases are mostly involving land compensation. 110 cases occurred in 2007; 58 are concluded and 52 are still in process. But, K-water is putting forth its best effort to solve these problems as soon as possible while protecting the rights of former residents who have to leave the area. As a support plan for the post dam construction, we support the local residents with various subsidies.

Society

Influence on Local Community

Management and Evaluation of Environmental Effect on Local Community

Business promotions are differed at each development level according to its environmental and social effect. In effort to reflect opinions of local residents in advance and relieve conflicts, opinions are collected from the primary stages of dam construction design. Also, a joint committee is operated for the better communication.

Strategic Environment Assessment

The Strategic Environmental Assessment is a means of supporting the systematic decision making which considers an environmental impact together with a socio-economic impact from early stages of administrative planning prior to the development project. K-water is leading the establishment of a democratic and environment-friendly water resources plan by carrying out a strategic environmental assessment for the first time in the country targeting the superior national administrative plan in the field of water resources including a long-term comprehensive plan for water resources and a long-term plan for dam construction in 2007.

Prior Environmental Review System

The Prior Environmental Review System (PERS) aims to balance development and preservation by identifying possible environmental impacts of development plans or projects in the early and middle stages of planning. K-water uses the system in planning long-term dam construction plans and basic planning stage of dam construction to carry out development plans while harmonizing the built and natural environments in an aesthetically pleasing manner.

Environmental Impact Assessment

K-water uses Environmental Impact Assessment as a means to predict/prevent environmental pollution, which may be caused by various development projects. In planning and implementing dam construction, K-water use this tool as a measure to reduce environmental damage and maintain a sound environment.

Investigation of Post-Environment Effect

According to evaluation contents on the evaluation sheet of environmental effect, post management, direction and accuracy of prediction are inspected. 10 cases including Buhang Dam were subject to this process in 2007.

Preservation of Cultural Assets and Environment Restoration

Preservation of local cultural assets that could be damaged by water supply development and restoration of environment are currently in operation. K-water strives to preserve cultural assets of dam construction scheduled areas such as the Jangheung Dam historic park and Daegok Dam cultural artifacts pavilion.

Anti-Corruption Practices

Internal Integrity Assessment and Measurement

K-water assessed internal integrity level twice, both in July and October, 2007, to find out the actual condition of ethical management and the level of corruption risk. Assessment results have been calculated as score and reflected on internal department management evaluations, and used as incentives level determination criteria. Departments, which received low score on this evaluation, were put under special supervision and inspection. In addition, measure to eliminate corruption loopholes has been carried out.

Job Ethics Education

K-water set ethical management as its one of four primary management strategies. It has reshaped ethical management system to make a solid base for transparent and fair business management practice. It has provided companywide integrity education to all executives and employees in order to bring reform. And it has given extended and diversified education in innovative integrity, including countrywide lecturing tour, enhancement in ethical education on general education curriculum, and customized education for specific tasks. As a result, an annual cumulative number of all participants, including executives and employees, in 294 education sessions reached 9,337 in 2007.

Participation in Public Policy Making

K-water closely cooperates with the Ministry of Land, Transport and Maritime Affairs, the Ministry of Environment, and other relevant government departments in making public policies and laws concerning water resources. Also K-water dispatches its personnel at Ministry of Land, Transport and Maritime Affairs, Sustainable Development Committee, and Anti-Corruption & Civil Rights Commission to discuss upcoming issues on temporary basis. Since corporates are prohibited from donating to political entities, K-water do not allow any donations to politicians in any form.

Compliance with fair trade laws

Under the Monopoly Regulation and Fair Trade Act, we abide by fair trade and are subject to periodic audits by the Fair Trade Commission for any unfair competition or monopolistic acts. For the last 4 years, there has been no official warning from FTC and no other fine or non-monetary sanction has been imposed upon us due to violation of laws or regulations.

Product Responsibility

Safety and Health for Customers

We endeavored to improve the safety of tap water by introducing Lifecycle Assessment (LCA) about tap water and received environmental performance report certifications through all of our waterworks sites.

As a part of further strengthening water quality grade evaluation system applicable to water purification plants, we expanded water quality inspection categories to 14 categories including turbidity, chlorine residue, taste, odor, and sterilization residues, and strived to produce tap water to customers' satisfaction by running inspection programs since 2003. We are managing water quality based on our own 'Service Standards to Fulfill' and no non-confirmation was found in 2007.

Product and Service Labeling

K-water classifies customer types and provides customized services fitting to individual customers in order to satisfy their needs. Also it has monitoring and feedback system to accomplish customers' satisfaction. Until now, no non-compliance was found concerning products and service labeling related regulations and laws. For customer satisfaction evaluation and other details, please refer to 'Customer-oriented Management' in page 38.

Marketing Communication

Since customers are liable to be affected by marketing communication in their decisions, it is necessary to provide them with exact information so as not to prejudice their sound judgments. All business activities, including marketing communication activities such as advertisements, promotions, sponsorships, complied related laws and in-house work ethic principals. All advertisements including public announcements about land letting-out are fairly executed according to our own criteria for the selection of media. There has been no case of violation to date in connection with marketing or advertisements.

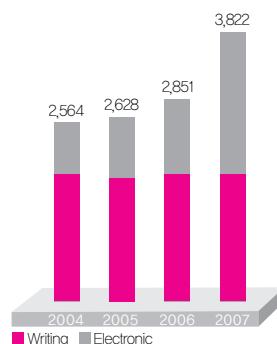
Protecting Customers' Information and Processing Customer Petitions

We are protecting customer's personal information through our security policies on customer database including access controls, control of authority, and post audit, and there has been no case of customer complaints in connection with protection of customer's personal information. However, we pay a 10 thousand won gift certificate per case of customer complaint which caused inconvenience to a particular customer in the process of our promptly processing his/her complaints. In 2007, we paid a total of 40 thousand won for 4 cases.

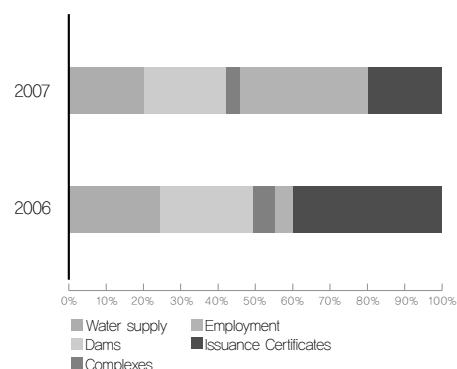
K-water is endeavoring to minimize customer complaints by establishing and operating the Customer Charter and complying with service objectives to fulfill that detail requirements for the staff, and are also striving to provide customers with the right answer at the right time by operating open windows for receiving complaints at all times on the Corporation's web page (bulletin board for "Voice of Customer"). The complaints received are shared by all employees and are utilized as valuable resources for devising ways to improve management.

We haven't had to pay any fines for violating laws and restrictions on supply of products and services.

● Number of Customer Petitions



● Types of Customer Petitions



GRI Report Content Index

Index	Contents of Index	K-water Adaptation Index	Global Compact	Page	Report rate
Strategy and Analysis					
1.1	Vision and Strategy	CEO Message, Strategy and Vision		4-5, 8-9	●
1.2	Major effects, Threatening factors and Opportunity factors	Continuance possibility factors, Ethics, Crisis management		8-9, 10, 18	●
Structure Profile					
2.1	Structure Name	Company Name		7	●
2.2	Major brands, products and services	Major brands, products and services		20-31	●
2.3	Structure of major business departments, operating company, subsidiary companies, collaborating companies, Structure of major business departments, financing companies, etc.	Structure of major business departments, financing companies, etc.		7, 9	●
2.4	Location of head office	Location of head office		7	●
2.5	Number of countries reported structure is operating in, Names of countries that have detailed relations with the problem of continuance possibility handled in the report	Number of businesses, number of overseas business companies		Intro, 31	●
2.6	Characteristics and legal form of owned structure	Financial provider structure, shares structure		7, 11	●
2.7	Subject market	Subject market and customer categories		39	●
2.8	Size of reported structure	Number of executives, sales, total assets, total debts		7	●
2.9	Important changes in size, structure or owned structure during reported period	No important changes		Intro	●
2.10	Awards during reported period	Breakdown of overseas awards and certificates		88	●
Parameters					
3.1	Report period	2007, part of 2008		Intro	●
3.2	Date of most recent report	29-Aug-07		Intro	●
3.3	Report cycle	Annual		Intro	●
3.4	Inquiries on report and related areas	Report inquiries		Intro	●
3.5	Report contents definition process	Subject readers and stakeholders		Intro	●
3.6	Report border	Korean businesses and overseas business accomplishments		Intro	●
3.7	Detailed restrictions of report range or report border	Accomplishments of overseas business		Intro	●
3.8	Reporting standard of things that may have a large effect on comparing possibilities according to period or structure, such as collaborating companies, subsidiary companies, rented facilities or outside duties	Same term as 4 financing companies Used share method or cost method for accounting handling		66	●
3.9	Data measurement methods including presumptions and methods that support accomplishment index and other predictions adapted in information collection process, and calculation standard	Financial, environmental, social data measurements		66	●
3.10	Effects of re-stating information presented in last report and explanation of reason for re-statements	No change		Intro	●
3.11	Big change in report range, border and measurement method compared to last report	Change in Korean place of business and overseas projects		Intro	●
3.12	Index that shows the position of standard notices in the report	GRI Content Index		78-81	●
3.13	Policies and current activities to find an outside verifier	Third Party Verification Report		64-65	●
Dominating structure, responsibility, participation					
4.1	Dominating structure of organization	Authority, structure and responsibility of Board of Directors		11	●
4.2	Chairman Board of Directors and executive	Mayor as Chairman of Board of Directors		11	●
4.3	In case the Board of Directors is unified, the Board of Directors states the number of independent people who are not executives	Permanent and temporary directors		11	●
4.4	A mechanism where stockholders and employees give advice to or present a direction for the Board of Directors	Operation of Youth Board of Directors consisting of Employees		11	●

Index	Contents of Index	K-water Adaptation Index	Global Compact	Page	Report rate
4.5	Relationship between compensation of directors, high administrators and executives, and accomplishments of the organization	Evaluation and relation of Board of Directors Operation Results		11	●
4.6	Process to prevent conflict of understanding within the Board of Directors	Strengthening of Fast and Sufficient Pre-Deliberation		11	●
4.7	Process to decide qualifications of Board of Director members and standard of expertise to support financial/environmental/social strategies	Permanent director and Outside director Appointment Procedure		11	●
4.8	Mission/core values statement, action outline and rules made internally in relation to financial/environmental/social accomplishments and activities.	Ethical Outline, Environmental Management Course, Innovation vision Mission		Supplement	●
4.9	Process of the Board of Directors understanding financial/environmental/social activities and directing management.	Board of Directors Operation Procedure		11	●
4.10	Board of Directors financial/environmental/social accomplishments evaluation process	Government analysis of operation results, Accomplishment yearly salary graded		11	●
4.11	Explanation of prevention rules and selection of approach method and selection	Prevention Rules and Approach Methods		14-17	●
4.12	Membership or support of outside initiatives such as financial/environmental/social fields and rules	Declaration to Abide by Global Compact		10	●
4.13	Status of Korean and overseas committees and policy facilities membership	Members domestic and foreign committee and policy facilities activities		88	●
4.14	List of participating stakeholder groups	Stakeholders group		14-17	●
4.15	Participating stakeholders identification and selection standard	Stakeholders identification and selection		14-17	●
4.16	Status of Stakeholders Participation method	Method of Stakeholders Participation		14-17	●
4.17	Points of Interest presented by stakeholders and counteraction methods	Stakeholders' Points of Interest and Counteractive Methods		14-17	●
Financial accomplishments index					
	Public announcement for management approach method			8-9, 34	●
EC1	Direct creation and division of economic value	Creation and division of economic value		68	●
EC2	Threat to business activities due to financial effect of change in climate, and threats and opportunities	Counteraction to change in climate and CDM project		68	●
EC3	Pension support range	Retirement fund management, retirement program		68	●
EC4	Government support fund accomplishments	National Treasury support fund		68	●
EC5	Salary of new employees compared to legal minimum wage at major business places	Salary of new employees compared to e legal minimum wag		68	●
EC6	Location purchase policy, actions and ratio at major business places	Local purchase policy		68	●
EC7	Employment of local personnel priority at domestic major business field offices and local high executives ratio	Employment of local personnel at domestic field offices		68	●
EC8	Service support and infrastructure investments that prioritize public benefit, and its effects	Investment in social indirect fund facilities, Improvement of existing dam environments		68	●
EC9	Awareness and explanation of indirect financial wave effects	Economic activation support for dam surrounding areas		68	●
Environmental accomplishments index					
	Public announcement for management approach method			44-45	●
EN1	Weight or volume standard materials used	Knowledge on quality of substances in entire process evaluation		69	●
EN2	Ratio of reusable materials used	Rate of reusing sludge and construction waste	7	71	●
EN3	Direct energy use according to 1st stage energy sources	Diesel, kerosene, LPG, NG usage amount		69	●
EN4	Indirect energy use according to 1st stage energy sources	Amount of electricity used from outside purchase		69	●
EN5	Amount of energy reduced due to saving and efficiency	Amount of reduction from using energy saving program	8	69	●
EN6	Efforts to supply energy efficient or reusable energy based products and services, and amount of energy reduced by this business	Purchase of energy saving products, energy reduction	9	69	●
EN7	Indirect energy reduction business and accomplishments	Efforts to reduce energy use, turning off the PC during lunch hour, 5-day car cycle, other energy saving efforts	8	69	●
EN8	Total amount according to source	Amount of water at purification centers		83	●
EN9	Water sources that were largely affected by water taken.	Sources worried to change the ecology from water taken	8	70	●
EN10	Total amount and ratio of reusable and reused water	Amount of water material used	8	83	●
EN11	Location and size of land owned, rented and managed around protection areas and areas where the biological value is high	Environmentally-friendly water resource facilities,Diverse biological conservation facility and space	8	70	●

Index	Contents of Index	K-water Adaptation Index	Global Compact	Page	Report rate
EN12	Effects of activities, products and services in protection areas and areas where the biological value is high on biological variety value	Monitoring environmental change in business areas	8	70	●
EN13	Protected or restored habitat	Organism habitat environment and conservation for environment cultural heritage	8	70	●
EN14	Biological variety management strategy of protected or revived land, current actions and future plans	Biological variety management strategy	8	70	●
EN15	Number of national endangered species on IUCN Red List living in business affected areas, and endangered rate	Awareness of endangered species according to major dams	8	70	●
EN16	Total discharge of direct and indirect greenhouse gases	Amount of greenhouse gases discharged according to direct or indirect energy consumption		70	●
EN17	Other indirect greenhouse gases discharge amount	Amount of greenhouse gases discharged due to office travel and business trips of executives	9	71	●
EN18	Greenhouse gases reduction business and accomplishments	CDM project		68	●
EN19	Amount of ozone destructing substances discharge	No discharge of ozone destructing substances		71	●
EN20	Amount of discharge to the atmosphere of NOx, Sox and other major contaminating substances	Amount of discharge to the atmosphere through energy consumption		71	●
EN21	Waste water discharge amount and water quality according to final place of discharge	Quantity and quality of water discharged from purification plants and water sewage treatment sites		71	●
EN22	Waste discharge amount according to form and treatment method	Amount of construction waste and sludge		71	●
EN23	Number of important dangerous substance leak cases and amount of leakage	No leakage accidents		72	●
EN24	Movement/import/export/treatment of waste stated in I, II, III, VIII of the Bajel Agreement and ratio of waste sent overseas	No waste discharged overseas		71	●
EN25	Water areas affected by waste water discharge of organization and name of land, size, protection situation and biological diversity	Conservation of ecological environment and water quality of discharged water	8	72	●
EN26	Reduction of products and services on environment activities and accomplishments	Water contamination prevention activities and environmental management accomplishments	8	72	●
EN27	Products sold and ratio of reusable packaging	No relation because of product characteristics	7	-	N/A
EN28	Number of fines and non-financial restraints from environmental law violations	Abiding by environmental laws and preventing accidents	8	72	●
EN29	Important environmental effect of moving products and basic materials and executives travels	Environmental effects according to movement of executives		72	●
EN30	Environmental protection expenditure and investment total	Environmental investment and environmental cost		72	●
Labor accomplishments index					
	Public announcement for management approach method			56	●
LA1	Form of employment, employment contracts and personnel status according to location	Form of employment, employment contracts and personnel status according to location		73	●
LA2	Number and ratio of people that left the company	Number and ratio of people that left the company		73	●
LA3	Privileges of full-time employees that are not given to part-timers	Privileges of full-time employees		73	●
LA4	Ratio of employees that are subjects of group negotiations	Ratio of employees that are subjects of group negotiations	3	74	●
LA5	Minimum period for reporting important change in business	Reporting period according to group agreement		74	●
LA6	Employee ratio represented by labor union joint Health and Safety Committee	Changed to joint labor-management conference	3	74	●
LA7	Number of injuries, work diseases, days lost, and work related disasters	Rate of industrial disasters and diseases		74	●
LA8	Education, training, counseling, prevention and threat management programs to support seriously diseased employees, their families and local residents	EAP Operation of local residents filial piety project		74	●
LA9	Welfare and Safety conditions, formal subject of negotiations with joint labor-management conference	Joint labor-management conference agenda	3	74	●
LA10	Average education hours per day according to form of employee	Average training hours per year according to employee grade		74	●
LA11	Duties education and lifelong education programs for continuous employment and retiring employees support	Evergreen program for retirees		74	●
LA12	Ratio of employees subject to evaluation of regular accomplishments and experience development	Employees subject to accomplishments evaluation	6	74	●

Index	Contents of Index	K-water Adaptation Index	Global Compact	Page	Report rate
LA13	Structure of Board of Directors and employees	Status of executives structure	6	75	●
LA14	Ratio of basic salary of newly recruited men and women personnel according to employee range	Ratio of basic salary of newly recruited men and women personnel	6	75	●
	Human rights accomplishments index				
HR1	Number and ratio of major investing agreements that include human rights protection clauses or that passed human rights evaluation	Contracts and agreements including human rights evaluation	2	75	●
HR2	Human rights evaluation ratio of major supply companies and contract companies	Method of evaluating human rights of supplying companies, etc.	2	75	●
HR3	Employee training on duties related human rights policies and processes	Human rights related education (Sexual harassment prevention education)	2	75	●
HR4	Total discrimination cases and related handling	Management and counseling through executives' difficulties handling system	1	75	●
HR5	Duty fields evaluated to have a chance of serious violation of association or group negotiations freedom, and management to guarantee such rights.	Rights and benefits protection for women and the disabled, etc.	1	75	●
HR6	Business fields with a high chance of child labor and management to stop child labor.	Restraint against employing youths (Employment rule)	5	75	●
HR7	Business fields with a high chance of forced labor and management to stop such labor.	Forced labor prohibition rule (Korean labor standard law)	4	75	●
HR8	Ratio of security personnel that have certified human right policy and process education.	Education accomplishments of human rights related security personnel	1	75	●
HR9	Number of local residents rights violation and related management	Civil treatment of local residents	2	75	●
	Social accomplishments index				
SO1	Characteristics, range and effect of program that evaluates local social effects from beginning, during and finishing stages of duties.	Environmental evaluation according to stages, aftereffects evaluation		76	●
SO2	Number and ratio of business units analyzed to have corruption risk.	Inspection of high positions or departments with high chance of corruption through department purity evaluation	10	76	●
SO3	Ratio of employees who received anti-corruption policy and process related education.	Rate of ethical management training certification	10	76	●
SO4	Management of corruption cases.	Handling of corruption cases	10	76	●
SO5	Position on public policies, establishment of public policies and participation in lobbying.	Participation in public policies, such as carrying out government policies		76	●
SO6	Total amount donated to parties, politicians or related facilities according to nation.	Support in the name of the corporation is legally prohibited		76	N/A
SO7	Number of unfair competition activities and monopoly actions that were dealt with legally, and the results.	Regular Free Trade Commission inspections	10	76	●
SO8	Number of cases of fine and non-financial restraint due to violation of law or regulations.	Number of violation cases and fines		76	●
	Product responsibility accomplishment index				
PR1	Stage of deliberation of life cycle that evaluates health and safety effects of product and service, ratio of major products and services that actually carry out the evaluation.	Evaluation of entire tap water process and introduction of environmental score note Highly purifying treatment facility established, strengthening of purification plant water quality grade evaluation system		50-51	●
PR2	Number of violation of customer health and safety effects related restraints and voluntary rule violation cases in product and service life cycle.	Efforts to abide by laws related to health and safety of customers		77	●
PR3	Necessary product and service information type for process, ratio of products and services with such information.	Efforts to provide information on tap water quality, etc.		77	●
PR4	Number of product or service information labeling related restraint voluntary violation.	Efforts to provide information on tap water quality, etc.		77	●
PR5	Customer satisfaction related activities including customer satisfaction evaluation survey results, etc.	Customer satisfaction research results		77	●
PR6	Marketing communications such as advertisement, promotion, sponsorship restraints, standard and voluntary rule abiding program.	Abiding by marketing related restraints		77	●
PR7	Number of marketing communications such as advertisement, promotion, sponsorship restraints, standard and voluntary rule violation cases.	Efforts to abide by promotion related laws		77	●
PR8	Number of complaints on violation of customer personal information protection and customer data loss.	Number of Internet civil cases and breakdown		77	●
PR9	Total fine from violation of laws and regulations on product and service supply.	Efforts to abide by service supply laws		77	●

Key Performance Index

	GRI	Indicators	Unit	2004	2005	2006	2007
Economy	EC01	Total Sales	Millions in KRW	1,493,084	1,590,951	1,721,105	1,812,905
	2.8	Dam water supply	Million m³	4,443	4,616	4,706	4,757
	2.8	Service water supply	Million m³	2,838	2,881	2,972	3,064
	2.8	Unit price for dam water supply	KRW/m	41.70	47.93	47.93	47.93
	2.8	Unit price for service water supply	KRW/m	259.10	286.60	286.60	286.60
	2.8	Accounted for Water Rate (Multi-Regional Waterworks)	%	99.24	99.00	99.52	99.70
	EC01	Interest Paid to Fund-Providers	Millions in KRW	44,804	28,942	23,814	22,754
	EC01	Dividends Distributed to Investors	Millions in KRW	22,010	35,281	39,111	26,104
	EC01	Operating Income to Sales	%	14.7	18.7	16.87	12.70
	EC01	Tax Amount Paid	Millions in KRW	58,921	76,730	78,952	50,317
Society	2.8	Number of Dam Water Customers	Sites	125	108	88	95
	2.8	Number of Service Water Customers	Sites	1,397	1,538	1,543	1,707
	PR05	Customer Satisfaction Index	Points	80.0	83.0	87.0	93.5
	LA01	Total number of employees	Persons	3,850	3,880	4,064	4,249
	HR04	Total number of female employees	Persons	266	309	357	376
		Labor hours (Statutory labor hours)	Hours/week	46.75(40)	46.75(40)	46.75(40)	46.75(40)
	LA01	Number of New Employees	Persons	271	239	110	140
Environment	LA02	Number of Exiting Employees	Persons	46	61	66	77
	LA10	Number of Trainees	Persons	8,241	12,926	11,513	13,906
	HR05	Labor-Management Agenda and Consensus	Cases	23	14	12	13
	LA07	Industrial Accidents	Cases	9	14	7	13
	LA07	Industrial Accident Rate	%	0.25	0.38	0.18	0.32
	LA07	Patients	Persons	154	127	122	127
	LA07	Prevalence Rate	%	4.3	3.3	3.2	3.1
	EC09	Aid to Local Communities around Dams	Billions in KRW	174	425	467	520
	EC09	Investment in Social Activities	Billions in KRW	198	480	475	540

	GRI	Indicators	Unit	2004	2005	2006	2007
	EN16	Total Carbon Dioxide Emissions	tCO ₂ e	389,424	411,866	388,216	445,086
	EN03	Total Energy Consumption	TOE	197,046	208,189	196,227	225,158
	EN03	Power Consumption for Water Purification	MWh/m ³	0.3010	0.3164	0.3167	0.3150
	EN08	Total amount of water obtained	1,000m ³	2,850,329	2,898,823	2,985,975	3,103,761
	EN06	Power Generated from Multi-purpose Dams	GWh	2,708	2,457	2,183	2,159
	EN22	Total Sludge from Water Treatment Plants	Tons	93,509	103,622	100,174	97,458
	EN22	Total Recycled Sludge	%	23.3	47.98	9.2	100
	EN10	Quantity of Recycled Water (Head Office Consumption)	m ³	6,576	8,531	9,423	8,079
	EN14	Young fish stock	One thousand fishes	2,142	1,445	1,982	1,596
	EN21	BOD of Water Discharged from Water Treatment Plants	mg/L	3.2	3.9	3.0	2.8
	EN21	COD of Water Discharged from Water Treatment Plants	mg/L	5.9	5.7	5.5	5.3
	EN21	SS of Water Discharged from Water Treatment Plants	mg/L	5.5	5.54	4.9	4.8
Environment	EN21	Water sewage treatment BOD	mg/L	2.7	2.9	2.2	1.9
	EN21	Water sewage treatment COD	mg/L	7.2	7.8	7.0	6.9
	EN21	Water sewage treatment SS	mg/L	3.0	3.3	3.2	2.7
		Replacement of Worn-out Pipes (Length)	km	18.4	14.2	11.3	12.5
		Replacement of Worn-out Pipes (Cost)	Millions in KRW	17,852	13,046	10,059	10,912
		Water Quality Control Cost per Ton (Unit Requirement of Chemicals)	KRW/m ³	4.8	5.56	5.8	5.2
	EN30	Investment in Environmental Facilities	Millions in KRW	1,178	548	728	653
	EN30	Environmental Investment to Total Investment	%	14.10	7.0	8.9	10.0
	EN30	Environmental cost	Millions in KRW	894	1,217	1,215	1,210
	EN30	Environmental Cost to Project Cost	%	8.22	11.70	11.0	11.0
	4.15	Follow-up Management and Review for Maintaining Integrated Certification of ISO9001/14001	Cases	1	1	1	1
	4.11	Environmental Impact Assessment	Cases	12	10	2	1
	4.11	Preliminary Environmental Feasibility Review	Cases	4	3	10	6

Ethics Preamble, Environment-friendly Management Principles, Customer Charter Preamble, Mission statement for Innovative vision

Code of Ethics Preamble

Korea Water Resources Corporation is an organization for Korean people to develop, maintain and preserve Korea's water resources to make sure they are sustainable environmentally, economically and socially, and to provide them with the best products and services in order to contribute to improved quality of life and national development. With this pride and confidence, we commit ourselves to the following code of ethics to be reborn as a world-renowned corporation specializing in water in this era of water in the 21st century.

To accomplish our mission with a creative and open-to-challenge mind and do our given work with honest and fair attitudes and to make efforts for transparent management.

To commit ourselves to environment-friendly management with a keen awareness that the environment is an invaluable asset to hand down to the next generation and a foundation for a healthy and pleasant life.

To provide customers with the best products and services to ensure customer satisfaction and value-oriented management to live up to customer-first principles.

To respect local traditions and cultures, contribute to community development and enrich the life of community members with due obligation as a community member.

To observe moral and legal values, respect market orders of free competition, and pursue fair competition.

To respect individual persons without any discrimination and respect differences and creativity.

To develop a partner relationship between union and management based upon trust and harmony with a strong sense of unity to pursue mutual prosperity.

* For further details including code of ethics and employees' behavioral codes, please refer to Code of Ethics section in our homepage.

Environment-friendly Management Principles

K-Water is keenly aware of the need for the utmost effort for sustainable development in harmony with nature for more pleasant and better-to-live-in environment.

In this vein, therefore, K-water, as a corporation specializing in water, the origin of life, announces the following environment-friendly management principles in order to be reborn as an environment-friendly corporation loved and trusted by people.

To take the lead in preserving clean water and air and healthy natural environment.

To predict the effects of water resources development and management on the environment and consistently pursue preservation of ecosystem, prevention of pollution and environment improvement in order to make sure that our activities are in harmony with environment preservation.

To establish sound consumption culture of cutting down on supplies and energy and recycling them and always be alert against environment destruction out of carelessness.

To accommodate people's opinions as much as possible in making environment-related plans and promote trust and transparency of our business by opening related information and materials.

To bear the primary obligation of preventing environmental pollution in advance, make efforts to settle problems in case pollutions take place, and bear in mind that words put into practice are the fundamentals of corporate ethics.

To constantly offer employees environmental training and focus on research and development for environment preservation and improvement to ensure that our activities for environment suit codes of ethics.

All the employees of K-water hereby declare that we do our utmost to guarantee next generations to live in pleasant environment by putting the principles into practice.

Customer Charter Preamble

Korea Water Resources Corporation pledge the following in order to provide all Koreans with clean and safe water, to protect both lives and property from water-related disasters, and to become a leading organization in the water services field through continual development and innovation:

- To** practice customer-driven management that makes us come closer to customers based upon the management philosophy, "Customers' values are our values," K-water promises to do our best as follows:
- To** set up and implement standards for service in practice as much as we can, always considering customers' point of view.
- To** open as much information as customers wants to put transparent management into practice.
- To** listen to customers' complaints and advice by collecting their opinions regularly and rectifying problems.
- To** promise the maximum compensation in case a customer suffers from our failure to follow standards of service in practice.
- To** perform our work without any discrimination against any customer and to guarantee customers' best interest by pursuing the most economical and efficient management.

Mission Statement for Innovative Vision

To provide people with clean and safe water, protect their life and property from disaster caused by water, to be reborn as the best water service organization through change and innovation, K-water declares the following:

- To** make customer satisfaction top priority in management and rectify existing practices, systems and values to be customer-driven.
- To** do our work with honest and fair attitudes without deviating from conscience, common sense and law to be a trustworthy public corporation, and to actively participate in socially beneficial activities to engage in the community.
- To** secure a world-level competitive edge to achieve our vision with confidence and passion defying changes and establish a sustainable and stable foundation for growth.
- To** raise awareness of the importance of environment for healthy life and sustainable growth of the future generations and to make efforts to preserve the environment.

K-water will concentrate on devoting itself to growing into a business that works well, has a competitive edge and is loved by people by putting the above mentioned statements into practice.

Financial Statements

BALANCES SHEETS

34th: As of December 31, 2007

33rd: As of December 31, 2006

Korea Water Resources Corporation (Unit : In Millions of Korean Won)

		34th (current)	33rd (previous)
[Assets]	I. Current assets	740,227	816,125
	1. Quick assets	499,552	722,252
	2. Inventory asset	240,675	93,873
II.	Non-current assets	10,703,623	10,581,280
	1. Investment assets	949,167	1,068,501
	2. Tangible assets	2,280,570	2,072,432
	3. Intangible assets	7,322,680	7,365,943
	4. Other non-current assets	151,206	74,404
	Total assets	11,443,850	11,397,405
[Liabilities]	I. Current liabilities	520,801	620,629
	II. Non-current liabilities	1,054,751	1,122,946
	Total liabilities	1,575,552	1,743,575
[Equity]	I. Capital	6,274,901	6,188,501
	II. Capital surplus	1,451,379	1,451,379
	III. Capital adjustments	-737	-1,200
	IV. Accumulated other comprehensive income	11,947	-6,514
	V. Retained earning	2,130,807	2,021,664
	Total equity	9,868,298	9,653,830
	Total liabilities and equity	11,443,850	11,397,405

STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

34th: As of December 31, 2007

33rd: As of December 31, 2006

Appropriation decided on: February 29, 2008, February 28, 2007

Korea Water Resources Corporation (Unit : In Millions of Korean Won)

	34th (current)	33rd (previous)	
I.	Retained earnings before appropriations	148,925	217,005
1.	Unappropriated retained earnings carried forward from the prior year	-	-
2.	Net income for the year	148,925	217,005
II.	Transfer from other reserves	30,488	39,711
1.	Investment in social overhead capital reserve	30,488	69,711
	Total	179,413	256,716
III.	Appropriations	179,413	256,716
1.	Legal reserve (Note 16)	35,883	51,343
2.	Reserve for business expansion	116,958	139,583
3.	Stock issuance costs	469	671
4.	Reserve for investment in social overhead capital	26,103	39,111
5.	Cash dividends	-	26,008
IV.	Unappropriated retained earnings to be carried forward to the next year	-	-

STATEMENTS OF INCOME

34th: From January 1 to December 31, 2007

33rd: From January 1 to December 31, 2006

Korea Water Resources Corporation (Unit : In Millions of Korean Won)

	34th (current)	33rd (previous)	
I.	Revenue	1,812,905	1,721,105
1.	Finished goods sales revenue	190,432	286,227
2.	Service revenue	1,622,473	1,434,878
II.	Sales cost	1,498,004	1,360,962
1.	Cost of goods sold	133,231	205,921
2.	Service cost	1,364,773	1,155,041
III.	Gross profit	314,900	360,143
IV.	Selling and administrative expenses	84,644	69,818
V.	Sales profit	230,256	290,325
VI.	Non-sales profit	38,338	84,982
VII.	Non-sales cost	69,352	79,349
VIII.	Income before income taxes	199,242	295,958
IX.	Provision for income taxes	50,317	78,953
X.	Net income	148,925	217,005

STATEMENTS OF CASH FLOWS

34th: From January 1 to December 31, 2007

33rd: From January 1 to December 31, 2006

Korea Water Resources Corporation (Unit : In Millions of Korean Won)

	34th (current)	33rd (previous)	
I.	Cash flows from operating activities	525,709	740,051
1.	Net income	148,925	217,005
2.	Addition of expenses not involving cash outflows	514,523	491,685
3.	Deduction of revenues not involving cash inflows	4,317	52,752
4.	Changes in operations assets and liabilities	-133,422	84,113
II.	Cash flows from investing activities	-609,358	-771,030
1.	Cash inflows from investing activities	222,810	48,350
2.	Cash outflows for investing activities	832,168	819,380
III.	Cash flows from financing activities	-36,451	68,536
1.	Cash inflows from financing activities	86,192	398,326
2.	Cash outflows from financing activities	122,643	329,790
IV.	Net increase In cash	-120,100	37,557
V.	Cash at Beginning of year	238,031	200,474
VI.	Cash at End of year	117,931	238,031

Terminology Definitions

- **Green Dirt** Dirt used to spray over dirt to make a foundation for grass to grow.
- **Membrane Filtering** Technology widely applied to production of ultra-pure water for industrial and domestic use. This advanced water purification and treatment technology is applied to produce clean water by filtering raw water containing pollutants through a high polymer membrane. It is very effective in eliminating turbidity and micro-organisms.
- **Non-point Pollution Source** A pollution source having an irregular discharge route, unlike point pollutants sources, such as human populations or livestock having regular points of discharge. This source pollution is calculated by the pollution load arising from land use in watersheds (including paddies, fields and forest), and usually discharged to water system by rain.
- **Disinfection** by-product Cancer-causing substance such as THM or HAA that is produced when disinfection products used in the purification process reacts to organic compounds in the water.
- **New and Recyclable Energy** Three kinds of new energy including hydrogen, fuel cell, and liquefied coal gas and eight kinds of recyclable energy including solar heat, solar light, bio energy, wind power, hydro-electric power, terrestrial heat, marine energy and energy from waste.
- **Sludge** Sediments produced from sewage treatment or water purification process.
- **Prevalence Rate** The number of patients divided by total population surveyed at a certain region at a certain time.
- **Life Cycle Assessment (LCA)** Technique for evaluating environmental impact of a product or service by quantitatively measuring the substances and energy consumed and discharged in an entire process of the product or service.
- **Environmental Impact Assessment Estimations** analyses and assessments of the impact of Social Overhead Capital (SOC) facilities, such as roads, ports, railroads, airports and industrial complexes, as well as reclamation projects, on the environment.
- **Seawater Desalination** Technology for production of potable water by removing salt and other chemicals from saline water. Most small or medium sized facilities use the Reverse Osmosis Method, a type of membrane filtering method, as it is preferable in the aspects of energy consumption and maintenance.
- **Deep Seawater** Seawater flowing at depths 200 meters from the surface of the sea where sunlight cannot reach, recently there is increasing demand for this by many industries, such as fisheries, food producers, beverage companies, cosmetics and pharmaceuticals.
- **BSC (Balanced Scorecard)** Performance management system consisting of comprehensive indexes that enables to measure mission and strategy of an organization.
- **CDM (Clean Development Mechanism)** One of the Kyoto Mechanisms under which developing countries can participate in the reduction of greenhouse gas emissions.
- **COD (Chemical Oxygen Demand)** Amount of oxygen consumed by oxidizing pollutants contained in water by an oxidizing agent. Higher levels of COD indicate higher water pollution amounts.
- **CRM (Customer Relation Management)** A strategy to obtain new customers, keep relation with existing customers, and to maximize customer's lifetime value by supplying products and services in customers' needs.
- **ESCO (Energy Service Company)** A System of energy-related business, under which an investment and its return can be recovered by the cost and expenses reduced by energy savings achieved by the investment.
- **GEF (Green Energy Family)** Voluntary and national movement organized to contribute to prevent global warming and reduce energy consumption by promoting the distribution of high efficiency energy saving equipment.
- **GRI (Global Reporting Initiative)** Organization founded with the support of the UNEP in 1997 to develop the guidelines for "Sustainable Management Reports."
- **ISO14001** International environmental management system standards as prescribed by the ISO (International Organization for Standardization).
- **ISO 24500** International waterworks and sewage treatment service standards, published in October, 2007.
- **ISO 26000** International standard for social responsibility. It includes seven principals (ownership structure, environment, human rights, labor, organization management, customer, and local community) and voluntary-to-use principle. It was published in November, 2009.
- **MTV (Multi-Techno Valley)** A latest 21st century complex area of electronics/electrics, R/D, etc., that is being built in the reclaimed land north of Shihwa.
- **MBR (Membrane Bio Reactor)** A sewage treatment technology that uses membrane and its microscopic holes to eliminate various pollutants and pathogenic microorganisms.
- **NTU (Nephelometric Turbidity Unit)** Unit of turbidity of water samples measured by the intensity of light dispersed on the sample.
- **ODA (Official Development Assistance)** Assistance of highly developed countries to developing countries of international facilities.
- **RT(Ton of Refrigeration)** Unit of refrigeration capacity. One ton of refrigeration capacity can freeze one ton of water at 0°C in 24 hours.
- **SS (Suspended Solid)** Particles that are 0.1µm or more in diameter and float in water to make it turbid.
- **TOE (Ton of Oil Equivalent)** The amount of energy use such as use of electrical energy, gas and oils, converted to crude oil (tones).
- **UNFCCC (United Nations Framework Convention on Climate Change)** A convention organized to regulate artificial emissions of greenhouse gases for prevention of global warming. Its full name is the United Nations Framework Convention on Climate Change).
- **VOC (Voice of Customer)** Customers' expectations and requests for the products and services provided by company.

Awards

October, 2004	Grand Prize for Corporate Citizenship (Korea Economics Daily)
October, 2005	Grand Award in 2005 Korea Environment-Friendly (Environment Media)
November, 2005	Grand Award in 5th Ecology Adjustment Afforestation Public Subscription (Ministry of Environment and Association of Environmental Planning)
May, 2006	Excellency Award in 3rd Korea Landscape Architecture Awards (Korean Institute of Landscape Architecture)
September, 2006	Environment-Friendly Building Certification for Seoul Metropolitan Waterworks Operation Center (Korea Institute of Energy Research)
September, 2006	Grand Prize in Korea Social Contribution Awards (Korea Journalist Forum)
October, 2006	Honorable Award in Korea Red Cross Awards (Korea Red Cross)
November, 2006	Grand Prize for Korea Social Contribution Awards (Korea Economics Daily and Open Economics Research Center)
November, 2006	22th Kyung-hyang Electric Energy Grand Award, Prime Minister's Award (Kyung-hyang News, Korea Electric Power Corporation)
November, 2006	Quality Competitiveness Excellency Certification 2006 (Ministry of Knowledge Economy Korean Agency for Technology and Standards)
December, 2006	Presidential Award as A Excellent Government Agency for purchasing products from small and medium sized companies (Presidential Commission of Small and Medium Enterprise)
April, 2007	The Most Respected Enterprise Award 2007 (The Foundation of Korean Industries and Seoul Economic News)
May, 2007	Global Standard Management Grand Prize and Best CEO Award (KMA Group)
May, 2007	Prime Minister's Award in Family-Friendly Enterprise Awards (Ministry of Gender Equality)
July, 2007	Korea Service Quality Enterprise Certification (Ministry of Knowledge Economy and Korean Agency for Technology and Standards)
October, 2007	Digital Knowledge Management Grand Prize (Ministry of Knowledge Economy)
November, 2007	ISO/IEC 20000 (IT Service Quality Standard) Certification (LRQA)
November, 2007	Presidential Award in Sewage Treatment Technology for Environment Technology Sector (Ministry of Environment)
November, 2007	LOHAS Management Grand Award (Korea Green Foundation)
December, 2007	Grand Prize for Sustainable Management (Ministry of Knowledge Economy, Korea Chamber of Commerce and Industry)
June, 2008	Grand Prize in Korea Social Contribution Awards (Korea Journalist Forum)

Membership Activities

November, 1971	Korean National Committee On Large Dam
January, 1976	Korea Electric Association
December, 1985	Korea Energy Foundation
March, 1997	Korea Electronic Engineers Association
May, 2001	Korea Power Exchange
September, 2001	Korea New & Renewable Energy
January, 2002	Korea Water & Wastewater Works Association
September, 2002	Korea Environmental Management Association
March, 2004	Korea Environmental Effect Evaluation Association
September, 2004	Korea Sustainable Development Corporation Council
October, 2005	Korea Engineering & Consulting Association
July, 2005	Yoon Kyung Forum
February, 2007	UN Global Compact
February, 2007	U-city Association
March, 2007	IWA (International Water Association)
March, 2007	AWWA (American Water Works Association)

Listening to Our Readers

Your comments will be of great help to us in promoting our activities for sustainable management. We are looking forward to receiving your comments and suggestions regarding this Sustainability Report, as well as our activities for sustainable management. We appreciate our comments and suggestions very much and will include them, when possible, in our next report. Your invaluable opinion will be a great help for use to continue sustainable management activities. Please fill out the questionnaire attached and send it to the CSR Team of the Management Services Innovation Department via fax(+82 2 042 629 2399) or e-mail(sustainability@kwater.or.kr.)

Paste here!

From:

Name _____

Telephone _____

E-mail _____

Address _____

_____ - _____

Paste here!

Paste here!

To:

Sintanjinro 560, Daedeok-gu, Dae-jeon, Korea
CSR Team, Management Services Innovation
Department
Korea Water Resources Corporation

3 0 6 - 7 1 1

I'm happy with



About K-water's Sustainability Report 2008…

1 Which of the following would best describe you?

- | | | | |
|--------------------------|--------------------|--------------------|-------------------|
| ① Investor / Shareholder | ② Business partner | ③ K-water employee | ④ Local Residents |
| ⑤ NGOs | ⑥ Scholar | ⑦ Journalist | ⑧ Others() |

2 What brought your attention to K-water's Sustainability Report?

- | | | | |
|----------------------|-----------------------|--------------------------|-----------------------------------|
| ① K-water's homepage | ② Newspaper/Magazines | ③ Internet Search engine | ④ Recommendation by K-water staff |
| ⑤ Others() | | | |

3 Which section was the most interesting?

- | | | | |
|-------------------|------------------|------------------|-----------------------|
| ① Profile | ② Business Focus | ③ Water(economy) | ④ Nature(environment) |
| ⑤ People(society) | ⑥ Supplements | | |

4 Which section do you think needs improvement?

- | | | | |
|-------------------|------------------|------------------|-----------------------|
| ① Profile | ② Business Focus | ③ Water(economy) | ④ Nature(environment) |
| ⑤ People(society) | ⑥ Supplements | | |

5 Please feel free to give us your comments about the overall structure and contents of this report or our activities.

We are waiting for your valuable opinions.

Your invaluable opinion will be a great help for us to continue sustainable management activities. We will review your answers and reflect them in our next report. Also we will send a small gift in return.

This report is also available on our homepage (www.kwater.or.kr) for download in PDF file format.
If you wish to have further details on our activities and achievements in sustainable management,
please contact us at the address stated below.

We appreciate your concern about our sustainable management activities.

Produced by the Corporate Social Responsibility Team in the Management Services Innovation Dept.
Designed by the MijiAdcom (+82-2-783-6013)

This report is printed with soybean oil. 

Information

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