The Initial Sustainability Report

2006 Sustainability Report

Human | Technology | Environment

Challenge & Make a Difference

KOREA WESTERN POWER CO., Ltd.

GRI G3 Application Level

Korean Western Power Co., Ltd. (WP) applied GRI G3 guideline to its '2006 Sustainability Report' and declared that it meets level-A requirement. Thus, The Korean Foundation for Quality (KFQ) checked the report is in conformity with GRI G3 application level A requirement.

(Note) '+' in the above logo means this report has been verified by an external third party.

I. Purpose

This report is prepared to transparently communicate diverse activities and performance of WP to various stakeholders including shareholders, government organizations, investors, customers domestic and abroad, suppliers, local communities, and civil organizations.

2. Reporting Guideline

This report is in accordance with GRI's Sustainability Reporting Guidelines (G3) 2006 and Electric Utility Sector Supplement (Draft) 2007. Please refer to GRI Index Chart (page 78) to identify the location of the stand disclosure of those guidelines.

3. Reporting Scope and Period

The reporting boundary is headquarters and six power plant complex sites of WP and reporting period is from January 1 to December 31, 2006. In the case of non-quantitative performances, some data until July 2007 was included and the data for 3 years from 2004~2006 was showed for the comparability of performance.

4. Reporting Cycle

The Sustainability Report of WP is to be published annually.

5. Criteria for Measuring/Assessing Data

Financial performance of this report was prepared in accordance with Generally Accepted Accounting Principles. Environment and social performances follow relevant Laws or Criteria for assessing and calculating internal data.

6. Verification

This report was verified by the 3rd party, KFQ to assure and raise reliability of data and information.

7. Additional Information

Additional information for this report is available on our website at www.westernpower.co.kr.

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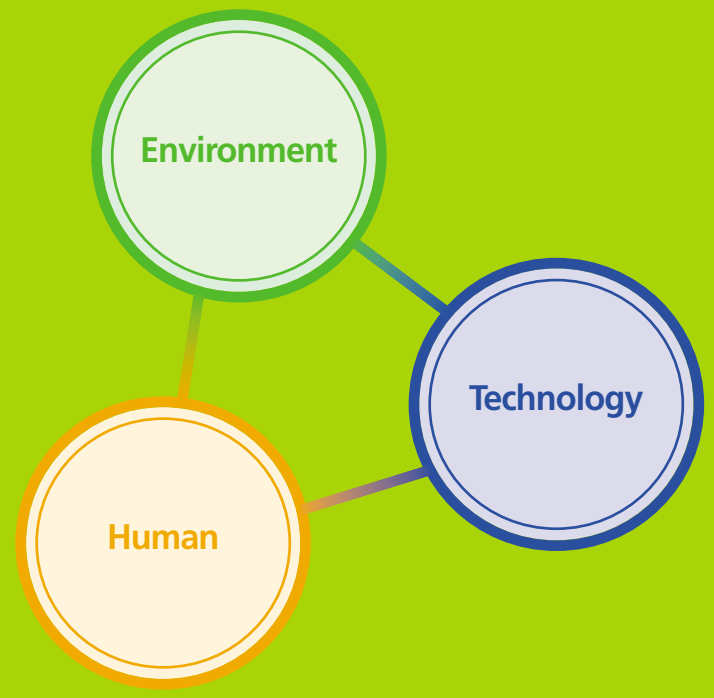


We contribute to society with the best energy generated in harmony with Human, Technology, and Environment

Happy Energy,
Closer Neighbors

Challenge & Make a Difference

Ever since its foundation in April 2001 through spin-off from Korea Electric Power Corporation (KEPCO), Korea Western Power Co., Ltd. (WP) has witnessed sustainable growth via innovative and back-to-the-basics management. In 2007, WP set its new vision as the 'World Best 3E Creator' and is poised to develop into a global energy company.

WP will do its best to become a leading company in Korea by operating stable facilities, promoting renewable energy business, establishing advanced management system, strengthening environment-friendly management, and fulfilling Corporate Social Responsibility (CSR) in earnest.

It is a great pleasure to be able to show CSR efforts and achievements of WP to various stakeholders including shareholders, government organizations, investors, customers, suppliers, local community, and civil organization through our sustainability report published for the very first time this year. We still have a long way to go but with your support and interest we are confident that we will continue our growth in the future.

Currently, the industry is faced with a lot of difficulties. The global trend to open electricity market, restructure of electricity industry in Korea, and a move to privatize public companies all contribute to the current fierce competition. On top of this, a global environment regulation led by UNFCCC fundamentally calls for diversification of energy source such as expanding renewable energy.

WP has led social responsibility and management innovation and enhanced corporate value as a world-class company to realize corporate mission of 'We contribute to society with the best energy generated in harmony with human, technology, and environment.' Through these efforts, we were able to achieve revenue of 2.4 trillion won and net profit of 160 billion won in 2006. In the areas of environment and society, our efforts have been recognized with Environment Award, and Transparent Management Award.

Still, we did not fall into complacency and in Sep. 2007 we set up Vision 2020 long-term management strategy in order to become a true world-class company. We declared that we perform more strategic, doable, and sustainable management and set 'World Best 3E Creator' as the new vision of our long-term plan. Based on the three pillars of energy, environment, and expertise, we set our detailed vision that will enable us to achieve 5 trillion won in sales, diversify business, improve management quality, and become respected company by 2020.

Beloved stakeholders!

WP is determined to achieve our goal by reinforcing partnership with our stakeholders in the future. As Korea's representative company which fulfills its social responsibility, we promise to deliver our mission and continue our growth. We ask of you to watch us with affection and interest as we cultivate our way to build a better tomorrow. Thank you.

Son Dong-Hee
President and CEO
Korean Western Power Co., Ltd.
Sep. 6, 2007

Corporate Social Responsibility (CSR)

The power generation industry is a basic and infrastructure industry which substantially affects overall industry. Low-priced, stable power supply is the traditional and fundamental work required by power generation industry to secure nation's competitiveness. However, the emergence of various stakeholders and the pressure to satisfy their needs drive power generation companies to broaden their management issue to the new areas of environment and society.

WP has recognized that these societal issues demand active and systematic approach on the management level and thereby actively sought to apply it to our management. By encouraging communications with various stakeholders and placing proposed areas of interests as the main agenda on our management strategy, we have achieved tangible results in issues such as 'low-priced power supply & securing stable electricity resource,' 'minimizing the environmental impact of power industry and developing environment technology,' as well as 'resolving social conflicts.'

Happy Energy and Social Contribution

WP's vision of 'contributing to society with the best energy generated in harmony with human, technology, and environment' is a manifestation that our ultimate value is realizing corporate social responsibility.

And yet, loaded with many challenges in approaching CSR systematically, we are well aware that it needs constant improvements. The employees at WP also know that 'sustainable management,' the ultimate goal pursued by many companies, is heavily dependent on social responsibility. Based on social contribution experiences gathered so far, we will exert our utmost to meet various expectations of stakeholders, provide happy energy to the nation and communities, and become a closer neighbor.

Joining the UN Global Compact

WP joined the UN Global Compact, a voluntary corporate social responsibility initiative in May, 2006. The Global Compact is composed of ten globly accepted principles in the areas of human rights, labour, the environment and anti-corruption. The Global Compact was proposed by UN Secretary-General Kofi Anan at World Economic Forum in 1999 and was officially launched in 2000. By providing opportunities to the people living in poverty and difficulties to lead a new life in the market economy, it aims to realize 'sustainable and comprehensive vision toward global market.' This is in line with our management strategy which includes ethical management, environment management, and sustainable management.

The participation of Global Compact in Korea remains relatively sluggish with only 30 companies including WP, KEPCO, and Woori bank. By joining the Compact, WP is committed to performing sustainable management and social responsibility. We will be the leader of corporate social responsibility to fulfill corporate transparency and social responsibility.

Communication with Stakeholders

In this diversified modern society, sustainable management is only possible when companies fulfill their environmental and social responsibility as corporate citizens, let alone enhancing economic values. The secret to success lies in carefully analyzing various stakeholders and strategically engaging them in the management through optimal communication system. It is imperative that we make those stakeholders understood and convinced through cooperative approach rather than taking the offensive. Just as the circulation of blood makes our body function properly, good communication with stakeholders will be the basis for corporate management.

WP's stakeholders are broadly categorized as government and KEPCO as shareholders, KPX as direct power buyer and direct electricity end users, suppliers, organization members, and local communities. WP collects and adjusts conflicting opinions of each stakeholder through regular meetings, informal meetings, Policy-Customer Relationship Management (P-CRM), various monitoring and suggestion system. We are generating tangible outcomes by applying them to the management strategy.

Stakeholder Group's Expected Value and Communication Channel

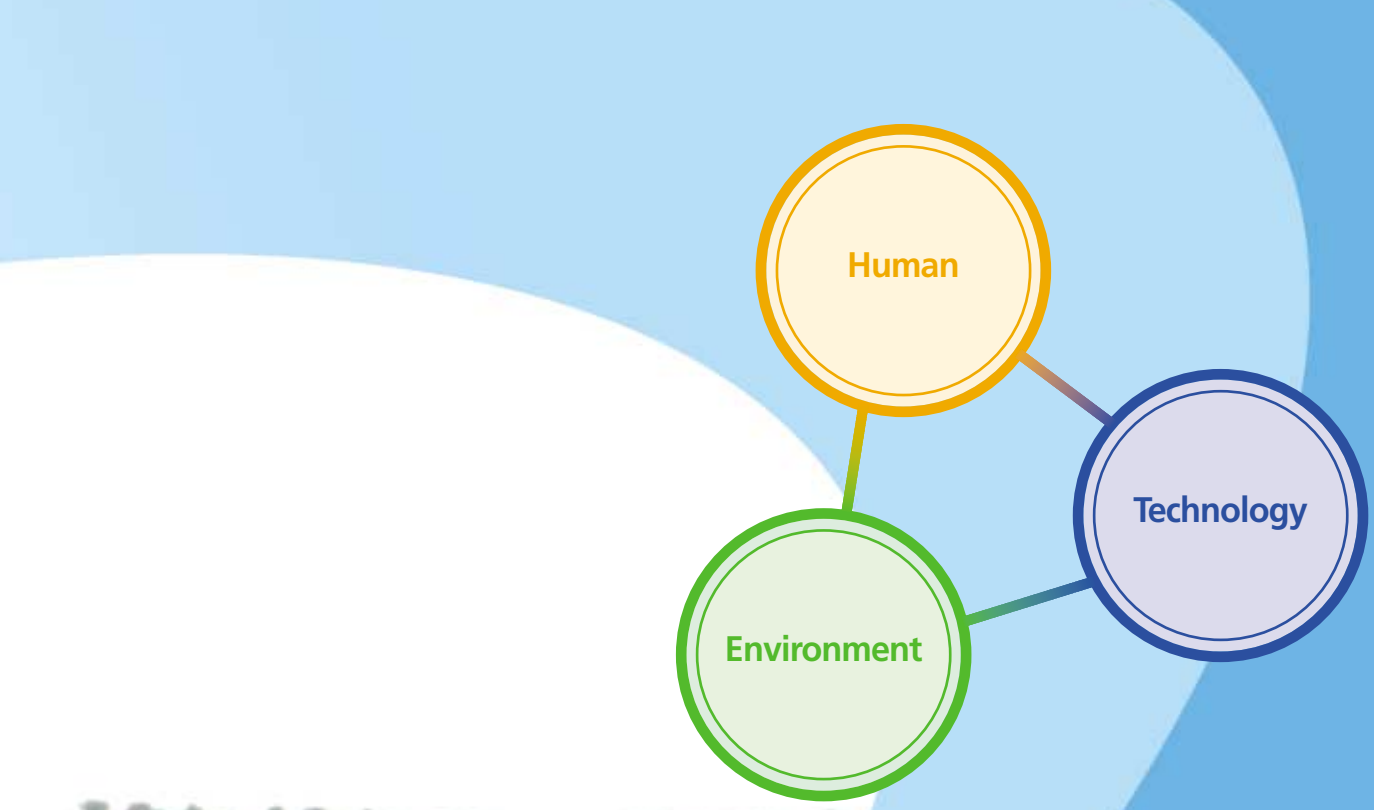
		Expected value	Communication channel
Shareholders (Government, KEPCO)		Maximization of shareholder value, promotion of public good, management innovation	Shareholder general meeting, President meeting among power companies, Board of directors, Committee to help government policy, Official notice for cooperation etc.
Customers	KPX	Reasonable power exchange	KPX, Board of directors, General meeting, Various committees (cost evaluation, regulation amendment, information disclosure, supply management, subsidiary service), Technology policy seminar
	Power users	Stable supply of low-priced and quality power	Taking opinions from homepage, Webzine (company news letter), KEPCO survey, Electricity promotion center, Voice of Customer (VOC)
Suppliers (Design, Construction, Purchase, Contract companies)		Transparent management, fair competition	Regular supplier informal meeting, Business meeting, Manufacturing meeting, and TM meeting, P-CRM, Special support measure for SMEs, Customer satisfaction survey, CCM
Organization members	Employees	Job security, promotion of welfare, self-realization	CEO Hot-Line, Conversations with CEO (website), CEO E-mail, Dream Board, Joint labor-management conference, Round-table conference between labor and management , Click and suggestion system, Grievance machinery system, Newsletter publication, Employee welfare satisfaction survey, Informal gathering for woman workforce, Presentation meetings for employees, Participation of social contribution activities etc.
	Family	Contribution to local economy	Family gatherings, Communication with CEO (website), Newsletter distribution, Participation of social contribution activities, Use of family condominiums, Winter camp for children, Family event in May (month of family), Visit dad's workplace etc.
Local communities [Local independent body, Local community members (group), Local citizen (environment protective group)]		Active cooperation with environment/ local community issues	Local representative meeting, Gathering with local citizens, Committee for regional support, Sponsor to social contribution activities, Partnership agreement with civil organizations, Hot-line for collecting opinions etc.

Corporate Profile

WP was established in April 2001 through spin-off of KEPCO's power generation sector based on the government's decision to restructure power industry. The power generation of WP accounts for 12% (7,880MW) of all facilities in Korea.

(As of Dec. 31, 2006)

President	Son Dong-Hee	Capital	176.0 billion won
Foundation	April 2, 2001	Total asset	3,707.9 billion won
Employees	1,804	Revenue	2,424.1 billion won
Power plant complex sites	Taean T/P Complex Div., Pyeongtaek T/P Complex Div., Seoincheon CC Complex Div., Samryangjin PS Generation Dept., Cheongsong PS Generation Dept., Gunsan CC Construction Office		



Happy Energy-

Sustainable Management

Happy Energy
that Shines Korea Brighter and Lighter!

WP contributes to society with the best energy generated in harmony with human, technology, and environment. We are the happy energy company that brightens the future.

▶ Grand prize, Technology Innovation Management Award

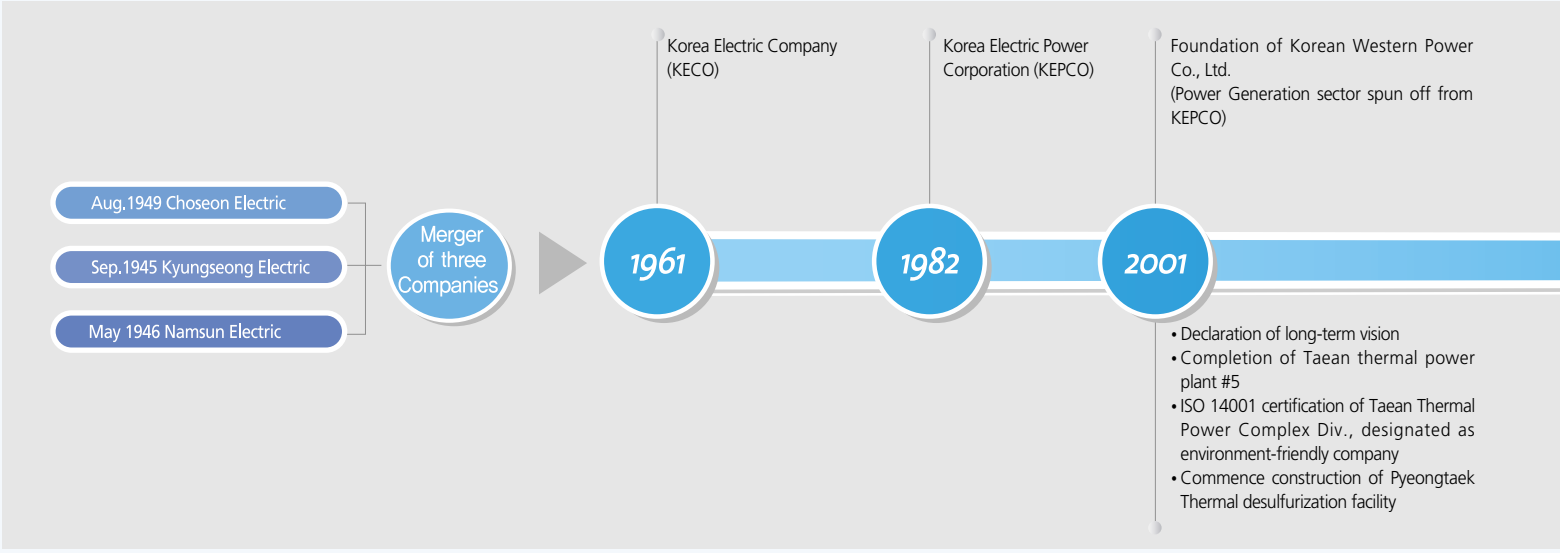
▶ Pledge to fulfill ethical, integrity management

▶ Presidential award, Beautiful Companion Award

▶ Company song contest

Organization Profile

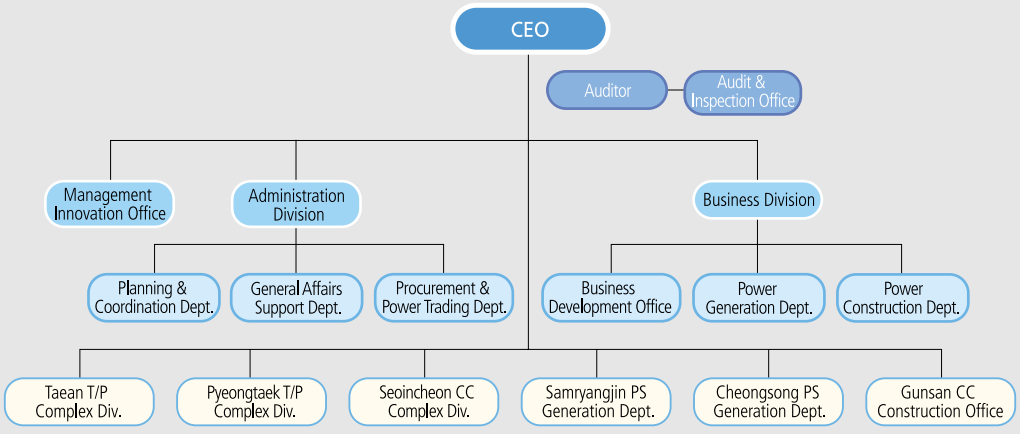
Milestones

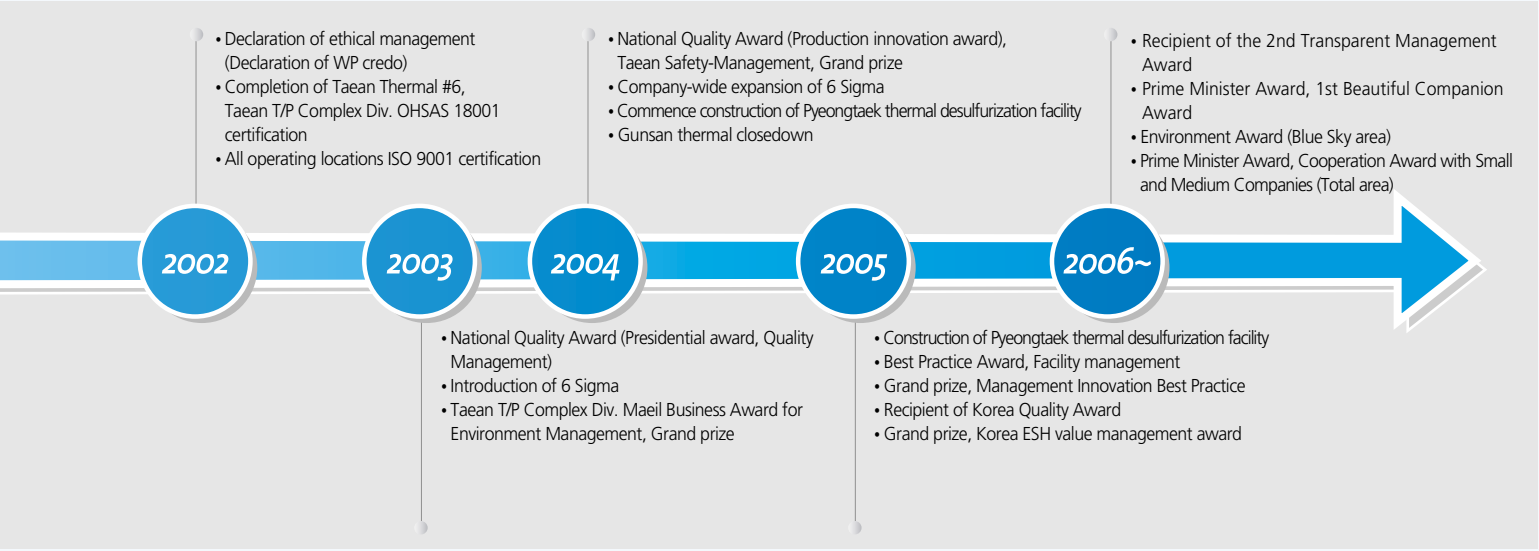


Organizational Structure

The headquarters is composed of 2 divisions, 3 offices, 5 departments, and power plant complex sites have 3 divisions, 2 departments, and 1 office. The lower ladder of the headquarters is made up of teams while plant sites include department, office, and team.

· Headquarters : 2 Divisions 3 Offices 5 Departments
· Power plant complex sites : 6





Employee

Composition by position

(As of Dec. 31, 2006)

	Management	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Special service	Total
Number (person)	4	16	23	103	348	51	1,037	60	80/82	1,804

Operating Locations


▶ HQ (Seoul, Samsung-dong)


▶ Taean T/P Complex Div.


▶ Pyeongtaek T/P Complex Div.


▶ Seoincheon CC Complex Div.


▶ Samryangjin PS Generation Dept.


▶ Cheongsong PS Generation Dept.


▶ Gunsan CC Construction Office

Power generation facilities capacity

(As of Dec. 31, 2006)

	Plant	Capacity (MW)	Number of units	Total
Thermal	Taean	500	6	3,000
	Pyeongtaek	350	4	1,400
	Sub Total		10	4,400
Combined	Pyeongtaek(GT+ST)	80	4	320
		160	1	160
	Seoincheon(GT+ST)	150	8	1,200
		75	8	600
	Sub Total		21	2,280
Pumped	Samryangjin	300	2	600
	Cheongsong	300	2	600
	Sub Total		4	1,200
Solar	Taean	0.12	1	0.12
Total			36	7,880.12

▶ Taean Thermal Power Complex Division (Past)

▶Taean Thermal Power Complex Division (Present)

▶ Taean Thermal #7, 8 constructions

Overseas

Based on power generation technology and know-how, WP has implemented overseas business in order to secure sustainable future growth engine. As a part of achieving this objective, we have sent our employees overseas since 2007. The collective plant exports will be a good source for foreign exchange and contribute to nation's economic development.

Overseas business currently under implementation are coal power generation business (400MW) in southern Sumatra(Indonesia), Laos hydraulic plant (372MW), hybrid power generation (30MW) in the Philippines, and operation and maintenance of Nigeria Egbin plant.

Industry Characteristics

Characteristics & Competition System of Power Industry

Since power is transmitted at the speed of light and is hard to be saved or reused, power generation and consumption should take place simultaneously. Considering these characteristics, the Korean government has allowed the monopoly of the industry while regulated facility investment and electricity price in order to secure the common good. With the industry getting increasingly expanded and complicated. However, problems of economic inefficiency caused by the monopoly and regulation emerged. Thus, it has been proposed that competitive system be introduced to allow the participation of the many companies and expand customers' right to choice. In April 2001, a competitive system has been introduced to power generation industry with KEPCO's spin-off of its power generation division into six companies in accordance with 'Korea Power Industry Restructuring Act.' Currently, domestic competitors include five power corporations such as Korea South-East Power, Korea Midland Power, Korea Southern Power, Korea East West Power, and Korea Hydro & Nuclear Power Co., Ltd., and other Independent Power Producers (IPP) such as POSCO, LG Power, LG Energy, and Korea Water Resources Corporation.

Based on the 'Korea Power Industry Restructuring Act,' Korea South-East Power Co., Ltd. was designated as the first company to be privatized and is now in the process of going public through IPO. The remaining four power generation companies excluding Korea Hydro & Nuclear Power Co. Ltd. will follow suit, scrutinizing the privatization process of Korea South-East Power Co., Ltd., stock market, and the corporate movement home and abroad. The regional uniqueness of Korea has prevented competition with foreign companies so far but in the future competition among power generation companies home and abroad will be in full swing either by the acquisition of privatized power generation companies or through the process of entering overseas power generation market.

Power Exchange Market

Power exchange market follows the standard set by 'Electricity Enterprises Act' and 'Power Market Operation Rules.' Markets are categorized into Market Operation focusing on the profitability, System Operation focusing on stable supply, and Power Trading for fair market operation. (Based on Article 31 of the Electricity Enterprises Act : 'power generation companies' and 'electricity sales operators' must trade power in the power market with the launch of power market system)

Market classification

Business area	Customer classification	Value standard	Customer requirements
Power generation business (electricity production & exchange)	Market Operation	Profitability	Sale of stable and low-priced electricity
	System Operation	Reliability	Supply quality electricity
	Power Trading	Fairness	Fair market operation rules (regulation observance)

Regulations on Power Business Industry

Electricity Enterprises Act is comprehensively applied to power plant operation and construction business, and 'Power Market Operation Regulation & Guidelines' are applied to power exchange areas. In case of emitting environmental pollutants into the air and water, stiffer in-house standard for emissions compared to environment related regulation has been instituted and implemented. Also, the security of management of all facilities including power generation facilities, high-pressure gas facilities, fire-fighting facilities, hazardous chemical materials, hazardous and dangerous facilities, disaster facilities is checked any time, every month, through regular checkups and inspection based on relevant laws and regulations such as 'Electricity Enterprises Act', 'High-pressure Safety Management Law', 'Fire-fighting Act', 'Hazardous Chemical Materials Management Law.'

Vision and Management Policy

WP puts in best efforts to fulfill our responsibility as a representative company in Korea, realizing the mission of 'We contribute to society with the best energy generated in harmony with human, technology, and environment.'

Vision : World Best 3E Creator

We have set energy, environment, and expertise as the main pillars of fulfilling our vision. For this, we have set four strategic directions which include securing competitive edge in power generation, creating future growth engine, reinforcing global competitiveness, and implementing social responsibility. We will become the world-class company praised by our nation by 2020.

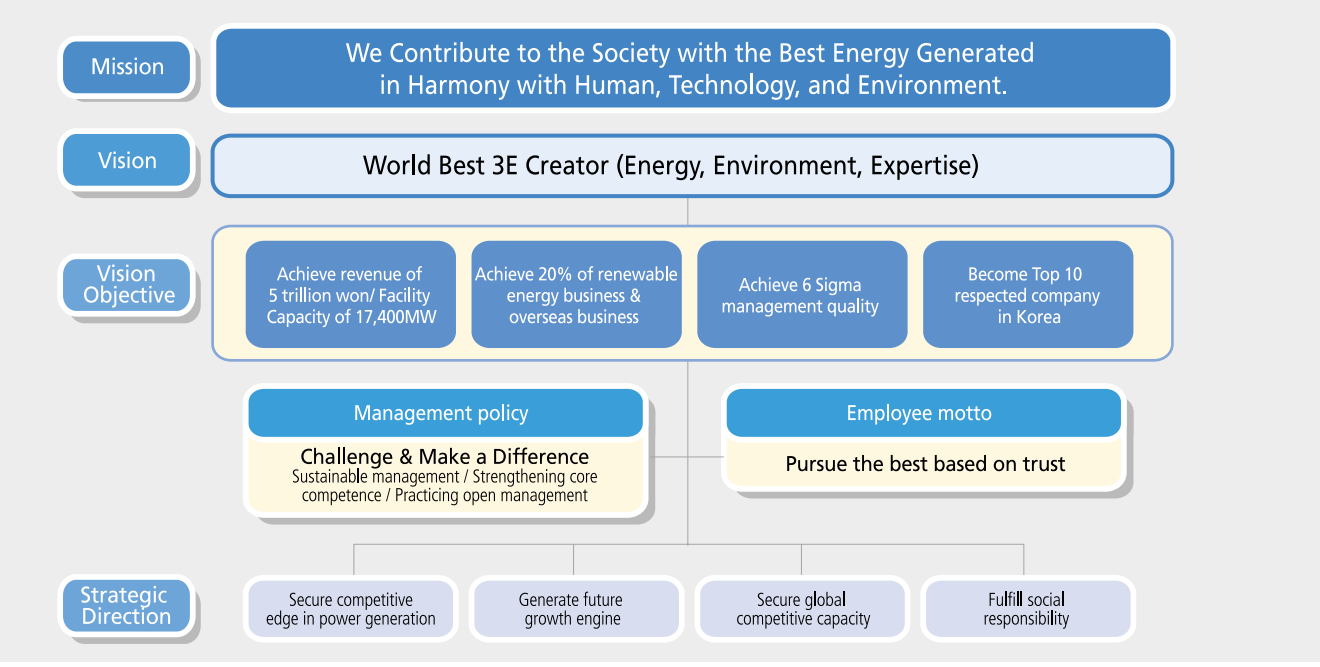
In particular, we have set tangible goals to reach annual growth rate of 6.0% in revenue and 5.8% in facility capacity by 2020, which will enable us to secure 5 trillion won in revenue and 17,000MW in facility capacity. We are poised to grow into a world-class general energy company with advanced management system.

Management Policy : Challenge & Make a Difference

WP has set management policy as 'Challenge & Make a Difference' in order to achieve our long-term vision of 'World Best 3E Creator.' We will constantly challenge ourselves in the areas of process, people, and product and thus differentiate ourselves from the present and our competitors. We will be the representative power generation company in Korea by 2010 in every respect.

WP is planning to reinforce strategic management system by drawing near-term strategic tasks such as annual management plan and performance management initiatives based on mid and long-term strategic roadmap in order to carry out long-term vision system.

Vision system map



Corporate Governance

WP is one of the 6 power generation companies spun off from KEPCO's power generation sector in April 2001. Currently, 100% of shares belong to KEPCO. After spin-off, WP has made efforts to establish sound and transparent corporate governance and decision making process. The Board meeting more than half of which is composed of non-standing members is regularly held to secure transparency in making decisions regarding current management issues. Working-level staffs are free to express their opinions as necessary, a move designed to make up for the weak points of top-down decision making system. In addition, by operating 'Dream Board,' a youth board composed of young employees at WP, and applying their creative ideas to overall management, we actively pursue interactive communications to secure transparency of decision making. Other efforts for transparent and efficient performance includes regularly audit by the government and the parliament.

Maintain Transparency of the Board

The Board of WP deliberates various management issues and fulfills check and balance functions across company's overall management by modifying deliberations or exercising veto as necessary. The board includes standing directors (directors) and non-standing directors (outside director) and the president preside over the board. Currently, three standing members and four non-standing members are performing their duties. In terms of rights and liabilities of the board of directors, we observe related laws, including Korean Commercial Law and Regulations of WP. In accordance with the regulations of the board of directors, if a director is in conflict of interest with a particular agenda, the director does not have voting rights for that agenda. By such, we are trying to maintain the transparency of the board of directors.

WP regularly manages the number of the board meeting, the board participation rate, and the number of offering suggestions and use them as company management evaluation and internal evaluation items in order to facilitate the board management. We also offer an intranet to the outside directors, establish and operate a web site exclusive to board of directors to raise accessibility and to realize the substantiality of the board of directors. Also, outside directors raise their understanding about the company through regular field visits and informal meeting with employees. We intend to enhance management efficiency by utilizing the board of directors and various committee members of the company.

Board members

	Name	Experience
President & CEO	Donghee Son	MD, Kumho Nuclear Power Generation Div. of KEDO, KEPCO President & CEO, WP
Executive Auditor	Youchul Song	Consultation Officer, the Office of Premier Executive Auditor, WP
Standing Director	Wonsoo Choi	MD, Distribution Dept., KEPCO Executive VP, Administration Div., WP
	Woojang Cho	MD, Taean Thermal Power Complex Div. WP Executive VP, Business Div., WP
Non-standing Director	Boksub Lee	Advisory member, Nonsan City Advisory member, Democratic Peace Unity Committee
	Kwanghee Lee	Professor, Unity of Faculty of Inje University Member of the Education Board, Ministry of Unification
	Seokhoon Woo	Head of TF Team for preparation for climate change, KEMCO Professor, Sungkonghoe University
	Ohyung Kwon	MD, Transmission & Transformation Dept., KEPCO Executive VP, Management Support Div., KEPCO

▶ On-site visit to Taean T/P and Garorim site by outside board members (June 13, 2007)

Continuous performance improvement of board operation

	2005	2006
Number of meetings	7	9
Policy application	2	5
Number of amendments	1	3

President and Standing Director Recommendation Committee

In order to enhance the requirements and expertise of the management and to secure transparency, WP is operating a Recommendation Committee for the president and executive directors. The Recommendation Committee for the president consists of non-standing directors and civilians, while the Recommendation Committee for executive directors consists of standing directors, non-standing directors and outside experts. The Recommendation Committee discloses minutes of the meeting on the web-site for fair and transparent appointment and the final recommended candidate is appointed and recommended to the shareholders meeting after careful evaluation of each candidate in accordance with the evaluation criteria based on objective data such as the Management Plan submitted by each candidates.

Operation of 'Dream Board'

Since 2003, WP has operated the youth board, 'Dream Board' and applied creative ideas of young employees to overall management. Dream Board comprises young employees with assistant manager class 4 and below and holds regular meetings more than once in each quarter. Most of the ideas coming from this meeting are directly reported to the president and reflected on the management in general.

Dream Board operation performance

	Class 1	Class 2	Class 3
Number of members	12	11	10
Term of service	May. 2003~Sep. 2004	Jan. 2005~Dec. 2005	Jan. 2006~Dec. 2006
Number of meeting	3	3	5
Number of proposals	50	10	8
Number of opinions adopted	6 reflected	2 adopted, 7 reflected	2 adopted, 6 reflected

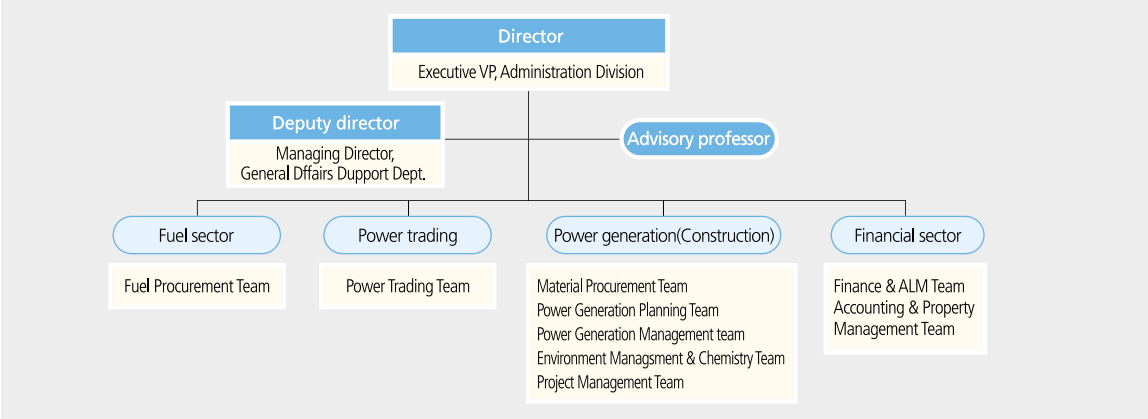
Evaluation and Compensation for Management Performance

WP executes its compensation system in alliance with a reasonable performance evaluation system to induce responsible management of the president and executive directors. WP has management contracts with the president (4 quantitative indices and 8 non-quantitative indices) which states management goals during the term of office, authorities and responsibilities and compensation including performance incentive to raise management performance and competitiveness. An internal management contract between the president and executive directors also evaluates and compensates the performance of each executive director.

Risk Management

WP makes every effort to protect company from the risks of unpredictable management environment and to improve corporate value. We also try to convert risk factors into opportunity factors by minimizing or eliminating them beforehand. For this, risk management committee has been organized in 2003 and is held every quarter. Risk management committee which comprises administration division head as the president, 10 members, each risk management department head performs overall risk management tasks. Working-level experts of each department head identify risk factors, quantify risk size and report countermeasures to the committee. In addition, a committee composed of team leaders and above deliberates and makes decisions. Risk management includes financial sector, fuel sector, power trade, and power generation (construction).

Risk management committee organization



Finance : Maintain Healthy Financial Status by Minimizing Fluctuating Exposure

Financial risk management is about maintaining sound financial status by eliminating fluctuation risks of paying interests and principal caused by changes in foreign exchange rates. It also includes elimination of fluctuation risks of interest payments based on floating interest rates as well as minimization of default risks caused by lack of future payments.

Fuel : Enhance Stable Fuel Supply-demand by Maintaining Adequate Stocks

Fuels for generating power are heavily dependent on overseas supply, vulnerable to outside procurement environment, and have internal risks of cost fluctuation caused by price increase of raw materials. Therefore, WP has improved fuel supply and demand through maintaining proper amounts of stock, adjusting the ratio of long and short-term purchase contract, and diversifying supply lines in order to minimize risk factors.

Power Trading : Forecast Sales Revenue by Simulating Power Market

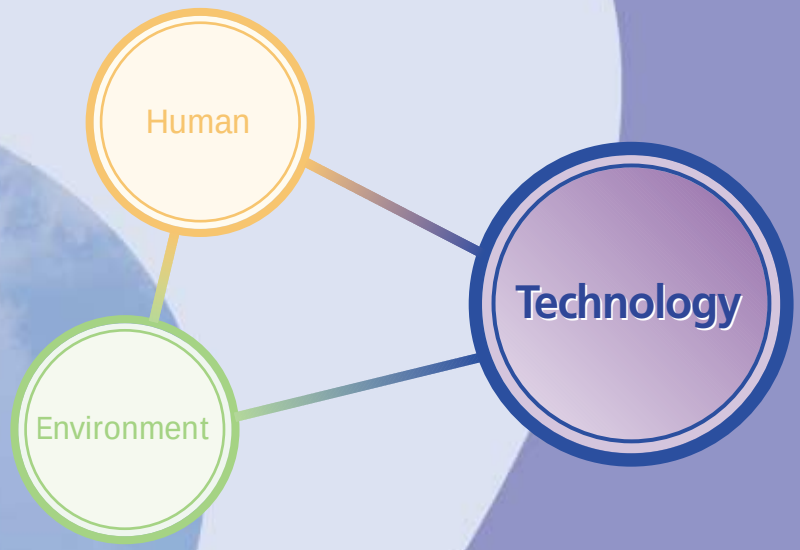
When revisions and complementation of the regulation emerges, WP improves sales through close analysis of the impact. In order to predict and forecast beforehand the fluctuation risks of revenue and power sales prices caused by external factors, we utilize power market simulation (Plexos), predict power sales revenue and share the results with relevant departments.

Power Generation (Construction) : Secure Facility Safety System for Stable Power Supply

For the stable supply of power indispensable to national economy and the nation, WP has equipped guidelines by each situation and emergency training program to respond to facility troubles and safety accidents in order to minimize the impact on the power supply system. To resolve environmental pollution issues, we have equipped environment pollutant emission monitoring system and check around the clock to forestall citizen claims. For stable supply of facility, we maintain the best facility condition through establishing prevention and maintenance plan. For the accidents related to power supply system, safeguard measures and recovery system is in place to safely stop the plant.

Major Economic Performance

Power generation capacity 7,880MW l Construction of Chungsong Pumped Storage Plant (Dec. 2006, Korea's first, World's largest remote controlling operation plant) l 1st place in power generation facilities reliability index (1 stoppage case, power generation facilities heat efficiency 41.12%) l Economic value of 2.4 trillion won (10.4% year-on-year increase) l Overseas credit ratings of A1 (by Moody's) l 1st place in power generation company management evaluation l Level-5 in government innovation evaluation for three consecutive years l 39 industrial property after spin-off



Creative Energy-

Innovative Management

Creative Energy and Technology Development!

WP has developed energy technology overcoming constant challenges.
We will take off as the representative energy company in Korea through innovation management.

▶ 3rd management innovation workshop

▶ Singing of MOU, Pyeongtaek city cogeneration power generation

▶ 6 sigma 5th wave report

▶ Prime Minister Award, 22nd Kyunghang Electricity Energy Award

Secure Energy

Environment-friendly Electricity Development

The power business has become the driving force for the nation's economic development and a necessary element for the nation's cultural improvement. WP estimates a mid and long-term electric power demand in harmony with the power business's power supply and is currently managing an economic, standard plan of the power supply that takes into consideration the special operation characteristics and multiplicity of the power generator including peak-load one. Furthermore, according to the expected yearly increase of power consumption per year for the next ten years, WP will realize the corporate vision and idea by constructing new power plants and prolonging the life span of the outworn plants.

WP is from August 2007 operating Taean thermal power plant number 7 and 8 and is planning to establish by year 2013, in accordance with the third electric power supply and demand plan, a 4,594MW power facility, which includes Garorim tidal power, coal gasification combined power, hydroelectric power generation and solar power facilities for the sake of an environment-friendly electricity development after having exhausted the fossil resources. Moreover, the Pyongtaek thermal power plant that was scheduled to be closed in 2011 and 2013 will be maintained through the facility improvement and an expansion of power facilities is under planning without new construction.

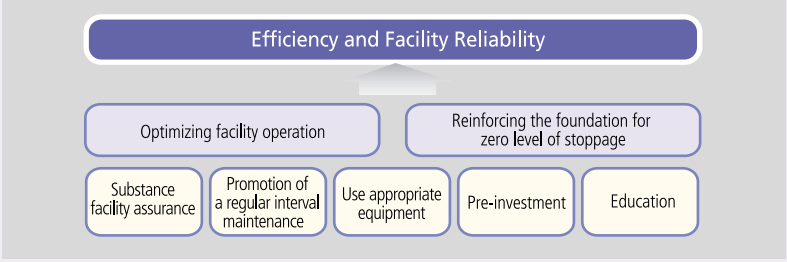
Power facility expansion plan

Power plant	Construction (closed)	Facility capacity (MW)	Note
Taean #7	Feb. 2007	500	
Taean #8	Aug. 2007	500	
Taean hydroelectric power	Sep. 2007	2.2	
Samrangjin solar #1	Sep. 2007	2	
Samrangjin solar #2	Dec. 2008	1	
Kimchun wind power	Dec. 2008	9	
Gunsan combined	Nov. 2009	700	
Pyongtaek #1, 2	(Jan. 2011)	Δ700	Operational life will be prolonged
Goduk combined	June 2011	700	
Yangju combined #1	Dec. 2011	700	
Taean IGCC	Nov. 2012	300	First domestic facility
Garorim tidal power	Dec. 2012	520	World's largest capacity
Pyongtaek #3, 4	(Jan. 2013)	Δ700	Operational life will be prolonged
Yangju combined #2	Dec. 2013	700	

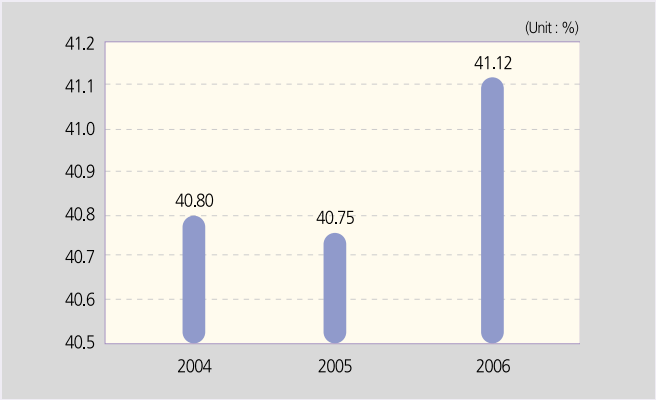
Power Generation Facility's Automation, High Efficiency Will Be Sustained

The automation and efficiency of WP's facility will be sustained, thereby, confirming the reliability and capacity of the company's facility. The company is doing the best to supply electricity of good quality at a low price by keeping the condition of its power facility to the optimum with a standard prevention maintenance system.

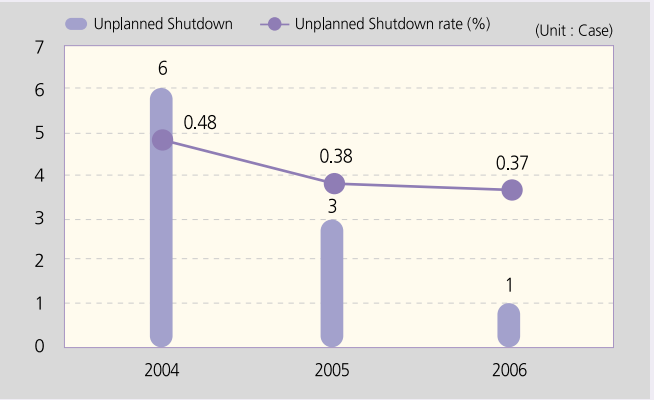
With efforts to create and increase both customer and social values in 2006 the company reached a thermal efficiency rate of 41.12% through a distribution and application of optimal management performance, 6 sigma management reform techniques, improvement of applied power generation management system, and the reinforcement of Seoincheon's gas turbine. Compared to the year before there is an improvement of 0.29%p. Compared to advanced countries, WP is not inferior, but, continuously works on improving its facility efficiency. On the other hand, it shows excellent results in the managing of its operation locations in regard to the operating of the power generation facility and its capacity, computerization and standardization of the management of diagnosis and the various areas of maintenance, and reform of the power generation facility maintenance administration system and the power material administrative system.



Thermal efficiency rate



Stoppage



(Note) Higher than Japan 40.95% (2005), US 34% (2004), domestic average 40.83% (2006)
[Source : 2006 management statistics (published by KEPCO, July 2007)]

Secure Electricity Quality

Korea Western Power in cooperation with KEPCO strives to acquire the safety of the electricity quality from the stage of construction through operation and decommission in order to eliminate any harm or injury of its customers, owing to voltage and frequency failure. During the operation or until closing of any power plant. Using voltage, frequency, and dispatch as indices for the quality of the electric power supply, the company implements precaution and protection systems such as product safety management system (PSMS) and PL safety management system, so called the unexpected power failure and supply system.

Number of unplanned shutdown cases (keep- up of highest quality of electricity)

	2004	2005	2006
WP	6.0	3.0	1.0
Average of other companies	7.8	6.0	7.0

▶ Workshop for employees working at environment and chemistry field for no trouble

▶ The Samrangjin #2 reaching 12,000 hours with no malfunction event

Create Corporate Value

WP strives to attain sustainable growth by its economic performance. First it implemented various management reforms for the sake of economic accomplishments in order to accumulate its profits. In order to do that it set up a mid and long-term financial strategy. As a result the recent 3 years show a growth in revenue at respectively 7.9% and 8.6%, furthermore, due to its IR activities it has secured a high rating of credit and keeps exhibiting impressive economic accomplishments.

Realizing Sound Financial Results

In the last three years WP has experienced a continuous growth in revenue, total assets and equity capital. In 2005 and 2006 it experienced a slight decrease in profits in that period due to an increase in cost of sales, but the profit patterns for each year appear to be stable. The liability to equity ratio, current & quick ratio, and ROE etc. seem to fluctuate, but its financial statements appear to be excellent overall.

Generating and Sharing Economic Value

The electricity proceeds make up a large part of the economic value generated. The total revenues from 2004 to 2006 are as follows : 2,066.3 billion won in 2004, 2,232.7 billion won in 2005 and 2,432.2 billion won in 2006, showing a continuous increase in revenues. The generated economic value is categorized into capital expenditures and taxes and investment in local communities such as operating expenses, wages and welfare, dividends, and interest. In 2004 the distributed economic value was 1,944.0 billion won, in 2005 2,107.6 billion won, and in 2006 2,326.3 billion won. During the past three years the generated economic value has been increased by 8.4% (2004~2005) and 10.4% (2005~2006).

Generating and sharing generated economic value

(Unit : million won)

	2004	2005	2006
Total economic value generated (A)	2,066,258	2,232,675	2,432,178
Disposable	2,066,258	2,232,675	2,432,178
Distributed (B)	1,944,044	2,107,617	2,326,326
Operating expenses	1,691,738	1,858,066	2,079,349
Wages and welfare	102,508	110,089	115,030
Capital expenditure	71,748	64,412	60,077
Tax	71,582	68,194	64,195
Local community investment	6,465	6,854	7,673
Marginal economic value (A-B) (After subtracting the shared economic value from the generated economic value)	122,214	125,058	105,852

[Reference] Actual government subsidy

- Support to Taean solar power plant construction
  - 2005~2006 : 746 million won
- Tax reduction/ deducted tax amount
  - 2004 : 7.17million won (special deduction in tax amount due to increase in number of employees)
  - 2005 : 2,921.64 million won (improvement of bill, payment system, environment facility investment, increase of employment)
  - 2006 : 72.53 million won (energy saving facility investment)

Establishing Mid and Long-term Financial Strategies

WP recognizes the internal and external management environment of the electric power business, and has made up mid and long-term financial strategies. These include new business investments in 2005, for the generating of a continuous growth in the future, and are modified for the future according to the yearly changes in the management environment. Therefore, the company is re-establishing its objective and economic strategy and applying guidelines to raise management efficiency and the economy of the company by examining the financial ratio related to sustainability and profit.

Based on the mid and long-term financial projections of the constructions of Cheongsong Pumped Storage Power Plant, Taean 7 and 8, the under construction Gunsan Combined Power Plant, Taean IGCC, Garorim Tidal Power, Pyongtaek Goduk are estimated at 300 million won a year until 2016, when the constructions are expected to be completed. 50% of the required funds will be procured from the increase of power selling profit (internal reserve) generated by new power plant construction and the rest will be borrowed from the domestic and overseas financial markets in the form of direct or indirect financing.

Mid and long-term investment plan

(Unit : billion won)

	2007	2008	2009	2010	2011	2012	2013
Investment	326.1	581.3	420.0	514.1	1,179.8	1,018.9	378.7

Raise Foreign Credit Rating

WP acquired the highest rating, AAA from three major credit rating agencies in Korea, an A- from S&P and A1 from Moody's respectively. In particular, the credit rating A1 from Moody's is two levels higher than the nation's rating. This is a result of recognizing the stability and profitability of WP. Therefore, we are ready to procure funds at the right time because we have a favorable investor basis in the financial market.

Foreign credit rating

	2004	2005	2006
Moody's	–	A2	A1
S&P	A–	A–	A–

▶The economic result evaluation committee

IR Activities Domestically and Overseas

WP implements diverse IR activities to secure favorable financing conditions by preparing a friendly investor basis in financial markets and enhancing the transparency of the company by providing major management information in a timely and prompt manner.

Major IR activities in 2006

	Activities
Overseas road shows	· 4. April ~ 11. April, 2006 - Meeting with 14 institutional investors from London, Frankfurt, Dublin, Singapore
Domestic IR sessions	· Large-scale corporate presentation in Yeoido : Nov. 2006 · Subjects : 40 persons from domestic and overseas major investors and credit rating agencies
All-time management information	· Upon request of investors, conduct IR in the way of One-on-One Meeting · Mailing service for major investors

▶ 2006 corporate presentation

Balance Sheet

(Unit : billion won)

	2004	2005	2006
Total Assets	2,975.5	3,262.5	3,707.9
Current assets	423.9	373.2	524.8
Quick assets	334.3	280.2	417.3
Inventories	89.6	93.0	107.5
Non-current assets	2,551.6	2,889.3	3,183.1
Tangible assets	2,468.1	2,812.4	3,099.9
Intangible assets	49.4	43.6	36.2
Investments etc.	34.1	33.3	47.0
Total Liabilities	915.8	1,064.3	1,406.2
Current liabilities	371.8	294.4	514.7
Non-current liabilities	544.0	769.9	891.5
Total Stockholders' Equity	2,059.7	2,198.2	2,301.7
Capital stock	176.0	176.0	176.0
Capital surplus	1,266.6	1,266.6	1,266.6
Earned surplus	618.7	755.8	858.3
Accumulated other comprehensive income	-1.6	-0.2	0.8

Income Statement

(Unit : billion won)

	2004	2005	2006
Sales	2,057.7	2,227.0	2,424.1
Cost of Sales	1,769.6	1,940.0	2,164.5
Gross Profit	288.1	287.0	259.6
Selling and Administrative Expenses	27.3	31.2	33.2
Operating Income	260.8	255.7	226.4
Non-Operating Income	56.3	20.5	36.1
Non-Operating Expense	87.2	30.5	42.1
Income Tax Expense	68.9	65.1	60.9
Net Income	161.0	180.6	159.6

◀ [Reference]
Financial table for the past three years

Management Innovation

WP has established mid and long-term strategies and will sustain management innovations to realize their 'world best 3E Creator' vision. Furthermore, it works to secure long-term growth and to strengthen its management and profits while fulfilling the needs of its stakeholders by achieving its management goals.

Management Innovation for a Sustainable Growth

The purpose of management reform is to achieve its vision and it is achieving the management goals by economic, environmental and social division according to industrial management changes, with accelerating means. To achieve this company is doing its best to maintain a long-term growth by improving the management system quality like enhancing the internal capacity etc.

Building an Innovation System for Advancement

WP is working hard to make a leap into becoming an international corporation of combined energy with a standard that equates the Tokyo electric power company and the electric company of France. To achieve its goal it has established a clear vision that consists of top management tools such as BSC and 6 Sigma in order to generate innovative energy. This vision contains an open innovative system, which makes it possible to sustain a combined and goal oriented operation, implements structural strategies and innovative activities, and provides transparent management results.

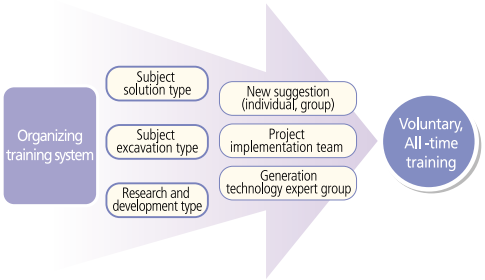
▶ PTS (Project Tracking System), 'Sigma Park'

Taking the Leading Role in Following Government Guidelines for Innovation

WP is a public institution and as such it has to follow government guidelines for innovation. Since 2004 the company has undergone evaluations on its innovations every year. The evaluation is divided into 6 different levels and WP has succeeded in maintaining a level 5 standard for the past three years. Using this as a foundation the company undertakes innovation activities such as mentoring and taking the lead in innovation management with successful expansion of new lead systems and the application of remote operating at Cheongsong Pumped Storage Power Plant.

Expansion of Training System for Active Innovation Activities

WP has advanced its training and motivation system for the sake of active innovation activities by including constituent participation and by improving its capability. In order to keep improving, 600 6 sigma experts, 580 PMP experts and 21 quality leaders have been trained and an education program for improvement of work related skills has been established. Furthermore, the company incites voluntary innovative participation through its motivation system.



Ranked No.1 in 2006 in the Management Evaluation of Power Companies

According to directions of innovation (customer response, ethics transparency, efficiency and responsibility, results) WP was chosen with 9 goals of electrical company strategy and 27 subjects, thereby exceeding expectations.

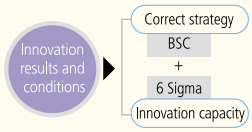
The major results for 2006 were achieved with sales 2,424.1 billion won, a liability to equity ratio of 60.58%, an overseas credit rating from Moody's of A1 (Stable), unplanned shutdown 0.167 times per unit, etc. As a result, WP took first place in the evaluation of power company management, and thereby, was awarded level 5 at evaluation on innovation by the Ministry of Planning and Budget.

Securing the Future Foundation for Growth through Clean Energy, New and Renewable

WP is working on securing 7% of the power supply with new and renewable energy power by 2013 with the government in order to develop pure energy, and is preparing the future foundation for growth while dealing with the global warming agreement, business diversification, and overseas power companies. WP is globalizing its management efficiency rate together with internal experts and is continuously improving its periodical innovation diagnosis by consulting independent experts.

Results of the Innovation Measure over the Last 3 Years

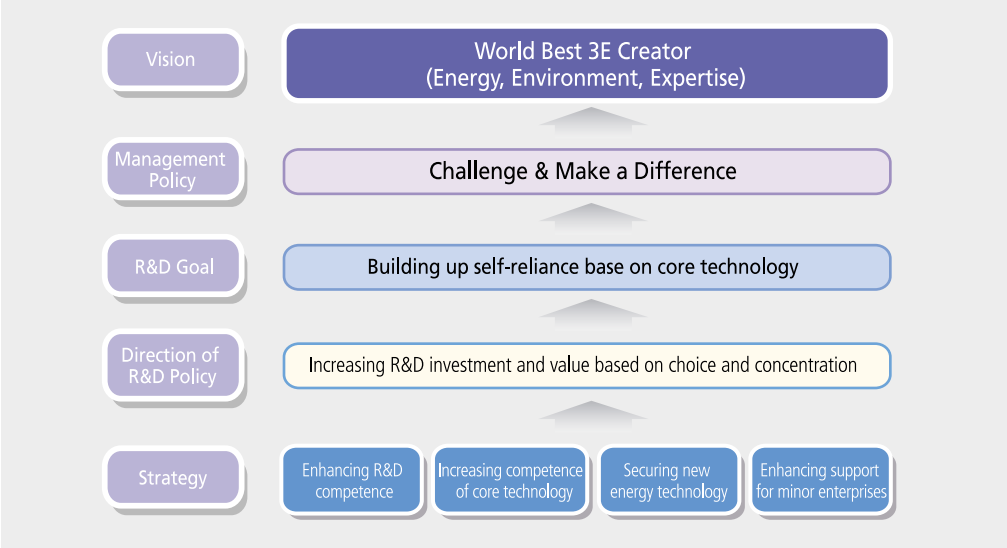
In order for WP to achieve its management goals and enhancement of its global capacity, the company had to import a change in administration systems, BSC, 6 sigma as innovation measures, which had good results. Therefore, the company strives to keep developing the innovation system and maintaining a mind of innovation and diversity, while continuing to generate substantial values.

<table>
<tr><th></th><th>CAP*</th><th>BSC*</th><th>6 Sigma</th></tr>
<tr><td>Introduction</td><td>· Established the direction of change in 2004</td><td>· Evaluation of company in 2004 (common item)
· Level up in 2005 (enhance alignment)</td><td>· Introduced to generation sector in 2003
· Extended to office sector in 2004</td></tr>
<tr><td>Background</td><td>· To establish the direction of mid and long term in 2004
- Innovation subject : 3PI</td><td>· To sustain conformity with performances
· To build the right organizational goal</td><td>· To improve employees' reform skill
· To import advanced infra and level up</td></tr>
<tr><td>Details in application</td><td>· Established mid and long-term CAP in 2004
- Decided innovation method
 
</td><td>· Built up to team unit in 2005 construct team and unit
- Through external consulting and self diagnosis
- Formed TF to choose index and hold workshop
<table>
<tr><th>Period</th><th>Contents</th></tr>
<tr><td>Sep. ~ Oct. 2005</td><td>Set up strategy, choose index</td></tr>
<tr><td>Nov. 2005</td><td>Shared management information</td></tr>
<tr><td>Feb. 2006</td><td>Selected index and agreed on action plan</td></tr>
</table>
· Upgraded strategic system in 2005</td><td>· Achieved the level of advanced business in human resources and systems
- 178 subjects, 707 people educated
<table>
<tr><td colspan="2">Wave</td><td>1st~4th</td></tr>
<tr><td colspan="2">Month and year</td><td>Feb. 2003 ~ Feb. 2007</td></tr>
<tr><td>Subject</td><td>BBGB</td><td>71/107</td></tr>
<tr><td rowspan="2">Education</td><td>BB/GB</td><td>69/540</td></tr>
<tr><td>FEA</td><td>8</td></tr>
</table>
- Built up innovation infrastructure</td></tr>
<tr><td>Result</td><td>· Construct ed sustainable innovation system
- Secured organizational capacity
- Concentrated on leading group in 2005
- Enhanced evaluation, reward etc. in 2006
· Secured the capacity against exhaustion and opposition
- Induced innovation re-immersion
- Prevented yo-yos in change and innovation</td><td>· Enhanced relation with vision strategy
- Clear goal and connection
- Adjusted strategy and innovation work
· Maintained index balance : 4 points of view
- Upgraded internal evaluation index
· Commutated among organizations
- Horizontal expansion, strategic training</td><td>· Improved innovation capacity of training units
- Top-down subject promotion capacity
- Inside education lecturer, consultants
· Enhanced enticement through evaluation and compensation system
- financial reward up to 50 million won (objective evaluation by Finance Dept.)</td></tr>
</table>

* CAP : Change Acceleration Program
* BSC : Balance Score Card

R&D for the Future

R&D management map



Build up Self-reliance Base on Core Technology

WP centers its efforts on increasing investments and the value of R&D investment that will secure the company's ability to grow and develop its technology. This will in the end reflect back to the leadership both domestically and overseas. To ensure this, the company is also concentrating its efforts on enhancing the support for minor enterprises and research development and a 300MW of coal gasification combined cycle power plant plan for the sake of the future new energy technology, increasing the capacity of its main technology and enhancing its capacity for R&D planning. For the past 3 years WP took on 22 new research assignments and had 25 ongoing assignments in 2004 for a total of 47, in 2005 20 new assignments and had 33 continuing assignments for a total of 53 assignments, and in 2006 took on 35 new assignments and had 35 ongoing assignments for a total of 60 assignments. In 2007 the new assignments amount to 14 and continuing assignments 42 for a total of 56 research assignments.

WP's road map of research development is divided into 15 different categories such as balance between energy and environment, development of environment-friendly foundation of a sustainable high efficiency rated power system, reliable power supply improvement and innovation of cost reducing technology, etc. The power division's basic and practical research requires much time and capital, and therefore, together KEPRI will make the procedures for the suggesting and selecting of assignments.

R&D investment expenditure

(Unit : billion won)

	2004	2005	2006
Investment in R&D	7.34	11.03	19.4
Sales	2,057.7	2,227.0	2,424.1
Investment/Revenue rate (%)	0.36	0.50	0.80

(Note) From 2004 to 2006 the yearly rate for R&D investments was increased by an average of approximately 63%. In 2007 the investment projection is 30.9 billion won compared to 11.5 billion won the year before.

▶ IGCC Engineering & Procurement Team

Investment overview

(Unit : billion won)

	2004	2005	2006
Research & Development	3.99 (52.4%)	6.28 (56.9%)	11.82 (60.9%)
Human resources	2.98 (40.6%)	3.45 (31.3%)	3.91 (20.2%)
Computation development	0.19 (2.6%)	0.56 (5.1%)	0.68 (3.5%)
Other	0.18 (2.4%)	0.74 (6.7%)	2.99 (15.4%)

Major development technology

	Subject
New & Renewable	Korean model IGCC(300MW) plan and construction
Automatic control	Development of support system for power operator
Environment	Research in environmental influence and expenditure evaluation in power generation sector
Construction	Design of next generation thermal power system and reliability evaluation

▶ Small and medium enterprises property rights settlement contract

Support of Small and Medium Sized Enterprises through Intellectual Property Rights Acquirement and Technology Transference

WP continuously will work to secure business property rights for intangible assets such as licenses. WP retains 136 business rights among which 39 are secured after spin-off. In 2006 it obtained 15 new rights.

With the support policy for the activation of minor enterprises, 15 business rights have been transferred of which 1 was purchased and 14 were transferred for free. Furthermore, 10 business rights have been registered at KTTC, which shows that efforts are being made to raise the applicability and commercialization of minor enterprises. The one purchased license for a sensor construction for short circuit dynamo rotator is considered to be a success and an example of minor enterprises commercial existence. In the future, WP will also continue to support minor corporations and secure competitive business licenses.

Business property rights retention overview

(Unit : item)

	2004	2005	2006
Special license	-	2	15
Utility model	11	-	-
Design, brand	6	1	-
Total	17	3	15

Technology transference

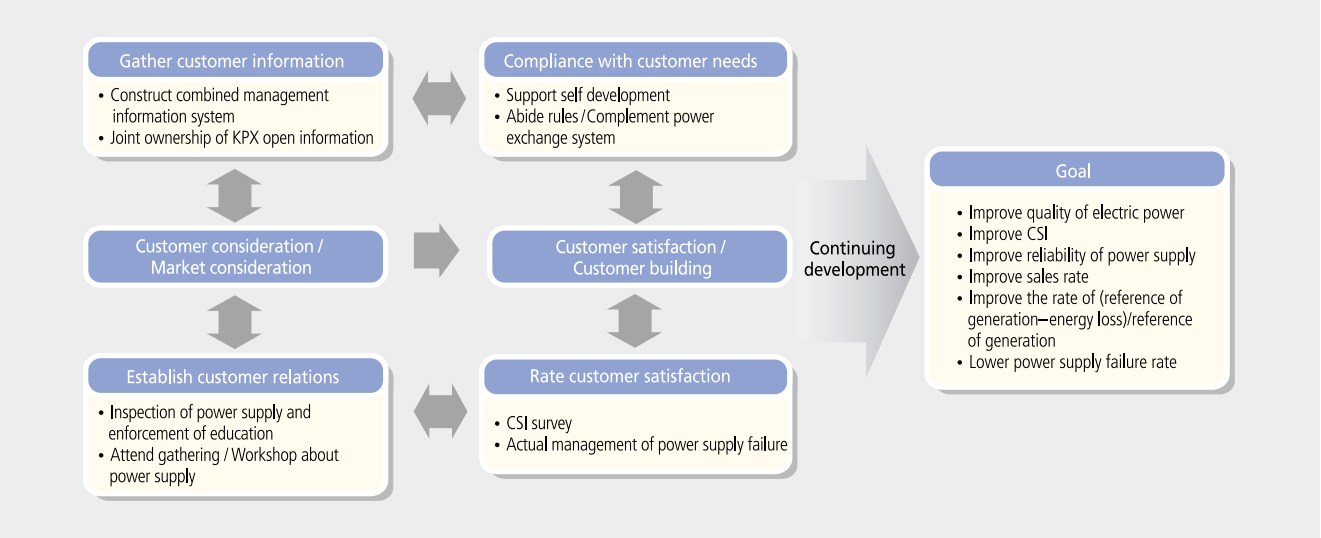
(Unit : item)

2003	2004	2005	2006
1	-	4	10

▶ Industry-academic cooperation technological exchange agreement with Choongang University

Customer Satisfaction

WP's customers are divided into two categories : KEPCO that buys electricity at the power exchange which is supplied directly by WP and the customer who buys from KEPCO. WP always makes most of its established strategy for sustainable management in order to improve the quality of electricity and anticipate its customer needs through Customer Satisfaction Index (CSI) surveys, which are conducted every year, and open channels of communication.



Open channels of communication

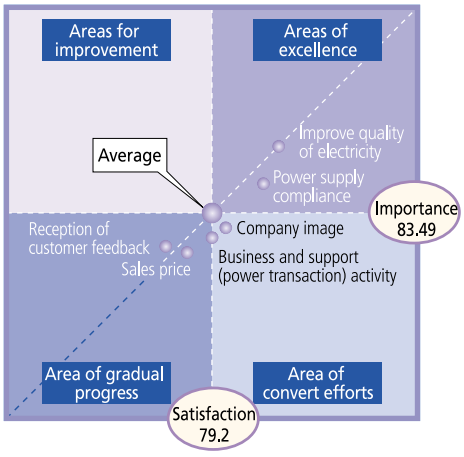
CSI survey conducted twice a year | Homepage (inquiry, suggestion, etc) | P-CRM (converge stakeholders) | CCM (survey of the ethical satisfaction toward cooperative businesses and customers)

Customer Satisfaction Index Survey

Twice a year an independent institute of research expertise conducts a customer satisfaction survey targeting WP's customer type 1. The purpose of the survey is to analyze the total customer satisfaction results gathered from the different subjects of surveys, such as quality, market operation, system management, and business management and thereby, take measures to improve services and customer satisfaction by gathering and analyzing the feedback given by customers.

The customer satisfaction survey for customer type 2 focuses on the employees and their reception of customers as the customer satisfaction reflects back on their work.

2006 the 2nd survey results for customer



Feedback

The survey shows that the strategy and policy of customer satisfaction (low price and good quality power supply) are reflected in the improvement assignment.

Improvement of Accurate Analysis Settlement Process

The earlier use of the EXCEL program for filing information resulted in complex work procedures and the incapacity to fulfill type 1 customer needs. It also led to problems in the DB by creating many errors in the information shared between the different teams. To solve these problems WP has improved the process by setting up a DB centered power transaction management support system that makes it easy to access information anywhere and by anyone.

Pumped Storage Power Generator Bidding Strategy

In trying to predict the market price for pumped storage energy, the following conclusion has been reached : when the market price is considered to be at its lowest bidding, pumping will maximize transaction profit, and when the market is estimated to be at its highest, bidding on power will maximize transaction profit. WP is developing a pumped storage bidding strategy simulation program that will maximize profit according to the estimated price.

Positive Business Activity Support through Adjustment of Regulations

With the rise of coal prices in 2004 the base-load power generator costs have exceeded 18.95 won/kWh which is a cap price. As a result the current state is that the more energy that is generated then more loss will occur. Suggesting amendments of regulations of withdrawal of non-compensated fuel cost be enforced led to a 14.6 billion won surplus increase. Furthermore, in March 2004 for the new power market analysis program 'Market Simulator' was installed for the first time in a power company. The work process has been improved and other good results have been achieved with the implementation of the program.

[Reference] Survey results of CSI over the past 4 years

- 5.21 points above the average of 75.68 points among generation company
- Power sales price and 'VOC compliance' were classified a little lower
- After 2003 has been maintaining the highest standard

	Year	Quality	Price	Supply	Business and support	VOC	Image	TCSI
WP	2003	75.83	70.63	72.11	73.17	73.17	70.51	72.34
	2004	81.42	79.17	80.51	76.93	76.93	77.85	78.52
	2005	83.46	80.22	82.74	79.20	73.68	79.66	79.20
	2006 1st	83.87	78.65	82.91	79.31	74.11	79.87	80.03
	2006 2nd	83.92	79.14	83.45	79.74	74.85	80.62	80.89
Average	2006 1st	70.97	69.88	71.33	69.18	75.02	71.03	75.66
	2006 2nd	71.01	69.84	73.33	69.22	75.06	71.63	75.70

Enhance Cooperation to Comply with Market Demands

Before the power generator had to undergo a periodical maintenance plan. With the CSI market analysis it has become possible to estimate the market rate, and thus, it is possible to determine the optimal time for maintenance, which is when the market price is at a low, and the time to generate electricity, which is when the market price is high.

Improve Method to Determine the ROIC Target

With the future power demand and fuel price projection, generator maintenance schedule, power facility construction and closing, etc. reflected in the market mechanism as the foundation of the market price, it is possible to determine the goal for the rate of investment capital.

Improve Method to Establish Strategy through Market Research

How these influences affect the company are researched and measures to counter them are explored, especially in regard to the improvement of the CBP power market. Furthermore, to effectively comply with the power market environment, know how WP shares its know how. Expert knowledge on amendments in the power market regulations, adjustments in the system support services, changes in generator technology data, etc. are shared at the Friday meetings. Through these activities WP is doing its utmost to fulfill customer demands.

2006 satisfaction survey results and improvements

Problems	Current State	Improvement
Low rating in training participation	Low participation in power transaction training and insufficient knowledge and understanding of the same	Improve the rate of training in power transaction participation by raising the mind about training
Needs to enhance specialized brand image	The specialized image of WP and its PR work are weak.	Build a environment-friendly image of the power station Enhance volunteer and PR activity
Insufficient PR work to meet customer compliance	Currently WP runs an regular monitoring system that provides realtime feedback; however, there are occasions when the station of type 1 customer is unknown	More direct PR of the WP's endeavor for the customer satisfaction (apply P-CRM) Quick dispatch to the related station of information concerning customer dissatisfaction
Insufficient recognition of the quality of electricity	Insufficient recognition and training regarding power quality related to power transactions	Enhance quality through education
Low image of price	Low image about power sales price which type 1 customer is mainly interested in	Secure competitive sales price by reducing cost and purchase unit cost
Unsatisfied power supply compliance	Unsatisfactory power supply compliance	Enhance stable power supply with facility break down prevention, stable power supply, etc.
Needs tighter system of cooperative between related stations	Most important is the close cooperation between type 1 customer and the related station	Feedback between head office and station

Major Environment Performance

Reduction of greenhouse gas emissions (734 in 2004 →728g-CO_2eq/kWh in 2006) l Expansion of new and renewable energy and CDM projects (Taean small hydraulic and Samrangjin solar power plant) l The first registered domestic greenhouse gas reduction project through energy efficiency rate improvement (Seoincheon combined-cycle uprate, June 2006) l Minimizing air pollutants emission (2006 SO_x 0.283g-SO_x/kWh, NOx 0.668g-NOx/kWh, TSP 0.027g-TSP/kWh) l Water resource saving through waste water recycling the waste water non-discharge system and waste water reclamation and reuse system (of Taean thermal power) l Waste and by-product recycling increase (gypsum of the Flue gas desulphurization system, coal ash 69% recycling)

Clean Energy-

Environment-friendly Management

Clean Energy Preserves Our Precious Environment!

A clean environment makes clean energy.
WP first thinks about the environment
and will become an environment-friendly enterprise
for the sake of supplying good quality and clean energy

▶ Taean denitrification facility

▶ The technology exchange meeting of greenhouse gas experts group

▶ Performance evaluation of the voluntary environment control agreement

▶ Clean environment movement

Climate Change and Global Environment

Climate Change

United Nations Frame Convention on Climate Change (UNFCCC) and Global Warming

After the industrial revolution, the development of the industry and the increase of population amplified the emission of greenhouse gasses. It cause to global warming continuously, and the seriousness of this consequence has already marked the entire world. Thus, the international community, since the latter half of the 20th century, has opened the debates about global warming. In 1992 the climate change agreement was contracted and our nation signed the agreement as number 47.

The average temperature has risen by 0.74℃ over the past 100 years. The IPCC report of May 2007 forecasts that if we continue to use fossil fuels as usual the average temperature will rise by 6.4℃ and the sea level will rise by 0.59m until 2099; the climate change is an urgent reality.

[Source : Korea Energy Economics Institute (2006)]

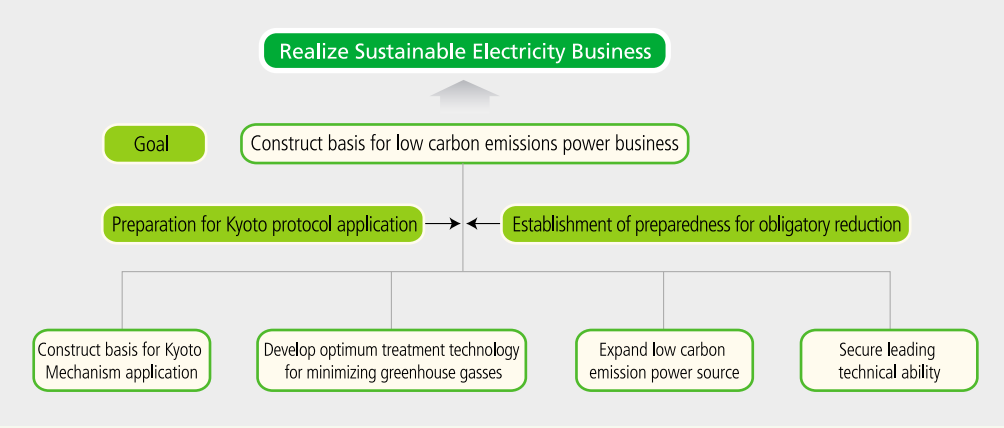
Climate Change and Power Industry

Korea is ranked 10th in the world as a greenhouse gas emitting nation with its power, steel, and chemical industry etc., and the cost to import energy alone amounts to 66.7 billion dollar yearly. Therefore, following the climate change agreement of reduction will have a serious impact on the whole industry. Thus, the climate change agreement is not only affecting the whole world but also each industry's sustainability management is being affected. Above all, power industry is occupying about 35% of the total energy consumption in Korea. Furthermore, the power industry is the biggest emission source of greenhouse gasses in the country, emitting about 25% of the total national emitted greenhouse gasses. The power industry, which is the basic energy supplier for the nations' economy and cultural life, has a great responsibility as a power producer that uses fossil fuels to provide electricity.

Climate Change and WP

As WP supplies 10% of national electricity supply, WP have 85% power facility capacity used un-renewable fossil fuels such as bituminous, petroleum, LNG, etc. Bituminous coal is imported from countries like Australia, China, and Indonesia, while petroleum type fuels are acquired both domestically and overseas, while LNG is provided by Korea Gas Corporation. Because the power facilities are mostly thermal power facilities, WP is sensitive to the climate change. Therefore, WP is making effort to become a low carbon emission power business for embodiment of sustainable power industry.

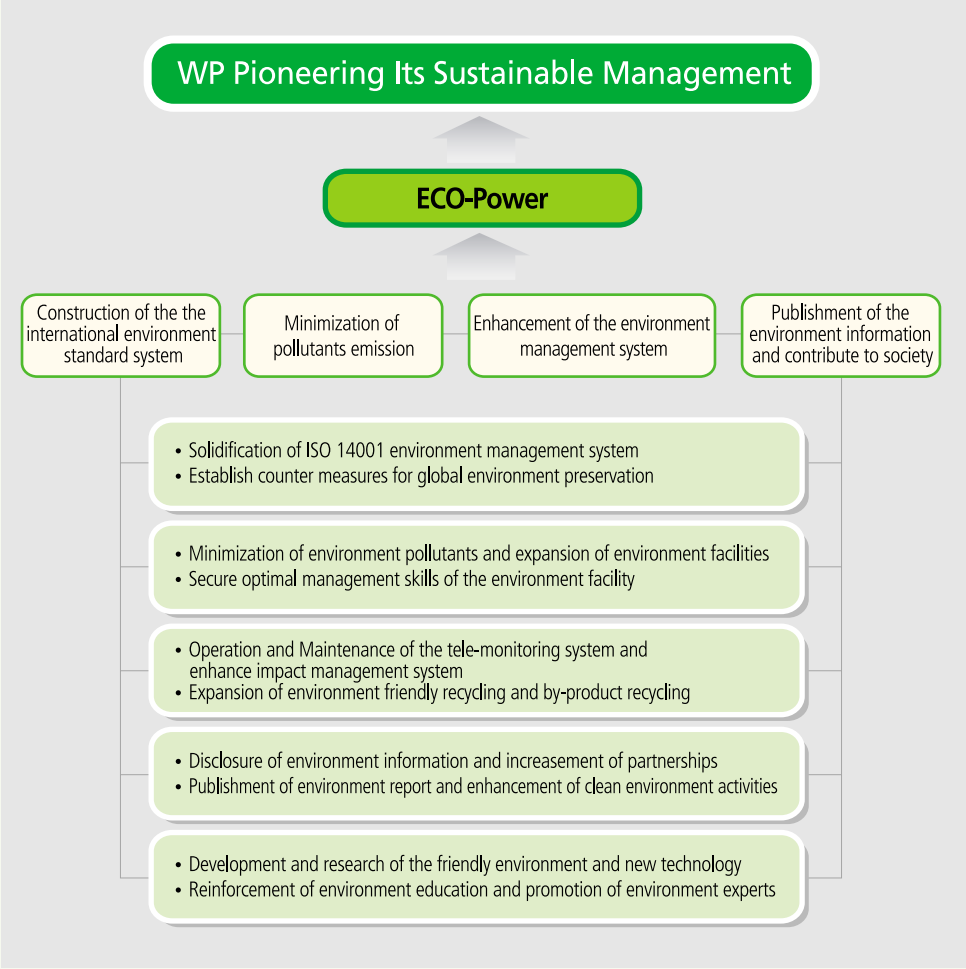
WP's strategy to minimize climate change



Environment Vision and Goal

Declaration the Environment Vision for Sustainable Management

WP declared environmental vision in 2001 and established mid and long-term environment management plan. In 2005 WP re-realized a sustainable environment plan reflected in global Issue and new 21st century environment policies for paradigm changes and demands from the international community. With CEO's management policies as its foundation, WP has established and declared the environmental policy 'ECO-Power', which means 'WP is a leader of Sustainable Management.'



Environment goals

	Index	Goal (2020)	Performance (2006)	Goal value change rate
Climate change	CO_2(g-CO_2eq/kWh)	700	726	△3.6
Air quality	SOx(g-SOx/kWh)	0.21	0.28	△25.0
	NOx(g-NOx/kWh)	0.24	0.67	△64.2
	TSP(g-TSP/kWh)	0.02	0.03	△33.4
Water quality	Chemical use (g/kWh)	0.090	0.136	△33.4
	Waste water recycling rate (%)	80	59	△26.3
Recycling	Coal ash recycling rate (%)	90	69	△31.3
	FGD gypsum recycling rate (%)	100	100	-

Environment Preservation through EMS

Enforcement of Environmental Auditing to Minimize Environmental Risks

WP continues to encourage environmental improvement through its environment-friendly corporation operation, its commitment to the voluntary environmental management agreement, performance of environmental management system (ISO 14001) certification and a process that consists of 'Plan-Do-Check-Act.' Moreover, with the purpose of minimizing potential environment risks through evaluating the Environment Management System (EMS) operation and environment management efficiency, the company makes auditions on the environment every year.

Environmental audit

	Auditor	Power station
Environment-friendly corporation performance evaluation	Ministry of Environment	Taean, Seoincheon
Performance evaluation of Voluntary environment agreement	Local autonomous organizations	Taean, Pyongtaek, Seoincheon
ISO 14001 audit	Korean Standard Association	Taean, Pyongtaek
	Korea Management Association	Seoincheon, Cheonsong
ISO 14001 internal audit	WP	Taean, Pyongtaek, Seoincheon, Cheongsong
Environment management fact-finding		All
Environment management internal evaluation		All
External inspection	Local autonomous organizations Korea Coast Guard, etc	All

Environment assessment areas

- Environmental pollution prevention facility related construction
- Drainage of the water and oil related construction
- Dredging, reclamation, digging, carrying out earth and sand, etc. related construction
- Harmful chemical material related construction
- Waste generating construction
- Construction that exceeds power station premises
- Construction that generates the other possible public grievance

The environment audit consists of an internal (self-auditing) and an external inspection to ensure management is enforced according to the specifications of ISO 14001, the voluntary environment management agreement and environment-friendly corporation designation. To ensure that weak areas are improved and a positive environment management is maintained, power station fact-findings and evaluations are also enforced.
The audit results are either treated immediately or included in the mid and long-term targets of the annual environmental plans for improvement.

Assessment of Impact on the Environment

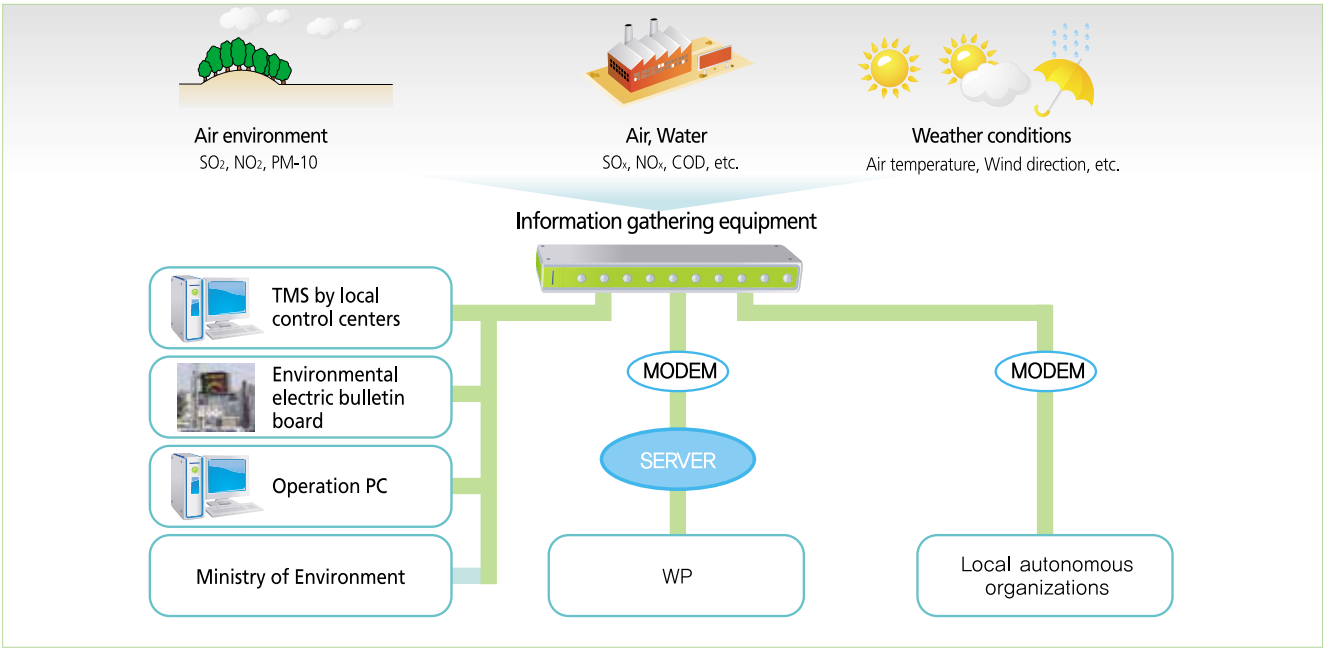
From the planning stage of the construction of a power station. WP considers the environment, traffic, etc. And the impact of the power station operation will have on the environment. To minimize the impact, countermeasures are established.
Furthermore, stakeholders' (local-citizens, related organizations) opinions are gathered and included in the construction plans. The operation stages include post environmental effect surveys based on the evaluations of environmental influences conducted over a set period.

Driving results of impact assessment on the environment

	Power plant	Audit contents	Period
Construction	Gunsan combined	Construction environmental traffic impact assessment	Oct. 2005 ~ July 2007
	Garorim tidal	Construction environmental traffic impact assessment	March 2006 ~ Jan. 2008
	Taeaen IGCC	Construction environmental traffic impact assessment	May 2007 ~ Jan. 2009
Operation	Taean	Sea, land, air, soil post survey of the impact on the environment	Every 2 years or annually
	Pyongtaek	Air, soil, water post survey of the impact on the environment	Every 6 months, every 3 months, yearly
	Seoincheon	Air, soil post survey of the impact on the environment	Yearly
	Cheongson	Land, aquatic, air, water, noise & vibration, weather condition post survey of the impact on the environment	Yearly
	Samranqjin	–	Not our included

Raising Reliability through Open the Environmental Information

WP strives to raise stakeholders' confidence in the corporation with a transparent environment management and is constructing a measurement administrative system for emission concentration of flue gas & waste water. The measured results are transferred to environmental organizations and local autonomous organizations. Moreover, the company helps make information on the environment more accessible to local residents through electric bulletin boards.



Efforts to Minimize Environmental Pollution through Environment Regulations Observance

WP complies with the environmental legislation and has never been fined or sanctioned, and furthermore, has never committed any act of infringement on the legislation. WP is doing what it can to minimize environmental pollution by setting standards for air and water pollutants (emission goal : 30% in preparation for a legal standard) and waste (recycling goal : 70%). Additionally, in order to practically institute the autonomous environment organization, Taean, Pyongtaek and Seoincheon site divisions contracted the voluntary environment agreement.

Voluntary environment agreement contract overview

	1st	2nd	Contracting organization
Taean	Jan. 2002	Jan. 2005	Chungcheongnam-do
Pyongtaek	Mar. 2004	Replace with environment-friendly businesses	Gyeonggi-do
Seoincheon	Aug. 2000	Jan. 2005	Incheon-city

Measures Against Environmental Accidents through Combined Emergency Policy Organizations

In order to prevent any environmental accidents WP has divided pollution accidents into groups by type and prepared a comprehensive emergency responding system. To make this system as efficient as possible, the corporation holds two drills each year to improve responding capability to an emergency and to increase familiarity with an emergency.

▶ Environmental accident respond exercise

Energy Utilization and Global Environment Preservation

Minimizing Emission of Greenhouse Gas

99% of the total generation of power is generated in thermal power stations. The burning of the fuel used to generate power is mainly emitting greenhouse gasses. Since electricity cannot be stored, power generation and consumption of power must be balanced because the power supply is depending on the demand fluctuations in the power capacity that occurs. In light of this, the amount of emitted greenhouse gasses also fluctuates each year. The fuel and raw material used by the power industry are mostly fossil fuels and chemicals which cannot be re-used. WP has made it a priority to use environment-friendly goods such as recycling printer cartridge and tissue, etc.

In order to minimize the emission of greenhouse gasses, an accurate assurance of the amount of emitted gasses is first necessary. From the earliest stage of operation WP has always kept an accurate record of fuel consumed, both when it comes to measuring and monitoring. With this foundation the company assesses the emission greenhouse gasses. In 2006 the company had emitted greenhouse gasses of 27,906 thousand tons-CO_2eq, an increase of 66 thousand tons-CO_2eq compared to the previous year, but emission per unit output, a reduction of 1.6%. The causes of this are the increase of gas combined thermal power that emits low CO_2 and the improvement of energy efficiency rates.

Total 1st Energy Consumption

(Unit : GJ)

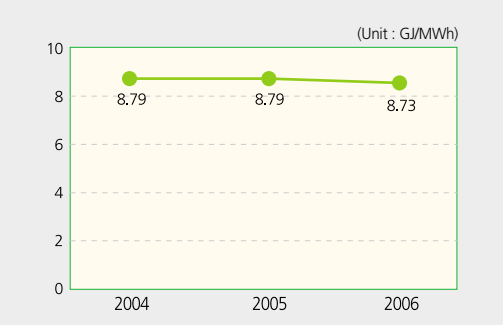
		2004	2005	2006
Direct energy	Bituminous coal	224,947	217,063	216,657
	Heavy oil	32,567	51,166	45,296
	Light oil	132	149	345
	Gas	71,921	60,498	70,907
Indirect energy	Purchase electricity	2,412	2,824	2,475
Total		331,980	331,701	335,680

Emissions per Unit Output

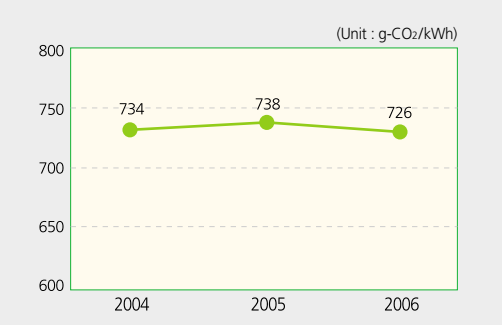
(Unit : thousand tons-CO_2eq)

		2004	2005	2006
Direct emission	Bituminous coal	20,908	20,187	20,149
	Heavy oil	2,498	3,925	3,474
	Light oil	9	11	25
	Gas	4,024	3,385	3,967
Indirect emission	Purchase electricity	289	333	291
Total		27,728	27,840	27,906

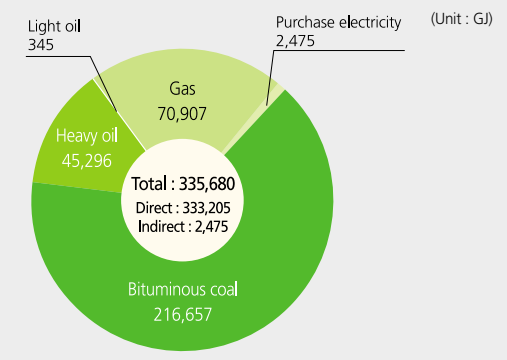
Consumption per unit output



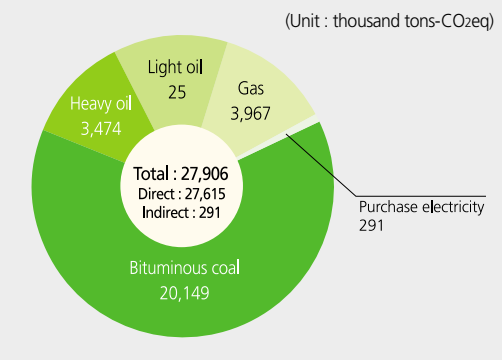
Emission by unit



Usage by source (2006)



Emission by source (2006)



Efforts are made to prevent climate change and to reduce greenhouse gasses through, construction of power stations that emits low carbon, improvement of energy usage efficiency and expansion of new and renewable energy. Seoincheon combined with its efficiency improvement has reduced its emission of greenhouse gases and Pyongtaek thermal plant has minimized its auxiliary power by installing the Variable Frequency Device (VFD) system to automatically adjust the rotation of the fans.

High efficiency rate gas turbine adopt at Seoincheon combined improves capacity

- Name of project : High efficiency rate gas turbine adopt at Seoincheon combined improves capacity
- Amount of investment : 180 billion won
- Period : Dec. 2004 ~ April 2006
- Business registration : June 2006 (Korean No.1 registration)
- Assessed amount of energy reduction : 47,505 LNG-ton/year (business plan standard)
- Assessed amount of greenhouse gas reduction : 144 thousand tons-CO_2eq/year (business plan standard)

Pyongtaek Thermal VFD installation and reduction in electricity consumption

- Name of project : VFD installation in Flue gas Draft Fan (FDF) and Flue Gas Recycle Fan (GRF)
- Number of items : 12 (8 completed)
- Amount of investment : 7 billion won
- Period : 2004~2007
- Estimated amount of energy reduction : 28,766MWh/year (VFD installation test drive report standard)
- Estimated amount of greenhouse gas reduction : 21,088tons-CO_2eq/year (Standard of the per unit output in Pyongtaek, 2006)

Construction of Greenhouse Gas Inventory System

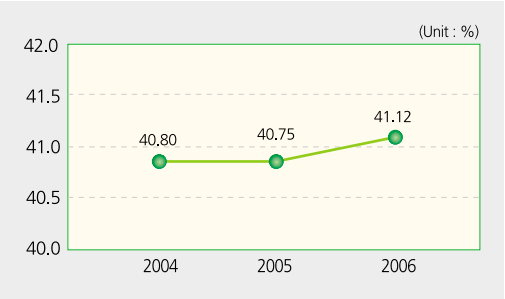
The countermeasures for climate change are dependent on the calculation of emission greenhouse gas. The industrial greenhouse gas inventory system is constructed to provide more reliable statistics.

Reduction of Greenhouse Gasses Emission and Save Energy by Improving the Efficiency Rate of the Facilities

When Taean 7 and 8 units are adopted the improvement of the efficiency rate will increase by 2% compared to the existing facility. When WP adopts new power stations, only facilities with high efficiency are imported. The present facility's capacity was improved and a reduction in energy and greenhouse gas was achieved. Furthermore, the company continues to improve the efficiency rate with auxiliary power reduction and enforcement of the voluntary agreement. As a result, the improvement of the capacity of Seoincheon combined a reduction in greenhouse gas of 207,700tons-CO_2eq in 2006.

[Source : Seoincheon greenhouse gas report]

Power efficiency rate by year



(Note) In 2005 a temporary reduction in efficiency occurred with new power facility

Promotion of CDM Project for Expansion of New and Renewable Energy

For the sake of securing low carbon emission energy, WP continues to promote power facility installations for new and renewable energy, thereby, taking counter measures against climate changes. Accordingly, the 120kWh Taean solar power was constructed in Aug. 2005, which generated 43MWh in 2005 and 127MWh in 2006, respectively an energy reduction of 155GJ and 458GJ and CO_2 33tons and 99 tons of greenhouse gas were reduced.

[Apply the baseline of the EWP's business plan for the establishment of Donghae solar power facilities for the use of reducing domestic greenhouse gasses]

In 2005 the construction of Taean hydraulic power facility was begun (2.2MW) and in 2006 the construction of Samrangjin solar power facility (3.0MW) was started. Both businesses promote the Kyoto Clean Development Mechanism (CDM) and are expected to generate profits in accordance with the climate change policies. Furthermore, WP is promoting the construction of the world's largest Garorim tidal power (520MW) and IGCC (300MW) power facilities estimated to operate in 2012.

Development of CO_2 Reduction Technology

WP is currently engaged in a variety of development projects such as a study on the process optimization of pilot plant using the high efficient CO_2 absorbent and the scale-up design, Dry Regenerable Sorbents for CO_2 Capture from flue Gas, Development of Dry Regenerable Sorbents for CO_2 Capture at mid-temperature, Development of Oxygen Carrier for Chemical Looping Combustion and tidal and current energy technology are now in place.

Re-enhancement of Leading Capacity of the Climate Change Agreement

To re-enforce its leading capacity with the climate change agreement WP has participated in the 2001 Conference of the Parties (COP) as a representative of the industry and support to the government delegates. It is also enforcing diverse education training to cultivate experts in the climate change agreement.

Including the head office, the corporation includes 5 stations. In order to minimize the number of cars, the company operates buses to transport employees. To restrict business trips for simple tasks, cyber meetings are held, thereby, reducing both energy usage and greenhouse gas emissions.

▶ Taean solar power plant

▶ Garorim tidal bird's-eye view

▶ Energy saving voluntary agreement board hanging ceremony

Minimization of Environment Pollutants

2006 Activity Performance

Air pollutants

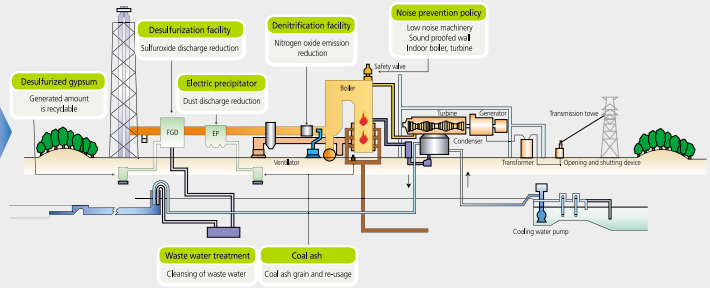
(Unit : thousand tons)

	Emissions
CO_2	27,906
SOx	10.9
NOx	25.7
Dust	1

Injection completions

(Unit : thousand tons)

	Injection
Bituminous	8,674
Heavy oil	1,088T kℓ
Light oil	9
LNG	1,300
Power water	5,838
Limestone	233
Chemicals	5,239



Products

	Electric power
Generated	38,447GWh
Transmitted	37,046GWh

Waste water, waste and by-products

(Unit : thousand tons)

	Amount of generated	Amount of recycled	Rate(%)
Coal ash	907	623	69
Desulfurized gypsum	368	368	100
Waste water	1,028	577	59
Wastes	48	31	64

Major performance

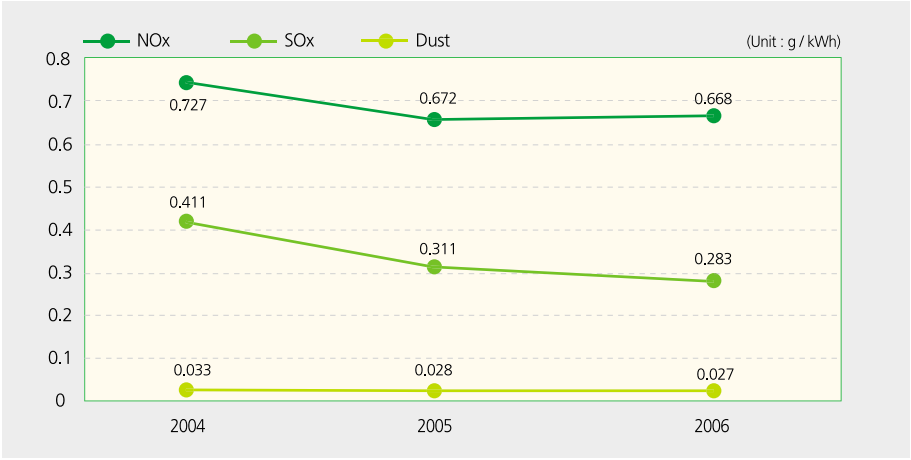
- Air pollutants per unit output
  - SOx : from 2004 0.411g/kWh to 2006 0.283g/kWh
  - NOx : from 2004 0.727g/kWh to 2006 0.668g/kWh
- Treated waste water reused, water source saving :
  2006 59% of generated waste water (580 thousand tons) reused
- Waste and by-products
  - Coal ash generated 69% (620 thousand tons) recycled
  - Desulfurized gypsum 100% (370 thousand tons) recycled

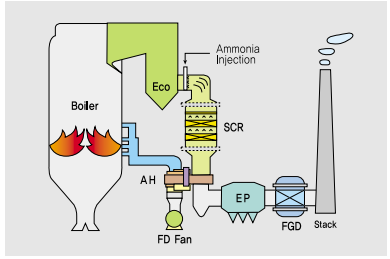
Minimize Air Pollutants and Increase Reliability of Prevention Facilities

Power stations that use coal and oil emit sulfur oxides and nitrogen oxides; whereas gas power plants only emit nitrogen oxides. WP installs and operates electric precipitation, flue gas desulfurization system and flue gas denitrification system to minimize the emission of air pollutants. Seoincheon, which has difficulties installing prevention facilities, has instead changed its fuel to low NOx burning so it generates a small amount of nitrogen oxides.

▶ Desulfurization facility

Air pollutant emissions per unit output





▶ SCR process

▶ Electric precipitator

Taean plant used bituminous coal as fuel has constructed the 1.65km long and 18m high wind break fence and wind break forest outside coal yard and installed 118 high pressure spray nozzle inside coal yard.

Wind break forest	60,000 trees
Coal supply	Seal type conveyor belt
Water sprinkling facility	118 items high pressure spray nozzle
Wind break fence	18m×1.65km

▶ Water sprinkling facility

▶ Square wall for blocking wind

Reduction of Water Usage by Recycling Waste Water

Water Usage

WP uses water in its boilers and desulfurization facilities which uses desulphurization water. Taean Power, Pyongtaek Power and Seoincheon use water from aqueducts, and thereby, have little impact on the water system.

The water undergoes an ion exchange process and then is used as a coolant. The desulfurization water is either used as industrial water or used for recycling waste water. Moreover, to raise the efficiency rate of water usage the goal for 2020 is to achieve an 80% re-usage of waste water. To reach the goal they will construct a non-discharge waste water system, prevent leakage of water, and improve facility and progress of waste water re-usage. The Taean power plant will also begin to raise the waste water re-usage rate from 2007.

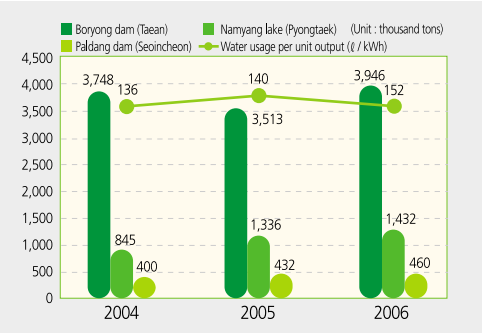
Waste Water

The power plant waste water after treatment becomes a 3 grade water supply source with a re-usage ratio of 59% of water used at the power plants. Especially Taean plant is recycling waste water, whereas Pyongtaek plant and Seoincheon plant discharge waste water at normal temperature into the sea, thereby, hardly having any impact on the water environment.

Mid and longer discharge re-usage improvement system

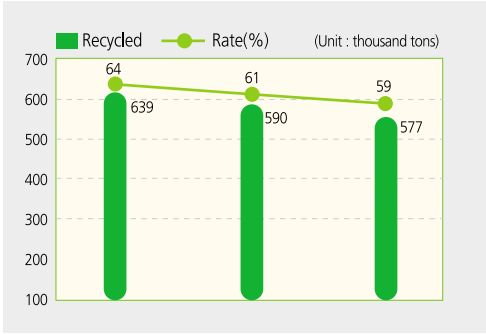
- Leakage rate prevention movement
- Zero discharge of Waste water system
- Drainage water reusable basin development and improvement of process
- Apply new water treatment technology

By supply source (water usage) overview



(Note) Pyongtaek desulfurization facility, Taean and Pyongtaek denitrification facility increased the usage of water and water usage per unit output

Waste water recycled



(Note) Pyongtaek Thermal has problem recycling desulfurized gypsum and so the waste water has increased, re-usage of water rate is low

▶ Waste water treatment facility

▶ Reverse Osmotic facility

▶ Nitrogen removal facility

Discharged waste water projection by year

(Unit : thousand tons)

	Pyongtaek				Seoincheon			
	Amounts (T tons)	pH	CDD(mg/l)	SS(mg/l)	Amounts (T tons) circulate	pH	CDD(mg/l)	SS(mg/l)
2004	266	7.1	3.0	2.2	74	7.1	4.6	3.2
2005	299	7.1	4.9	3.4	56	7.1	4.9	2.9
2006	331	7.1	4.4	3.8	73	7.0	4.9	3.4

Cooling Sea-water Usage

Steam used for power generation after use is condensed into water at hot-well and re-circulated to boiler. Because sea water used to condense the steam drainage of temperature above normal is discharged, the amount of discharged drainage water compares to the amount that is power produced.

Usage of cooling Sea-water by year

(Unit : thousand tons)

	2004				2005				2006			
	Used	Temperature (℃)			Used	Temperature (℃)			Used	Temperature (℃)		
		Intake	Drainage	Balance		Intake	Drainage	Balance		Intake	Drainage	Balance
Taean	2,715,350	14.3	23.1	8.8	2,696,947	14.5	23.1	8.6	2,618,175	14.5	23.1	8.8
Pyontaek	131,979	14.1	23.3	9.2	888,627	6.0	11.8	5.8	640,679	6.0	17.4	5.9
Seoincheon	445,480	16.0	25.7	9.7	364,324	14.7	24.1	9.4	413,647	14.7	24.5	9.8
Total	3,292,809	14.5	23.4	8.9	3,949,898	12.6	20.7	8.1	3,672,501	12.6	22.3	8.4

Wastes and By-products

The burning of coal in the power generating process generates coal ash and the by-product desulfurized gypsum. Maintenance of facilities also generates by-products such as waste oil, waste insulation, waste synthetic resin, etc. up to 30 kinds of by-products.

Major wastes generated from power

- General Wastes at Work Places : waste water sludge, heavy oil ash, dust and dirt, desulphurization sludge, waste refractory, insulated material waste, synthetic rubber wastes, synthetic resin wastes, activated carbon wastes and concrete wastes (construction waste at workplace), etc.
- Specification Wastes : oil wastes (liquid, solid), paint wastes, acid wastes, waste organic solvents, etc.

Polychlorinated Biphenyls (PCBs)

Facilities that contain PCBs can only use transformer insulation oil. However, since 2001 there has been no case of importing or transferring of insulation oil or transformers. To end the use of PCBs, the Ministry of Environment contracted a voluntary agreement, following the agreement that the power station will work on gradually closing PCBs dependent transformers. In addition, the company presented to the Ministry of Environment its voluntary execution plan, presenting an overview of the status of PBCs dependent facilities and its plan to close such facilities by 2011.

The disposal of 20 large transformers (amount of oil 401.8kℓ) 8 medium sized transformers (122.5kℓ) in 2005 and 2006 was consigned to the Dutch PCBs treatment company. The rest will be disposed of during the period of 2007~2011.

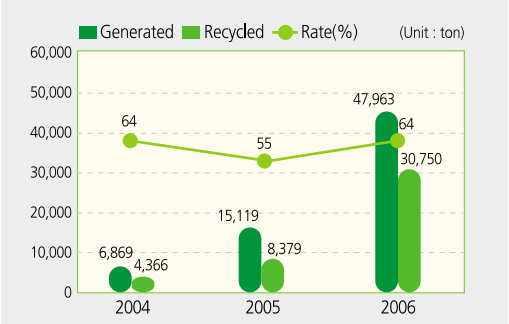
Recycle Waste and By-products

Coal ashes and desulfurized gypsum are recycled for waste resources and proper disposal. Waste that is difficult to recycle is consigned to licensed waste treatment businesses. For more information go to WP's website (www.westernpower.co.kr).

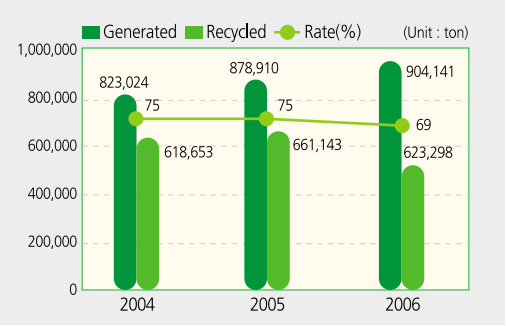
The rate for recycled waste was 64% in 2004 but dropped to 55% in 2005 with the construction of Taean plants 7, 8 and Cheongsong hydraulic plant. After construction the rate went back to an improved 66%. However, WP continues to improve the recycling process is improving the recycling rate.

Generated coal ash from burning coal is recycled as concrete and cement raw material, etc. with a recycling rate of 75.6% in 2004. But 2005 shows a decrease to 75.1% and in 2006 it decreased to 68.9% due to stagnation of domestic construction. However, desulfurized gypsum is recycled 100% in cement and gypsum boards. In addition, waste that cannot be recycled is consigned to dismantling and reclamation.

Generated waste and recycling overview



Generated coal ash and recycled



Noise

WP operates its power plants at a much lower noise level than the standards of the Noise Prevention Law through internal facilities, silencers, sound absorbing walls, etc. Periodically it also conducts noise assurance tests to raise reliability.

Soil

WP periodically conducts assurance tests on the soil pollution. There have been no incidents of soil pollution to this date.

Soil inspection

	Examined points	Inspection	Remarks
Taean	5	ATPH	1/2years
Pyongtaek	12	TPH	1/year
Seoincheon	11	TPH	1/2years

Ecological System Protection Activities

Taean plant occupies 2,397 thousand square meters, Pyongtaek plant 539 thousand square meters, Seoincheon plant 314 thousand square meters, Cheongsong pumped 4,426 thousand square meters, and Gunsan combined office 227 thousand square meters. When constructing a power plant WP consciously avoids protected areas and protected natural areas. Ecological system protection areas do not exist. The surrounding areas of the power plant form an ecological system of land and sea. According to surveys there exists no protected wildlife and no endangered species of wildlife or plants. There exists no protection or restored areas either by third party affiliation or areas of protection activities. [Source : Power station's construction project environmental impact report]

WP actively takes part in protecting the ecological system by periodically developing clean environment activities. Furthermore, it takes the lead in protecting the ecology of the sea with the purchase of 22 tons of starfish from 2004~2006 in an effort to aid the species. In order to prevent any impact of emissions from cars on the environment, WP supports education in safe and responsible trafficking. Adopting the 'over speed three strikes out' system, it strives to prevent generating any damages on the ecologic system.

Minimization of Chemical Usage

The power plant uses about 30 kinds of chemicals in its operation of corrosion prevention, production, and pollutants prevention facilities.

Places that use chemicals

Chemical name	Using Places	Chemical name	Using Places
Hydrochloric acid Caustic soda	• Water treatment facility : Power usage water generation • Condensation polishing plant : Boiler water cleansing • Waste water treatment facility : pH Control	Hydrazine Ammonia Phosphate soda	• Boiler water treatment : Prevent corrosion • Denitrification facility : Reducing agent
Coagulant aids Aluminum sulfate	• Water treatment facility : Power usage water generation • Waste water treatment facility : Muddy turbidity component removal Foam removal	Sodium carbonate Sodium Bicarbonate Sodium Hypochlorite	• Desulfurization waste water facility : Heavy metal and COD removal
Antifoaming agent	• Foam removal	Ferrous Sulfate	• Cooling water use sea water treatment : Corrosion prevention
Sodium Hypochlorite	• Drinking water treatment : Sterilization	Microbial inoculums	• Dirty water treatment : BOD removal

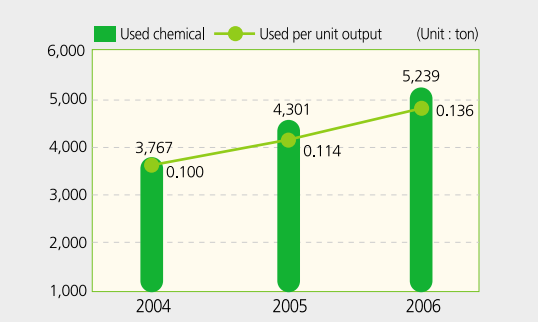
Minimization of Chemicals

In order to minimize environment pollution, WP plans to reduce the use of chemicals to 30% by 2010. It puts forth diverse efforts into reducing the amount of chemicals. High efficiency cohesive agents and a hydrazine non-injection system are examples of the efforts made to reduce the amount of chemicals. However, Taean plants 6, 7 and 8 with their expansion of power facilities and denitrification installations, Pyongtaek thermal with its desulfurization and denitrification installations and operation, the use of chemicals increased. Nevertheless, with the new facilities and optimal operation it is possible continuously to minimize the usage of chemicals, and gradually see a decrease in the amount of basic unit usage. Additionally, there have been no toxic leakage accidents.

Mid and long-term chemical reduction

- Adopt the latest water treatment technology
  - Non-injection of Hydrazine, Oxygen treatment, etc.
- Develop and apply chemicals replacement process
  - Change cohesive agents
- Change facilities protection measure
- Improve process
  - Change supply source of desulfurization water

Used chemicals overview



Abolition and Reduction of Ozone Layer Depletion Materials

Ozone layer Depletion materials are under strict control and the usage is thoroughly administered. Presently Halon-1301 for fire distinguishing material is storied 10,760kg, and in 2006 Taean plant only replenished with 1,050kg. WP will abolish ozone depletion material and substitute the non-ozone depletion material by 2010.

Green Accounting

Since WP adopted the 2004 environment cost accounting guidelines (Jul. 2004, Ministry of Environment). In addition it adopted the green accounting system, establishing environmental policies. In addition, it invests 25 billion won annually in the environment division. In particular, from 2005 to 2007 it invested 120 billion won in new facilities for denitrification facilities of Taean 1~6 units and desulphurization and denitrification facilities of Pyongtaek 1~4 units.

Environment costs classification

- Installation Costs on Environmental Facilities : Environment facility, repair cost and environment improvement
- Operation Costs on Environmental Facilities : Electricity, water usage, chemical, environment division personnel, emission dues, waste treatment, and environment measuring device. etc.
- Development Costs on Environmental Technology : R&D costs, Research survey costs, Educational expenses, etc.

Environment expenses by year

(Unit : million won)

	2004	2005	2006	Major items by 2006
Environment facility investment	95,720	25,106	52,117	Taean 1-6 desulfurization facility installation
Environment facility operation	59,180	81,289	96,382	Desulfurization facility, waste water treatment facility, operation expense, etc.
Environment division R&D	13,909	1,089	2,105	Study on the Life Cycle Assessment and Life Cycle Cost in Electric Industry, etc.
Total	168,809	107,484	150,604	

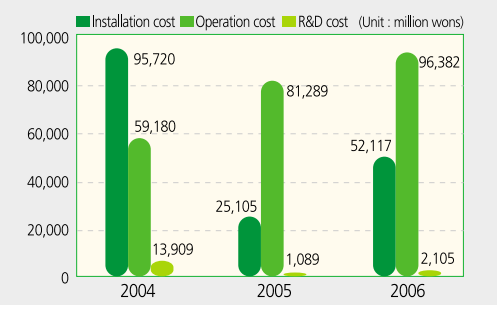
Environment cost per unit output

(Unit : won/kWh)

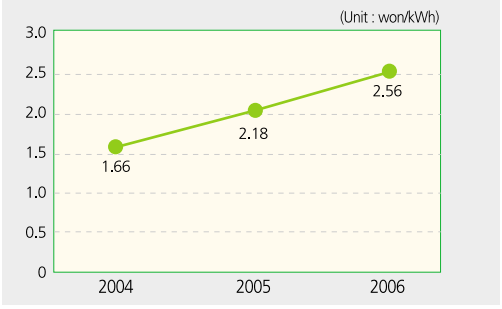
	Taean	Pyongtaek	Seoincheon	Samrangjin	Total
2004	2.16	1.51	0.26	0.39	1.66
2005	2.03	4.82	0.29	0.14	2.18
2006	2.30	6.51	0.36	0.42	2.56

(Note) Environment costs : (environment facility operation costs + environment R&D costs)/ total amount of power 2005 total costs (investment + operation + research cost) compared to 2004 was lower but environment cost has risen

Environment expense performance

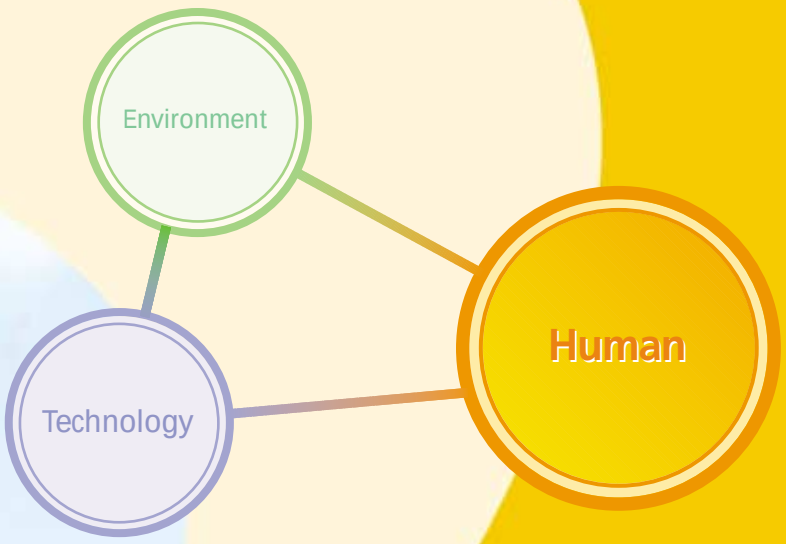


Environment cost transfer by year



Major Social Performance

Quality, Environment, and Occupational Health & Society Management system combined authentication (first power company) l The 12th Safety Management Grand Prize award l GWP award three years in a row and 'Fun Management' Drive l Awarded by the prime minister for cooperation among Large companies and SMEs l Increased the purchase portion of products by SMEs (80% in 2006) l Cooperation with the Red Cross for contribution to society and participation in 'making a friendly world' l Juwangsan National Park protection agreement l Continuously develop affiliate ties with the community and business high schools l Accomplished 18,846 hours of volunteering in 2006 l The 2nd Transparent Management Excellence award



Hope Energy-

Social Responsibility Management

Hope Energy Keeping People Warm!

Containing Hope in Energy
WP is transmitting the value of Sharing
In harmony with People, Technology, Environment.
WP promises to make a world in which we live happily and harmoniously together through Social Responsibility Management.

▶ Fun Management (Concert watching in group)

▶ Prime Minister Award for Collaboration among Large and SME's (Small and Medium sized Enterprises)

▶ 1 Company 1 Village Affiliation Movement (volunteer group in Eoeun-ri village)

▶ Community Service in practice with prize-money for good suggestion

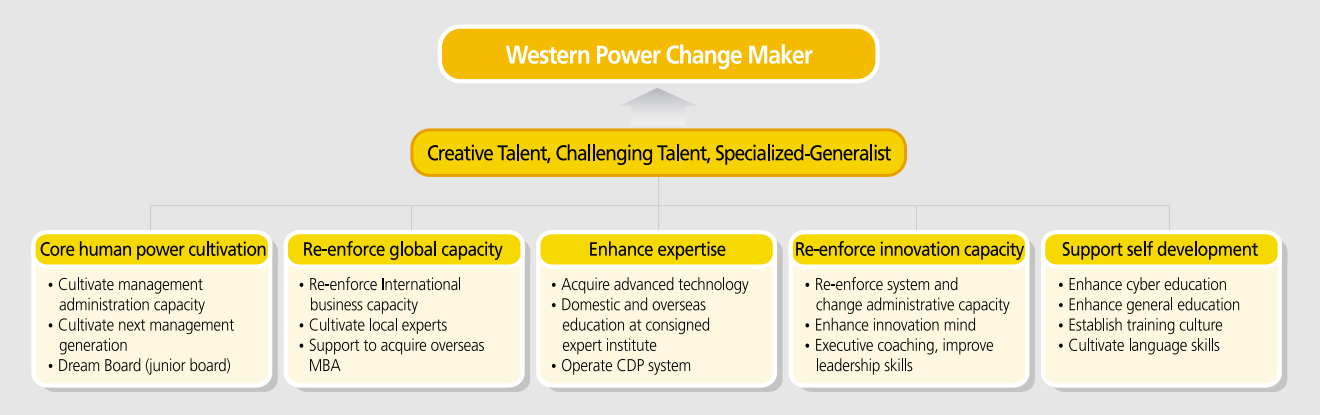
Employee Satisfaction Management

Education and Training

Training Future Human Power

WP established an education principle that it contributes to society by cultivating employees with expertise, creativity, and intelligence to lead the future society through fostering the sprit of enterprise and creativity. Its educational doctrine is 'an expert, creative, diverse challenging cultivation,' which also established the goal of education. The cultivation of human power is based on the establishment of a practice support system that accustoms the individual employee through mid and long-term employee capacity cultivation plans and education training plans. Leaders of the 21st century and global cultivation of human capacity that comply with the internationalized information stream are achieved through superior cultivation of human power by class and experts by division to lead the 21st century.

Educational training strategy



CDP : Career Development Program

The basic direction of education training is established by measuring the system performance, and establishing an education training plan that reflects performance, changes in technology and improvements that need to be made. The operation of the education system is implemented by a required level of each job position, class, division and demand. Changes are continuously made to meet the demands of the changing technology, and the needs of the individual are assured to ensure a preparedness to respond to environmental changes in the future and fulfill demands for qualified employees. The hours spent on education per employee in 2006 amount to 123 hours, which include cyber education, domestic and international education by institutions specialized in education.

Education training system by class

Position	Education Center		Outsourced education						Plant education	
Executive	–		Chief executive officer course						–	
1, 2 Level	Management policy, Innovation course	Organizational culture education / Language skill / PC / Other education	Manager course	Domestic & overseas management administrator	Domestic & overseas management administration research	Domestic & overseas MA, PhD	Domestic & overseas expert institute work consigned education	Language, PC, etc. outsourced education	Command, Direction	Internal & External education through correspondence
	Quality management course								Individual education Group education Circuit education	
3 Level	Middle manager course									
	Leadership development course									
	Newly appointed middle manager course									
4 Level	Beginning manager course									
	Job skill development course									
	Beginning manager course									
5 Level	Expert education course									
	New employee course									
Simple work Level	Function improvement course									
	New employee course									
Supporting work Level	Function improvement course									
	New employee course									

Equal Education Opportunity

It is the aim to provide equal education opportunities to every employee. Cyber and image education are supported by the company to save time and give employees the right to adjust education according to their individual schedules.

Support Self Improvement

It is a time of globalization, which means that language skills are important. To help employees improve and be motivated to enhance language skills, WP has imported the premium support system. 221 employees currently have achieved a TOEIC score of over 700 points.

Performance Evaluation for Education Training

The performance of education training is measured through questionnaires examination results. The evaluation reflects the employeeºØs capabilities and the basic requirements for advancement.

Support Career Development

The achievement of the study training will place the right employee in the right position. This will secure the company with systematic know-how and help improve its competitive capacity. Furthermore, certificates of expertise, OA certificates, and language grades add points to the level 4 promotion examination, and certificates of expertise add points to the level 3 promotion examination. The total number of certificates maintained has increased steadily over the past three years. At the present the total amounts to 4,578 (2.54 per employee) certificates.

Cultivate Core Competence

In order to cultivate the next generation of leaders, WP has established a high-quality human power cultivation plan that operates by position, manager course and education. In order to cultivate a mind for leadership and administrate the career of employees over the level of team leader, the job classification system was modified. The number of job classification was reduced from 6 to 3 in level 3, from 5 to 2 in level 2, and to just one in level 1.

High-quality human power cultivation plan and actual

Position		Programs	Participants	
			2006 Actual	2007 Plan
Outsourced education	Executive, Level 1	Chief executive officer, Advanced industrial strategy	4	4
	Level 2, 3	Public business manager, Administrator, PM CEO program, Industry-academy strategy	16	19
	Level 4	Domestic graduate school program, UM-MBA program, Woman business leadership course, Overseas MBA	6	6
Management(above level 4)		Electricity industry administrator	33	40

▶ Special education for leadership skills improvement

▶ Discussion for securing construction expertise

Reinforce Individual Capability through Performance Evaluation and Compensation

WP is pursuing improvement of productivity to plan voluntary reinforcement of capability by continuous enhancement of salary and performance evaluation system with compensation for ability and performance. WP also conducts periodic work-place, team, individual and multi-face evaluations to develop the capability of the individual and to create performance of organization. These evaluation results are utilized for wage differentiating, promoting and assigning of positions. WP has a plan to raise the accuracy and objectivity of the evaluation process and maximize the competitiveness of the organization and individuals by reinforcing compensation according to performance. The station with the performance evaluation and the merit employee will be awarded with a premium and the opportunity for overseas research. The performance evaluation administrative system will be continuously improved and its transparency will increase.

Incentive bonus with gradation

Position	Evaluation	Grade breadth	Grade revenue source
Head of small station	System, Individual	0~200%	100%
Managing staff	System, Individual	0~160%	80%
General staff	System	0~80%	40%

(Note) Grade revenue source : Standard wage
Grade breadth : Standard wage X (0~200%)

Operate Retirement Preparation Program

The construction and administration of the retirement preparation program and the retired employee network were enforced in 2005, and a total of 21 people have participated. The program includes periodical presentation information and newsletters together with on-line education, a special program for realty investment, and a retirement plan program that focuses on making a life plan, preparing for re-employment, and establishing a business. This is the basis for the image of WP that 'westeners' can feel confident and proud to be part of WP, even after retirement. The rate at which employees left WP for 2006 was 0.33% and is falling over the past three years.

Safety and Health

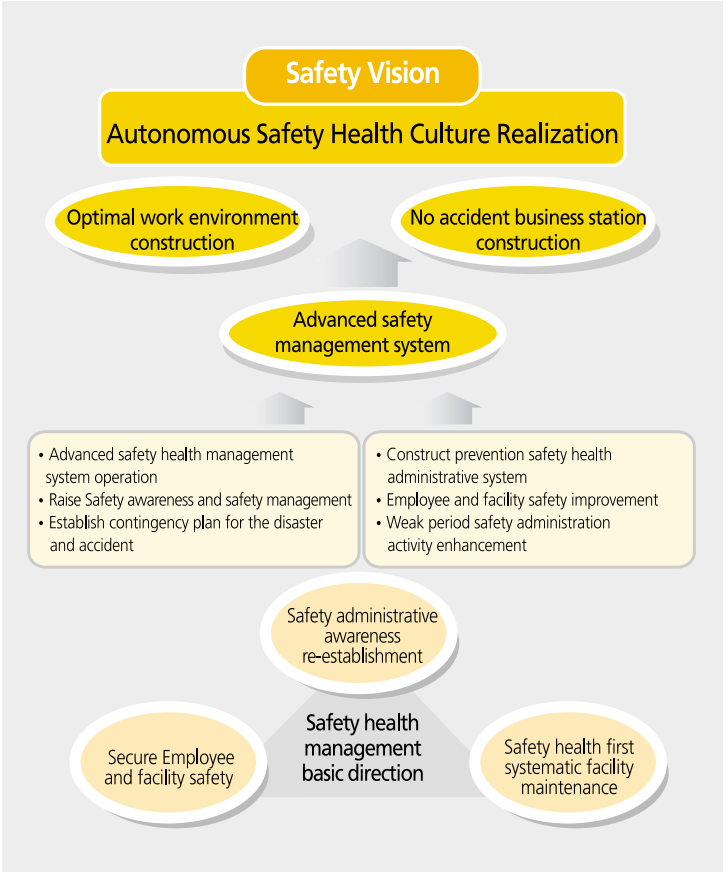
The First Power Company with Constructing Safety and Health Management System

WP is the first public power company to construct a safety and health management system (K-OHSMS/KOSHA 18001), and the plan achieved authorization in 2003. With the 'realize an autonomous safety and health culture' vision of safety, WP is operating an advanced safety and health management system for human respect, a work environment with optimal safety, and a zero disaster workplace. With a raised awareness of safety and health, safety management and prevention, life and facility safety and safety administrative activity enhancement, WP is realizing safety management. Taean plant, Pyongtaek plant and Samrangjin plant are all realizing a zero disaster achievement with the new awareness of safety, securing life safety and new techniques and equipment that comply with safety and health management.

Realize Autonomous Safety and Health Culture with All Employees Participating

For the sake of realizing autonomous safety and health culture, WP has opened a safety and health management site (OHSMS-NET) on its web site, operating a human error prevention system (HEPS) and safety indication administration system (green light). Furthermore, by importing the Isolation Locking System, which prevents disasters caused by human error, WP strives to keep both personnel and facilities safe.

Safety administration system



For the safety and welfare of the employees, the head office and power station constructed the industrial safety and health committee. The committee was established in 2005 and in 2006 office rules and safety and health administrative regulations were amended, in all 170 subjects were under discussion and decision making.

Industrial safety and health committee

(Unit : Case)

	2004	2005	2006
Number of Important matters	47	96	45
Number of Collaborations	47	88	39
Collaboration rate(%)	100	92	87

(Note) Cause of drop in the collaboration rate : Because this year's cases that could not be discussed will be presented next year

Operate Emergency Response System in Preparation for Disaster

WP in cooperation with KEPCO and other power companies make sure the power supply is secure and together they operate a disaster safety policy division to improve service and prevent, prepare, respond, recover and manage disasters and safety measures.

To be able to respond to major power accidents, electricity instability, natural disasters and other emergencies, it is operating the disaster circumstance office and power facility emergency response system. To be able to respond to different kinds of disasters, the danger response system was established, and exercises in responding to earth quakes, tornados, and heavy rain in a variety of situations helps secure the danger administrative respond readiness.

▶ Imaginary safety education

Industrial disaster rate

	2004	2005	2006
Taean	–		
Pyongtaek	0.27%		
Seoincheon	1.22%	–	–
Samrangjin	–		
Cheongsong	–		
Same business (Electricity, gas, water service)	0.25%	0.24%	0.23%

(Note) Disaster rate = Number of disaster victims/ Employee X 100

[2004 disaster rate]

- Pyongtaek : 1/370 X 100 = 0.27%
- Seoincheon : 3/245 X 100 = 1.22%
- Same business : 129/50,606 X 100 = 0.25% [Source : Korea Occupational Safety & Health Agency]

▶ Industrial disaster prevention labor chief award (Pyongtaek, July 2005)

▶ No disaster achieved 10 time (Taean, Oct. 9, 2004)

▶ Top class business certificate for safety health administration (Taean, Aug. 2004)

▶ Safety health management site (ODSMS- Net)

Operate Health Care for Employees and Family

WP operates numerous programs for employees' health management. The regular employees' health examination program as well as the help system for hospital, doctor, and nurse provides all the care employees and their family need. Treatment for cancer, systematic prevention and post care are also provided making it an extensive health care program. Furthermore, it supports a group security insurance system that helps employees and spouses cover medical costs.

Labor and management discuss and select the time of measurement of the work environment, conduct the measurement and hold a presentation meeting for the measurement results. Periodical diagnosis and improvement plans are submitted to the Industrial Safety & Health Committee. As a result, WP is currently implementing Workplace Health Promotion (WHP) program.

2006 major health administration activities

	Contents
Work environment	Labor and management collaborative measurement of work environment, diagnosis of cause to prevent musculoskeletal disorders
Health improvement	Enforce employee general and special medical check up and medical check up for spouse, employee physical strength minute measurement
Other work environment	Office automation, provide shift workers special iced clothe during summer, safety boots, install dry equipment

Win-Win Labor-Management Culture

Outline of the Labor and Management Relations

The Korean Power Plant Industry Union is an industrial union which consists of five power generation companies and island area power union members. WP UNION has its headquarters in Seoul and local offices in Taean, Pyongtaek, Seoincheon, etc. with a total of 1,176 union members.

Operate Labor and Management Association

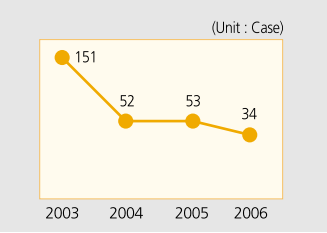
Every employee automatically joins the Union Shop that in return secures the employee's freedom of association. Each wage agreement is contracted and every 2 years the association agreement is contracted. This is to prevent any problems and factional rivalry.

The labor management association consists of 8 managers and 8 laborers. Meetings are held at the headquarter and business stations. Frequently presentations for current management situation are held to raise cooperation and understanding.

Labor management collaboration

	Collaboration results	Number of collaboration
Wage & Collective bargaining	Increasing by 2% of total amount, following government regulations	Basic (4 times), Practice bargaining (11 times)
Labour management association	Beginning manager selection system improvement, etc. 87 cases	Head office (5 times), Site office (11 times)
Industry safety & health committee	Safety administrative basic plan consultation, etc. 41 cases	Head office (9 times), Site office (12 times)
Ombudsman committee	Employee personnel changes etc. 38 cases	Site office (4 times)
Internal fund committee	Introduce anniversary card	Head office (4 times)
Business station committee	Company house operations committee	Site office (16 times)

Employee difficulties reduction



Efforts for Labor-Management Harmony

Labor work diagnoses via external institutions are enforced to grasp the weak points. The enforcement of diagnosis is to improve the various systems for personal affairs system. It then functions as feed-back on which the labor management can build.
The 2006 labor work diagnosis contributed to the harmony between labor and management by concentrating on human power administration such as leadership education and employment.

Long-term labor work diagnosis

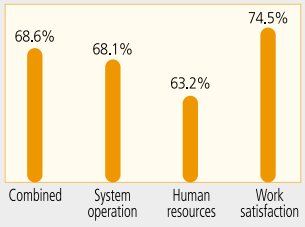
The 1st labor work diagnosis and improvement (2003~2004)
- Grasp weak point
- Subdivision improvement committee
- 6 sigma : welfare facility

Business culture diagnosis (2005)
- Weak division deduction
- Improvement committee
- 6 sigma : welfare facility

The 2nd labor work diagnosis (2006)
- Labor management relations improvement rate inspection
- Grasp weak point
- 6 sigma : company house operation

The 2nd improvement performance (2007)
- Labor management system activation
- Improvement by division
- 6 sigma : welfare satisfaction

Labor work diagnosis (work satisfaction)



Everyday Communication between Management and Employees

In order to make the internal environment a place of understanding and communication and to make the employee feel at home, the CEO realizes the importance of 'one wagon two wheels.' To achieve this, presentations, social gatherings, etc. are held where labor and management can communicate with each other. The vision of 'World Best GENCO' has been achieved with good results making each employee feel part of a whole. Hereafter the efforts will be on labor management relations improvement and the establishment of a win-win labor management culture.

Management and skinship

- CEO One-stop : CEO Hot-line, ShinMoonKo, CEO and employee e-mail exchange, homepage, and dialogue with CEO
- Direct dialogue : Open conversation with labor union executive, luncheon event, etc.
- Dialogue with employee's family : CEO letter (23 times), discussion with staff's wife, invite and discuss with family, invite employees' parents to power station
- Executive's management for local station : visit local station and explain for pending items, discussion with employee, etc.

▶ Labor management one mind hill construction

Employee Welfare System

Develop Various Welfare Programs

WP is operating and developing diverse programs like children's education, self improvement, leisure culture and health to increase welfare. In 2006 it provided every employee with benefits such as pension, health insurance selective welfare points, etc. worth of 6.5 million won.

In December 2001 WP's main labor welfare fund was established and in 2006 the assets amounted to 34.2 billion won, 2006 3.4 billion won were spend on university scholarships given to employees' children, disaster relief funds, welfare cards etc, in 7 different services.

Life-cycle Welfare Policy

WP operates a welfare system that fulfills the needs of its employees, and lasts until after retirement. Furthermore, within the corporation a variety of support programs are provided to its female employees such as the managing of a kindergarten and school buses for the children .

Life cycle welfare policy enforcement

Life cycle	Subject	Contents
New employee	One stop service	Provide housing, work uniform, office equipment etc. on appointment
	Provide measures of stable livelihood	Support security fund, support marriage fund, fund for house lease
Middle level employee (10 years or more)	Support house purchase	Support capital for house purchase, support investment education
	Support children cultivation	Operate care facility, expand the fund for child care
High level employee (20 years or more)	Support children education	Support children's cyber education (support home internet, etc.), operate home study room, support employees' children's school
	Re-enforce Health administration	Support medical check up and treatment expense
Retirement group and retired	Operate investment education for the retired	Enforce early retirement preparation education (early interview and investment education), support qualification certificate achievements
	Enhance outplacement	Support re-employment (construct human power network), post retirement health management (appointed hospital)
	Use welfare facilities	Condo reservation service, cheongsong living facility free of charge

▶ Cheongsong hydraulic upper part of dam and living facility construction

Establish 'Scent of Life Spreading and Enjoyable Work Place' with FUN Management

WP constantly strives to comply with employee needs through continuously developing its welfare policies. In 2005 it was recognized by the Korea Economy Newspaper for its sponsorship of Great Work Place (GWP) and in 2006 GWP was expanded and developed into FUN management.

Welfare system

	Contents
Child education	Supply a dormitory for employee's children, delivery encouragement fund, infant child education, middle high school university school expenses support
Life support	Group security insurance, disaster relief fund, support electrical merit fund support, cooperation meetings, life security fund, shuttle bus
Self development	Language education, qualification certification achievement support, investment education, cyber education
Health	Medical check up and employee physical strength measurement, dispensary, consigned hospital
Residence security	Company house (1,174), single combined living quarters (59), house purchase and lease fund, third person agreement loan
Family affinity	May of the designated family month, visiting fathers' work place, history and culture class, winter camp for employees' children together with handicapped children, birthday congratulation
Leisure culture	Dormitory for health & comfortable life, summer vacation place, indoor swimming pool, etc. welfare facility, support associations

▶ With WP family brunch concert road

Respecting Human Rights

3 Labor Right Guarantee

In July 2004, the legislation on standard working hours was implemented. The working hours at WP are 40 hours a week, 5 days a week. In addition, 3 Rights of Workers are guaranteed in the company regulations. Important matters are subject to council and report. Matters of opinion are regulated by the union and the union contract as well. Matters of company partition, taking over and fusion are subject to report to the labor union 90 days prior. In order to address the difficulties of the employee, concerning job-related, personal, or family problems, problems, the labor and management operate an ombudsman committee to support a stable existence.

Protection of Socially Challenged and Prohibition of Discrimination

WP freely hires all employees as full-time permanent workers without prejudice or discrimination about sex, religion, etc. It does not discriminate in other areas as well, such as insurance, welfare system, funds, and capabilities. To protect the young, the corporation does not hire employees under the age of 18. In the case that one under the age of 18 is employed, the employee must have their parents' consent. Compulsory labor is prevented, and it will not force an employee to perform unlawful work. By contract and employment regulations, forced unreasonable work is prohibited. There has not been a case of discrimination or breach of the labor law, and in the union contract under article 58 of equality any discrimination is strictly forbidden.

System for Protecting Mothers

In order to cope with the low birth rate the government has enacted the birth encouragement policy, which WP adheres to. Accordingly, a 90 day maternity leave and a 1 year childcare leave system is enforced. In addition, delivery encouragement funds, child support, middle and high school and university education funds and other child fostering support are provided. Other support programs for female employees are provided such as caretaking facilities and school buses for children. In particular, Article 86 of the union agreement, which refers to the equality of men and women, is enforced.

Equal Cultivation

According to the union agreement, discrimination is not allowed. Female employees are not discriminated against neither in regard to promotion, fund nor welfare benefits. Recently 7 out of 131 female employees have been promoted to manager positions and the number is rising, and all of them were promoted after being employed by WP.

Respecting Human Rights

Plant managers and each station manager are appointed to be in charge of security, guard industrial secrets and prevent friction from the outside. 6 security leaders have received government management security leader education, and every month they disseminate security education to employees. There have been no incidents of friction.

Contribute to Local Residents Right Improvement

The construction of the Cheongsong plant inevitably caused citizens to move. They were not only compensated but within the premises of the plant 'Nostalgia Hill' was constructed to console the displaced citizens. WP also contributes to the preservation of cultural heritages such as restoring a prehistoric grave. The result of such efforts is that WP has never been in violation of human rights.

Win-Win Management with Business Partners

Build up Win-Win Partnership with Small and Medium Enterprise (SME) Support

WP established the strategic roadmap to support the core business of SMEs through system and program. It re-enforces the technological power, production capacity, and global competitiveness of SMEs. Eventually, it will contribute to generating high quality electricity on a basis of win-win partnership with SMEs.

Road map for SME support

	Before 2003 (Base construction period)	2004~2005 (Performance period)	After 2006 (Ripening period)
Win-win collaboration	Collaboration base construction · Strategic support · Construct collaboration relations	Implementation of SME support · Support self reliance ability · Support protection & cultivation · Construct industry-academic cooperation system	SME support settlement · Develop global competitive power · Cultivate innovative SMEs · Tailor-made support

Contribute to Financial Distress Relief of SMEs

WP lends working capital at low rate through its network loan and practices ''pay-in advance system'' to relieve financial difficulties of SMEs. By stopping the bill payment system, it helps reducing the financial cost which is SMEs' stringency of capital.

(Unit : billion won)

Support system	Support contents	Enforcement date	2006 actual
Network loan	Support fund needed for production and purchase	Nov. 2004	2.9 (7 companies)
Advance payment	50% of the amount of order	April 2005	12.0 (13 companies)
With-loan	No security no guarantee credit loan support system	Aug. 2006	0.8 (2 companies)

Expansion of Market for SMEs' Products Support

WP is expanding the goal of purchase rate for small and medium businesses' products and new technology. And WP has planed directly to purchase the products as separating product purchasing from the project for the products designated by Small and Medium Businesses Administration. This is established for purchase activation of small and medium businesses' products.

(Unit : billion won, %)

	Amount of purchase(A)	SME goods		Technological development goods		Authorized new technology goods	
		Amount(B)	Rate(B/A)	Amount(C)	Rate(C/B)	Amount(D)	Rate(D/B)
2005	252.1	171.1	67.8	2.3	1.4	2.3	1.4
2006	138.2	110.6	80.0	11.9	10.8	4.3	4.0

It supports the development of the technology of small and medium enterprises, and together with the government and other public institutions plans to purchase from those businesses over a set period of a minimum of 2 years when the new businesses developed successfully.

(Unit : million won)

	Development period	Expense	Business in charge
Gas turbine ignition plugs and cable lead development	Nov. 2005 ~ Oct. 2006	90	Korea Engineering
Generator hydrogen system protection facility domestic production	June 2006 ~ May 2007	70	Interface Engineering
Materiality couple ring	Oct. 2006 ~ Sep. 2007	130	Sangyong Eng.

Furthermore, it helps SMEs to expand their market by supporting domestic and overseas exhibitions.

Support system	Number of performance	Participating business
Support Domestic, overseas exhibition of export goods	12 times	74 companies
Dispatch group overseas to open new market	6 times	26 companies
Invitation of buyers for export consultation	2 times	37 companies
Support export acceleration	During the year	21 companies
Support export basis construction	During the year	4 companies

▶ Japan Kansai electric collaborating agreement (Equipment export support for Small and Medium Enterprises)

Relieve Entrance Obstacles for SMEs and Purchase Local Products

In order for SMEs to compete, regulations on international bidding system have been amended, and a first priority purchase system for products for handicapped and environment-friendly products is enforced. In addition, a competition system between small and medium businesses is also enforced. If the estimated price for construction is less than (5 billion won), and goods less than (0.21 billion won), the purchase of local goods is possible.

Emphasis on Transparency and Human Rights When Investing

In 2004 the goods screening detail standard was established. It included ISO, excellent quality control, industrial property rights, excellent security business, excellent environment certification and labour-management cooperation business, excellent female representation and excellent female CEO business, and excellent employment of handicapped business. Over all, every business under screening is performing with excellence. For the sake of domestic and overseas investment, the WP regulates its good relations with shareholders in order to prevent any harm to the company's profit, which will affect shareholders pursuit for profit. Further, WP maintains integrity and transparency in accord with the management support agreement and emphasizes human rights.

Enhance Contract Transparency

WP enforces purchase procedures, progress performance and transparency as the most important principles. In order for customers to voice their opinions and complaints, a complaint center has been established. To improve the treatment procedure of complaints an ombudsman system was constructed. Every employee makes an anti corruption and integrity pledge, and for every bid made for an item an integrity memo is filed. Furthermore, CCM (Clean Cooperator Monitoring) and Company Employee Monitoring (CEM) are enforced, through which collaborative businesses and employees' satisfaction rates can be monitored.

Improve Customer Oriented System

When a bidding document is registered, a system of notification and happy call is enforced, which means the bidding progress is reported via email. Collaborative businesses and small and medium business have imported a competitive system and local restriction on the competitive bidding system. In addition, improvement of the re-suppliant administration system will entail no visits but instead a 'One-Stop' process. The test period was cut from 2 months to 1 month, and all the work is managed in the position of the collaborating businesses.

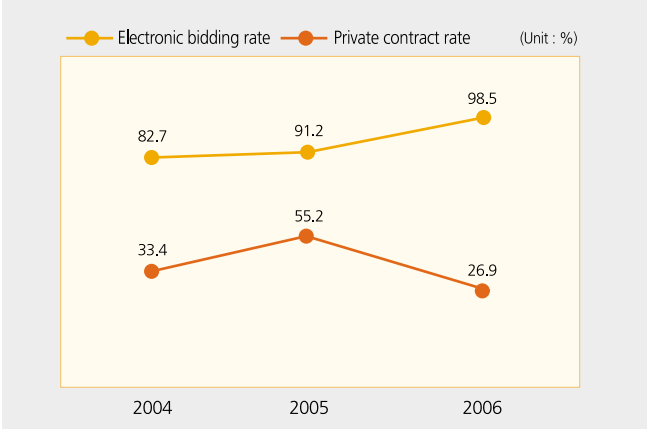
Contract system actual improvement

	Subject	Actual improvement	Performance year	Effect
Institution	Complaint treatment system construction	• Develop opinion treatment procedures and manual • Establish customer complaint center	2006	Expand customer complaint accommodation
Regulations	Appropriateness examination standard establishment for goods	• Subjects to examine : performance capacity, financial condition • Added points : a business excellent in labor management relations, a business excellent in employment rate of handicapped and women	2004	Secure the impartiality of contracting
	Payment in advance administration guide establishment	• Clear payment rate by Internal Payment Standard • Subcontract business payment in advance possible	2005	Relief of small and medium enterprises financial difficulty
	When prices change adjust the contract amount	• Contract day → Bidding day • Price change rate : 5% → 3% over	2005	Adjust the business core regulation for contracts
Procedures	Certified new technological product	• Competitive bidding → Private contract	2006	
	Enforce advance notice of bidding procedure	• After registering the bidding document report the bidding progress via e-mail	2006	Simplify procedures and raise business convenience
	Equipment supplier and maintenance business system administration	• Computation of administration system	2006	

Expand the Portion of Electronic Bidding and Reduce Private Contracts

WP maintains a fair competition and has expanded their electronic bidding. In addition, private contracts are continuously reduced, and small sum contracts and simple constructions are transferred to electronic bidding. The portion of the electronic bidding and private contract was 98.5% and 26.9% respectively in 2006.

Bidding rate



Over the last 3 years electricity bidding and private contract rate

(Unit : billion won)

	Total actual contracts		Actual electricity bidding				Private contracts			
	Number	Amount	Number	Gravity(%)	Amount	Gravity(%)	Number	Gravity(%)	Amount	Gravity(%)
2004	807	105.00	642	79.6	86.79	82.7	16	20.5	35.90	33.4
2005	1,268	133.39	1,201	94.7	121.61	91.2	256	20.2	73.63	55.2
2006	1,178	100.98	1,158	98.3	99.49	98.5	225	19.1	27.13	26.9

Sharing Management with Citizens

Strategic Management for Sharing & Harmony

When considering the analysis of stakeholders, the local community is a very important part. The power plant contributes to the local economy of the community where it is located, and cares very much about the environment and the problems that can arise from its business. In addition, the social problems of the local community are also great concerns of the company.

With the business concept that 'people, technology, and environment in harmony create the best energy,' WP supplies citizens with stable energy. It also works hard to meet the demands from the local community to fulfill its social obligations.

For the sake of the citizens and the local community, WP together with the local community systematically develops activities that contribute to society. It operates volunteer groups in three main areas : love for culture (culture and arts, education, sports promotion), love for nature (environmental preservation) and love for humans (social welfare, disaster relief). Every year on the anniversary of the establishment of the company (April) and the volunteer group (August), and at the end and beginning of a year, 'spread the love' is put into action over a designated period, thereby, having a continuous program of diverse activities which contribute to society. Furthermore, in order to develop the local community, several support activities are carried out, such as increasing business profits, construction of public facilities, and education. A variety of support programs are continuously developed to prevent class estrangement. Such programs include the first electricity bill support.

Happy Energy, Social Volunteer Group Activity

The WP social volunteer group was formed on August 4, 2004 and the head office's management innovation office functions as the group's secretariat. Currently there are 7 volunteer centers and 74 volunteer teams that are active.

Vision

To Be a Friendly Neighbor with Happy Energy

Mission

Love Human, Love Nature, Love Culture

Social volunteer group's pledge (Aug. 2004 announced at the inauguration)

We the Westerners love and share values as healthy business citizens bright and warm. We make society, and for the local community the following facts we will practice and do our best we pledge.

One, we for the sake of a community that needs a loving hand with sincerity and diligence, volunteer and together live and learn wisdom for a friendly community.

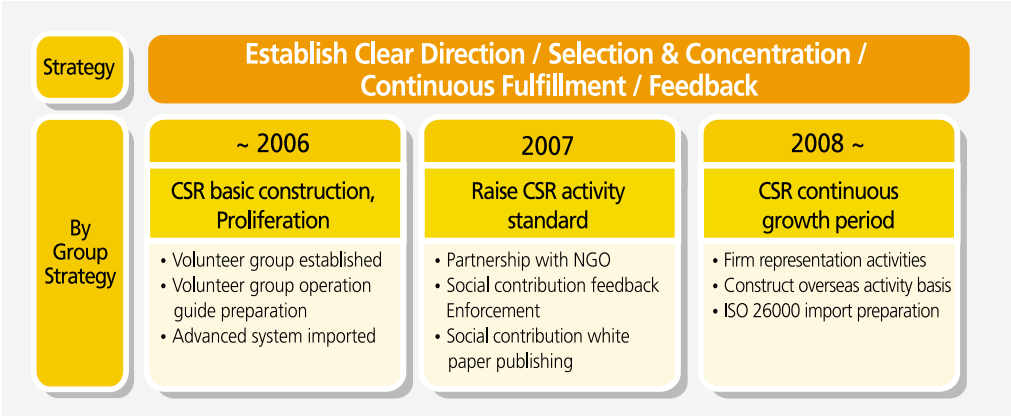
One, we love nature and take the lead in environment protection, and strive to cultivate a global community of good we can pass on to the next generation with pride.

One, we love culture and actively participate in developing our cultural heritage, improve the quality of life, and will take the lead in making a rich and healthy future.

Social volunteer organization

Strategic Roadmap for Social Contribution, Continuous Fulfillment

Contribution to society is more than simple volunteering. To create values clear directions must be established and a strategic approach is necessary. To fulfill these criteria, WP examined a variety of social programs, and so has chosen a program that will continuously be enforced. Up to 2006, a variety of advanced social contribution systems were established : Share the Love Fund, Matching Grant, Social Contribution Mileage, Volunteer Activity Leave System, Volunteer Disaster Compensation System, and Social Contribution Performance System Construction. Furthermore, to elevate the standard of activities already enforced, activities are collected as feedback.



▶ Inauguration of volunteer group pledge

▶ Volunteer activity

Major footprints for social contribution activities

Aug. 2004 WP starts 6 volunteer groups (70 volunteer teams)
'Our pledge', group emblem, slogan (happy energy, friendly community) Promulgation
*Before being established employees autonomously were volunteering
Dec. 2004 Before the end of the year one week of volunteering promulgation (continues)
Jan. 2005 Volunteer program for new employees (continues)
Feb. 2005 Group operation regulations (social contribution mileage system, volunteer activity leave, during activities disaster security system, etc. import)
April 2005 Leukemia child cancer patients support, blood donation relay (continues)
June 2005 Collaboration agreement with Korea Habitat and 'Building Houses with Love' activity (continues)
June 2005 1 company 1 village collaboration agreement and volunteering in farm villages (continues)
Oct. 2005 Management innovation best practice award (division of social responsibility)
Feb. 2006 The 2nd transparent management award
Mar. 2006 In charge of the 344th turtle marathon in collaboration with Korea Ilbo
July 2006 Indonesia earthquake disaster emergency donation
Dec. 2006 Social contribution partnership collaboration agreement with the Red Cross
Dec. 2006 The weak classes of the local community were donated 1,004 households sponsorship (Taean, Pyongtaek, Seoincheon area)

▶ Sharing donations receives a warm response from sponsors

▶ Korea Ilbo Turtle Marathon


▶ The 2. transparency award prize

Fund Collection for Social Contribution Activities

The capital needed to keep the operation of social contribution activities consists of the employees' voluntary participation and the funding is provided by the company's sponsor fund. Employee participation is gradually increasing and through diverse ideas and suggestions the social contribution activity fund is increasing.

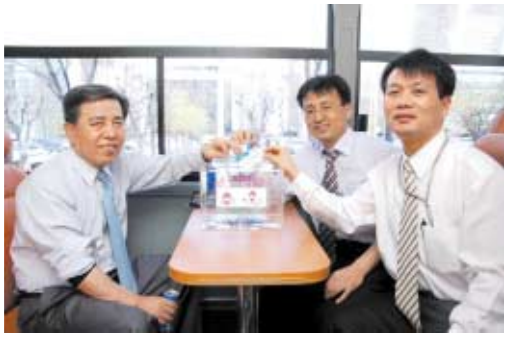
Employees' voluntary participation Volunteer activity funds are collected from employees' wages periodically, 1,000 won/1 account (max. 20 accounts), to the 'sharing account,' and less than 1,000 won to the 'wage fraction' account. From 2006 employees will voluntarily donate received prizes as a social contribution gift to the 'love's suggestion prize.' Besides these activities special donations are given. In 2006 funds for children of financially challenged employees were raised to pay for medical treatment. In 2006, 100 million won was raised through voluntary donations by the employees.

Company's participation (matching grant, supporting for activity expenses) WP sponsors a matching grant to the funds raised by employees, and the activity expenses are paid by the company. This plays a great part in promoting volunteer activities. In addition, WP sponsors its local area traditional culture, and in order to do so it secures a donation budget for a strategic contribution to society. As can be seen, WP strategically supports social contribution activities.

Core Partnership Construction with Various Social Partner Organizations

Partner institutions	Collaboration area
The Red Cross	• Blood donation, domestic and overseas disaster volunteering, and community love donation sponsorship • The making of a warm world, weak class 1,004 households sponsorship in collaboration
Leukemia Child Cancer Association	• Leukemia patients support (sponsorship fund and blood donation), angel's day sponsor
Social Welfare Collaboration Fund Raising Society	• Braille reading for the blind sponsorship (2006)
Build House with Love Movement Head Office	• House building with love and house repairing with love sponsorship and volunteering
Hansarang Village	• 1 level disabled children volunteer activity (every month 1st and 3rd weeks on Thursdays)
Clear Voice Foundation	• Employee children with hearing impaired children taking ski lessons
Daniel Welfare	• Mentally and physically challenged children volunteer activity and sponsorship
Welfare Office for Handicapped	• Disabled families bedding and laundry removal and distribution
Welfare Offices for the Blind in Seoul	• Volunteer activity for the blind and a helping hand
Songpa City Medical Care Center for the Old	• Medical center volunteer activity and sponsorship
Jung Ha-Sang Paul House	• Welfare office volunteer activity and sponsorship
Korea National Parks Authority	• National park nature preservation activity and sponsorship

▶ House building with love volunteer activity



◀ Blood donation relay of love

▶ Hansarang village disabled children volunteer activity

Human Love Social Contribution

'Make a warm world' together with the Red Cross WP began its partnership with the Red Cross on Dec. 6, 2006. After establishing the partnership, 1,004 households of need in the local community were visited, encouraging and connecting with the locals. This has improved the image of the plant with the local community. The result was a positive reflection and will be repeated every year.

Blood donation relay, sponsor leukemia babies From 2004 and on WP has supported the Blood Donation Relay of Love. The blood donations (283 in 2006) were used on babies in the local community with leukemia. WP not only is responsible for the blood donation relay but it is also undertaking the treatment costs of 2~3 leukemia patients. Furthermore, the festival for leukemia patients 'Day of Angels Event' is sponsored by WP.

Love's house building, love's house renovating WP together with Korea Habitat is sponsoring the Love's House Building program and since 2004 there have been more than 100 participants at each business station across the nation. It has also supported the Love's House Renovating. The Love's House Building program has also been made known through TV and radio.

Ski lessons with disabled Ski lessons with the disabled is a program for children who are auditory challenged. Employees' children participate to broaden their understanding and establish friendly connections. Since 2004 WP has arranged a ski camp every year and in 2006, 45 hearing impaired children participated.

Hansarang village with disabled WP is a cooperative program with the 'Han Village' in Kyonggido Kwangju. Volunteers visit 'Han Village' every month, the first and third week on Thursdays. This activity demonstrates social contribution's true meaning of continuous love. Since 2004 more than 150 people per year have participated in the program.

Newly promoted and new employee volunteer activity In 2005 WP enforced a new volunteer program for employees up for promotion and new employees. This activity was born from the thought that when something good happens, think twice about the challenged communities. In 2006, 44 employees up for promotion went to Kyonggido Kwangju 'Hansarang Village' to visit the disabled children and brought them to the market so that they could experience buying goods themselves.

▶ House repairing with love

▼ Children's winter camp

▶ Promoted employee volunteering

Love of Nature Social Contribution

As the thermal power station is situated on the sea shore, and a pumped power plant contains big reservoirs with river and mountain, so social contribution activities for nature love are very closely connected with the businesses of WP. From the time WP first started out it had to enforce nature purification activities for sea, mountain and river, etc. in cooperation with the local community in order to become an environment-friendly business. In 2006, it opened 55 loves of nature movements, and in June 2007 Korea National Park Service and WP established an agreement to preserve national park nature for the first time among business companies. This had a positive impact on other businesses' policies on national park environment preservation.

Love of Culture, Massena Activity

The culture of love supporter activity is a very important program sustained by WP. In particular, local area traditional cultural activities are sponsored both with material means and with volunteering.

Area	Traditional culture sponsorship
Chungcheongnam-do Taean	• Beating the sheaves of rice, in memory of okpa Lee Jong il
Seoincheon	• Gyeongseo culture properties
Kyonggi-do Pyongtaek	• Ordinary citizen march
Kyongsangsnam-do Milryang	• Milryang Arirang festival
Kyongsangnam-do Samrangjin	• Samrangjin strawberry one village festival
Kyongsangbuk-do Cheongsong	• Cheongsong apple festival

▶ Partnership with Korea National Parks Authority

▼ Saturday off cultural festival

▶ Picture drawing festival (Cheongsong)

Love and Hope Sisterhood Relationship

WP responses the various social demands from the local community by making various sisterhood relations and continuously supporting and sponsoring activities.

1 Office 1 Welfare Institution Support

In order to cultivate excellent students scholarship business is enforced and in Chungnam Kongju city, a sisterhood relationship has been established with the Kongju Technological High School by supporting with material, etc. Thus, for the sake of future youth, diverse social contributions are enforced.

Households Headed by Children and Estranged Elderly Relationship Sponsorship, 1 Office 1 Welfare Institution

The social volunteer group sponsors the estranged communities with tireless efforts. To make them become friendly communities, WP helps the needy families through volunteer centers, connecting them with welfare institutions. This provides needy families with funds to with help living expenses support, education guidance and celebration activities throughout the whole year. .

1 Company 1 Village Support

Through the 1 company 1 village movement WP supports farm village volunteer activities and buys local special products. These are activities that will help farm communities to become good local communities to live in. Currently WP collaborates with a total of 56 villages such as Taean county Eoeun-ri, etc.

2006 total volunteer activities of love

	Love for humans		Love for nature	Love for culture			Total
	Social welfare	Disaster relief	Environment preservation	Culture and arts	Scholarship and education	Promotion of sports	
Number of activities	668	4	55	42	44	19	832
Number of participants	3,265	67	1,155	109	137	28	4,761
Hours of volunteering(hrs)	15,355	238	2,738	353	154	8	18,846

▶ 1 company 1 business high school

▶ 1 office 1 welfare institute support

▶ 1 company 1 village work support

Together with Local Communities Make Friendly Neighbor

The social responsibility that lies with a business is first of all collaboration with the local community. WP's motto : 'Happy energy, friendly community' is also its effort to make the local community a friendly one. There will be many changes to make it so in the future, but WP together with the local community in a win-win collaboration strives for development.

Special employment for Local Area Person

Preferential employment WP employs local excellent talent and the community in collaboration with WP constructed a power plant and now operates it. To make this possible the community construction business had to be involved and local citizens were employed (105 people, 0.65 billion won). When new labourers are employed an excellent employment system is enforced by the local citizens. The system was first used in 2001 and in 2007 10 people were employed.

Business attraction generates jobs In order to secure the development of the local area and work places, business attraction is a must. To attract interest long-term (repayment in 20 years, 3%/year) treatment is necessary and business operation funds supporting businesses are enforced. Additionally, for industrial consumers WP supports a portion of the electric bill.

Construct Infrastructure and Develop a Major Business for Local Community

Public facility business To secure local citizen's personal convenience and public welfare, WP continues to develop and to promote the local development business. In 2006 a public work place and a resting area was provided. This entailed the renovation of the citizen self control center and the construction of new buildings, costing 330 million won (8 buildings), which were supported by WP. To solve the problem of the shortage of workers due to aging in the rural area, machinery has been purchased at 650 million won (6 pieces) by WP. This shows that the local public facility business and profit increase business are in the lead.

Electric bill support system Fishing and agrarian villages that have fallen behind are supported with electricity subsidy. The subsided household numbers in Taean area are totals 3,400 for industrial consumption and private consumption, the amount for a yearly electricity subsidy supporting business is 400 million won. As a result, the citizens think very favorably of WP.

Power plant local area support fund

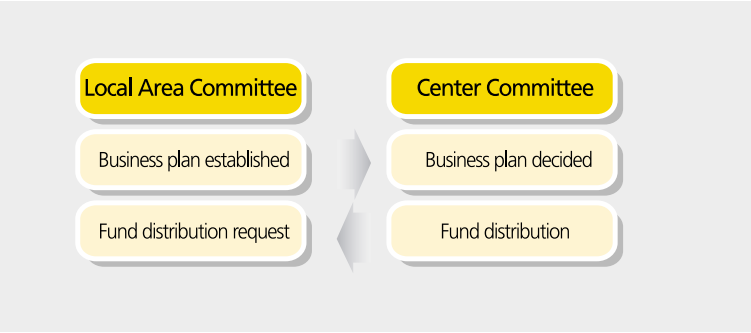
(Unit : million won)

	2001	2002	2003	2004	2005	2006	(2007 plan)	Total
Profit increase	1,440	751	1,243	1,122	1,306	2,599	2,415	10,876
Public facility	1,876	1,589	881	1,683	1,440	2,210	2,014	11,693
Educational work	1,501	1,279	1,309	1,485	1,438	2,005	1,845	10,863
Business inducement	500	500	500	500	500	393	323	3,216
Citizen welfare	300	150	150	150	–	–	–	750
Electricity charge	–	–	–	–	–	350	400	750
Social welfare	–	–	–	–	–	–	129	129
PR	250	215	180	240	143	–	–	1,028
Special support	–	–	5,946	–	16,346	–	7,500	29,792
Total	5,867	4,484	10,210	5,180	21,173	7,557	14,626	69,097

Local Community Opinion Direct Collecting and Performance

Operate local community council To re-enforce the organic council system between each power plant and local autonomous organizations and local citizens, opinions are collected and open hot lines are established. Furthermore, to perform rational operation for power station local area fund, a fund screening committee is operated. Moreover, in order to realize the power station local area fund performance, each area must establish a business plan and distribution of funds, etc. which the local committee formulate and operate.

Operation of the fund review committee toward local autonomous organizations



▶ Construction presentation for the sake of Gunsan local community citizens

Transferred citizens hope, 'Nostalgia Hill' construction WP has appropriately compensated the citizens who were displaced due to the construction of Cheongsong pumped storage power plant. Besides compensation, it has erected 'Nostalgia Hill' located next to the lower part of the reservoir. The hill was constructed in memory of the transferred citizens in order to make them feel proud. During the construction a prehistoric grave was excavated. The company contributed to the restoration and preservation of this cultural heritage..

Thorough implementation for promise with the local community WP is thoroughly keeping its promise it made to the local community when it built the power station, working to live up to its social responsibility. In order to perform in accordance with the local community agreement, each subject on the agreement is under supervision and managed by an independent division. In 2006 the Taean 7 was constructed. The construction license related 23 items for treatment which were pointed out and are under management except for two that have not yet occurred. Currently 16 of them have been treated and 5 are under treatment.

Environment Evaluation for the Power Construction Area

When building a new power plant WP takes into consideration in advance the impact the construction will have on the natural environment, living environment, social and economic environment, and therefore, evaluates and investigates how it can minimize the pollution of the environment. From beginning to end of the construction WP examines the impact on sea plants and animals, sea water, noise, the ecological system and air, doing its best to prevent environment pollution.

Environment and traffic evaluation for the power plant construction

Project	Environment evaluation	Traffic evaluation
Pyongtaek thermal oil storage facility expansion	○	
Cheongsong pumped storage power plant construction	○	
Taean thermal #7, 8 construction	○	
Gunsan combined cycle power plant construction	○	○
Garorim tidal power plant construction	○	○
Taean IGCC construction	○	○

For the Future Generation

Children and Youth Education

WP makes efforts to nurture our children and youth as responsible members and leaders of the future society by setting an example of corporate social responsibility through implementation of ethical management, constant social contribution activities, and local community support. In particular, we have provided various opportunities for plant field trips and education programs to the students living in plant area where education environment is relatively poor. Through these efforts, we hope to create an environment where future generations can build their hopes and dreams.

Support Education

As an effort to nurture talented people, WP has set aside scholarship of 3.2 billion won for high-performing students and students with low-income bracket living near plant area and granted the money to 960 students annually. In addition, we have supported the enhancement of education environment by supplying more computers and expanding physical education facilities in schools nearby plant area.

Financial support for education nearby plant area (Unit : million won)

2004	2005	2006	Total	2007 Plan
1,485	1,438	2,005	4,928	1,845

Making Local Schools as Top-Notch Institutions

WP has made substantial investments to enhance education environment nearby plant area. Particularly, as a part of making Taean Wonyi Middle School as a top-notch education institution, we supported sending all 150 students at Wonyi abroad for study. Also, we have supported local schools' athletic clubs, provided education facilities and materials, and supported school meal money to students skipping meals.

Scholarship granted (Unit : million won)

	Scholarship Granted		Scholarship Fund
	Person	Amount	
2004	983	440	290
2005	935	406	290
2006	982	517	470
Total	2,900	1,363	1,050 (Total 3,220)

Education for Energy Theory

WP provides education on electricity production process, energy conservation, and electricity safety to the local elementary school students every year. Other than these, we employ various methods such as drawing contest, essay contest, and PR center tour for energy education. In particular, 'Youth Plaza' and free community board at WP website provide information on power generation by each power source, quizzes and games to enhance understanding on electricity.

※ Youth Plaza : http://www.westernpower.co.kr/kid/index.asp

▶ Scholarship granted to students nearby plant area

▶ One-day electricity education at kid's school

Ethical Management

Roadmap Setup and Implementation of Ethical Management

As a public power generation company which provides main growth engine for industrial development, WP makes every effort to maintain its reputation of high integrity. The president's management policy places establishing ethical management above all other objectives.

Ever since the launch of ethical management in 2002, WP has carried out roadmap for ethical management to secure its system and anti-corruption culture. In 2004, WP introduced ethical management monitoring system to enhance customer satisfaction, and has gained constant feedback on vulnerable areas and customer complaints through regular checkups. We spare no effort to improve ethical management.

In May 2006, we became the 5th domestic company to join the UN Global Compact, under which we follow 10 principles in 4 areas of human rights, labor, environment, and anti-corruption. In December 2006, WP implemented Work Integrity Contract System for Management which stipulates responsibilities, obligations and regulations for work integrity in cases of infringements.

Enactment of code of ethics

Ethics charter corporate ethics	WP code of ethics - Propose corporate ethics & value system of WP	Enacted in Oct. 2002
Implementation guidelines	Guidelines for implementation - Build infrastructure for implementing ethical management	Enacted in Oct. 2003
Corporate ethics principles	Guidelines for WP code of ethics - Propose guidelines for ethical behavior regarding promoting WP	Enacted in Oct. 2003
	Code of ethics manual for ethical management (With Clean-WP, WP's pledge toward clean society) - Provide legal grounds and relevant information on ethical implementation	Published in Dec. 2003, Published in Dec. 2005

Organization for Ethical Management Implementation

For the effective implementation of ethical management, WP's Ethical management office is composed of 1 ethical management implementation officer and working level team (1 general managers, 3 managers, 2 staffs) and is included in Management Innovation Office.

Organization for ethical management implementation

Organization	Organization and Operation
Ethics committee	• Committee head (1) : President (Manager : Ethical management implementation officer) • Internal members (6) : 2 Standing Directors, 1 Workforce Representative, 3 office (Department) or power plant Heads • External members (2) : 1 non-standing director, 1 ethical management expert • Strategy setup for ethical management and major decision-making
Ethical management office	• Comprehensive handling of relevant corporate ethical management issues (7)
Audit & inspection office	• Evaluate ethical law-abiding activities

▶ Resolution ceremony for ethical management

▶ Ethical management guidebook

Operation of Ethical Management Monitoring System

WP has regularly implemented ethical management monitoring with outside specialized survey agency since 2004. Through monitoring given to each stakeholder including suppliers, customers, internal employees, local communities, WP has generated systematic management elements and improved ethical reliability and satisfaction in and out of company with constant checkups and betterment.

The results are reflected on evaluation system and ethical level of each center is measured. With the launch of Integrity Penalty System in 2006, centers

found to have corruption cases are deprived of rewards and overseas training opportunities. In 2006, one case has been identified and applied. In particular, positions (jobs) with greater possibility for corruption are rotated based on assignment rotation standard.
WP shares results of monitoring feedback and generates improvement measures through workplace lecturing tours and workshop for employees in charge of ethical management. WP has no cases for violating national laws or regulations.

Current status of monitoring

	Clean cooperator monitoring (CCM)	Customer experience management (CEM)	Survey of friendly telephone answering
Frequency	2/ year	2/ year	2/ year
Subjects	Supplier, person in charge	Internal employees	Internal employees
Methods	Telephone Survey	Mail survey	Telephone monitoring
Details	Corruption experience, Corruption perception, Working procedure, Ethical action	Level of ethical awareness, Observance of ethical regulations, Implementation of ethical behaviors	Rapidity of telephone connection, Telephone answering manual, Customer response, Manner of ending conversation, Impression of talking over the phone

Monitoring results

	Clean cooperator monitoring (CCM)	Customer experience management (CEM)	Survey of friendly telephone answering
Survey results (Company average)	89.9(2004) → 90.4(2005) → 96.5(2006)	84.8(2004) → 83.8(2005) → 87.6(2006)	83.3(2005) → 90.1(2006)

Ethical Management Training

WP has implemented by-phase ethical management education plan based on Comprehensive Roadmap for Ethical Management. Based on monitoring results, we provide workshop tours and workplace head education, special expert lectures, on-site presentation regarding current management issues by the management, MV conversation, and CEO ethical message using councils to disseminate the importance of ethical management to all employees.

Status of ethical management training

Training program	Trainees	Frequency
Special lecture by outside lecturer	The management, office (department) head, Operating locations head, HQ employees	2/ year
Workshop for employees in charge of ethical management	Employee in charge of ethical management	2/ year
New employee training	New employees	When recruiting
Operating locations workshop tour	All employees	1/ year
Cyber education	All employees	1/ year
Field training for operating locations head	All employees	1/month

(Note) Training Performance : Training time (27,887 hours/total, 16.4hours/person), Participation rate (100%)

Legal Compliance

Marketing Communication

WP has observed the advertisement related laws so far, and in 2007 we have enacted Guidelines for PR and advertisement for more strict observance.

Legal Actions Against Unfair Competition and Monopoly

We have honored the principles and regulations of fair trade law, and constantly implemented ethical management monitoring. We have no cases for legal restrictions in regards to fair trade.

Appendix

- The 3rd Party Verification Statement
- GRI Index Chart
- Definition of Terms
- Major Awards and Certifications
- Memberships in Associations and Organizations
- Reader's Questionnaire
- Report Preparation and Epilogue

The 3rd Party Verification Statement

Introduction

The Korean Foundation for Quality (hereinafter as KFQ) has performed engagement on verification of Korea Western Power's '2006 Sustainability Report (hereinafter referred to as the report).' The report is responsibility of Korea Western Power with whom the objective and terms of the engagement were engaged. We are responsible for expressing our opinion based on the engagement.

Independence of Verification

KFQ has no conflict of interest with Korea Western Power in terms of profit generation-related activities except providing third party verification service on the report. And we do not have any biased opinion on Korea Western Power's stakeholders.

Verification Criteria and Scope

The assessments on the report are based on the following standards.

- Accountability, per AA 1000 which clarified by materiality, completeness, and responsiveness etc quality of report and related principle
- GRI, Sustainability Reporting Guidelines 2006
- GRI, Electric Utility Sector Supplement (Draft) 2007

The verification was focused on the efforts and performances of the sustainability management of Korea Western Power's head office and 6 power plants from January 1 through December 1, 2006.

Verification Procedure

The Verification was planned and performed to acquire reasonable assurance whether there are any material errors, omissions or misrepresentations in the report. The verification was conducted by KFQ's SR Auditors during 21st ~30th of August 2007.

Desk review

For this report the GAP analysis was implemented against '2006 GRI Sustainability Reporting Guidelines' and then reviewed datum and information described in the report considering the reporting principles and the stakeholders' concerns of Korea Western Power. Furthermore, we planned on-site verification to assess the reliability of the datum and information disclosed.

On-site verification

We have applied sampling principle after due consideration of information materiality and evaluation of Korea Western Power's relevant data management system and reporting process.

Visits were made to the head office, Pyeongtaek and Taean Site Division. We examined sustainability activities and results through interviewing staff and related internal documents for confirming the accuracy and reliability of the contents of the report.

Resolution of findings

We have discussed the issues identified during the procedures above, and reviewed the final version of the report again to check the correction and reflection of the found facts. Then gap analysis against the GRI guidelines was conducted on the final report.

Considerations and Limitations

The verification of the financial information included in this report was conducted by comparing with the 'Audit report on financial statements of 2006 Korea Western Power' which has already been audited.
For further understanding and a wider overview of the financial condition of Korea Western Power, refer to 'Audit report on financial statements of 2006 Korea Western Power'.

Conclusion

Through above verification procedure, We, KFQ have obtained reasonable basis to express that there is no material errors and misrepresentations. The conclusion is below.

Materiality | Korea Western Power's material activities and performance for sustainability were well stated with fair and unbiased view.

Completeness | Korea Western Power have deployed and developed various efforts in a social responsible way to identify and understand influences associated with its business activities and stakeholders' concerns.

Responsiveness | Korea Western Power have implemented information management system and reporting process effectively to accommodate stakeholders' needs and expectations.

Application of the GRI guidelines | This report was compiled in accordance with GRI sustainability reporting guidelines(2006) and the Electric Utility sector supplement(Draft 2007). Identifying of location of standard disclosure is found in 'GRI Index Chart' of the report.

Highlights

· It was outstanding that Korea Western Power's commitment to implement its sense of duty as a public company and communication activities with local communities.

· Korea Western Power announced 2007 new vision and strategy, which pursues a more strategic and practical sustainability management in order to correspond to international business environment variation.

· Through the interview management and employees of Korean Western Power, we have found that Korean Western Power have analyzed it's important effort and results related to sustainability management with the point of the stakeholders and made balanced and objective disclosures.

· Furthermore, Korea Western Power has an earnestness in the compilation of reports that would show the specific features of the electric utility industry referring to GRI Electric Utility Sector Supplement(Draft).

Suggestions for Improvement

· For the subject of performance improvement and high quality report, Continuous efforts should undergo focusing on the area with lack of sufficiency.

· Through experiences acquired from the course of compilation of this first report and feedback from management activities, it is expected that a more complete report will be designed and published. Furthermore unification of data sources between headquarter and shops are required to raise the reliability of the disclosed information.

· It is recommended that Korea Western Power align various efforts with its goals and communicate performances to stakeholders based on comprehensive understanding in context of sustainability.

August 31, 2007

kfq Korean Foundation for Quality

CEO Kim Jae Ryong
Korean Foundation for Quality

GRI Index Chart

: Core Performance Indicators

O : Disclosed ◐ : Disclosed Partially ○ : Not Disclosed N/A : Not Applicable

	GRI Index		Page	Extent
1. Strategy and Analysis	1.1	Statement by the CEO	4~5	●
	1.2	Description of key impacts, risks, and opportunities	12~13, 16	●
2. Organizational Profile	2.1	Name of the organization	8	●
	2.2	Primary brands, products, and/or services	8, 12	●
	2.3	Operational structure of the organization	10	◐
	2.4	Location of organization's headquarters	11	◐
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	11	●
	2.6	Nature of ownership and legal form	15	●
	2.7	Markets served	13	◐
	2.8	Scale of the reporting organization	8, 11, 12	●
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	-	N/A
	2.10	Awards received in the reporting period	84	●
3. Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	1	●
	3.2	Date of most recent previous report (if any)	-	N/A
	3.3	Reporting cycle (annual, biennial, etc.)	1	●
	3.4	Contact point for questions regarding the report or its contents	1	●
	3.5	Process for defining report content	87	◐
	3.6	Boundary of the report	1	◐
	3.7	Specific limitations on the scope or boundary of the report	1	◐
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	11	◐
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	1	◐
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	-	N/A
	3.11	Significant scope, boundary, or measurement changes from previous reporting period	-	N/A
	3.12	Table identifying the location of the Standard Disclosures in the report	78~81	●
	3.13	Policy and current practice with regard to seeking external assurance for the report	1	●
4. Governance, Commitments, and Engagement	4.1	Governance structure of the organization	15	●
	4.2	Indicate whether the Chair of the Board is also an executive officer	15	◐
	4.3	Independence of the Executive Board	15	●
	4.4	Mechanisms to provide recommendations or direction to the Executive Board	15~16	●
	4.5	Linkage between compensation for members of the highest governance body, senior managers, executives arrangements, and the organization's performance	16	●
	4.6	Processes for the Executive Board to ensure conflicts of interest are avoided	15	●
	4.7	Processes for determining the qualifications and expertise of the members of the Board	16	●
	4.8	Internally developed statements of mission or values, codes of conduct, and principles	14	●
	4.9	Board-level processes for identifying and managing risks and opportunities	15~16	●
	4.10	Processes for evaluating the Board's own performance	15~16	◐
	4.11	How the precautionary approach or principle is addressed	17	◐
	4.12	Externally developed economic, environmental, and social charters	6	●
	4.13	Memberships in associations	84	●
	4.14	List of stakeholder groups engaged by the organization	7	●
	4.15	Basis for identification and selection of stakeholders	7	●
	4.16	Approaches to stakeholder engagement	7	●
	4.17	Key topics and concerns that have been raised through stakeholder engagement	7	●
5. Management Approach & Performance Indicators (Economic)	Economic Performance Indicators			
	Disclosure on Management Approach		19, 25~27	●
	EC1	Direct economic value generated and distributed	22, 24	●
	EC2	Financial implications and other risks and opportunities due to climate change	34	◐
	EC3	Coverage of the organization's defined benefit plan obligations	57	◐
	EC4	significant financial assistance received from government	22	●
	EC5	Range of ratios of standard entry level wage compared to local minimum wage	-	○
	EC6	Policy, practices, and proportion of spending on locally based suppliers	60	◐
	EC7	Procedures for local hiring and proportion of senior management hired from the local community	69	◐
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	62~71	●
	EC9	Understanding and describing significant indirect economic impacts	70	◐

5. Management Approach & Performance Indicators (Environmental)

GRI Index		Page	Extent
Environmental Performance Indicators			
Disclosure on Management Approach		34~37	●
EN1	Materials used by weight or volume	38, 41	●
EN2	Percentage of materials used that are recycled input materials	38	◐
EN3	Direct energy consumption by primary energy source	38	●
EN4	Indirect energy consumption by primary source	38	●
EN5	Energy saved due to conservation and efficiency improvements	39~40	●
EN6	Initiatives to provide energy-efficient or renewable products and services	39~40	●
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	39~40	●
EN8	Total water withdrawal by source	41, 43~44	●
EN9	Water sources significantly affected by withdrawal of water	43~44	●
EN10	Percentage and total volume of water recycled and reused	43~44	●
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	45	●
EN12	Description of significant impacts of activities, products, and services on biodiversity	45	●
EN13	Habitats protected or restored	45	●
EN14	Strategies for managing impacts on biodiversity	45	●
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	45	●
EN16	Total direct and indirect greenhouse gas emissions by weigh	38	●
EN17	Other relevant indirect greenhouse gas emissions by weight	38	●
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	39~41	●
EN19	Emissions of ozone-depleting substances by weight	46	●
EN20	NOx, SOx and other significant air emissions by type and weight	41~42	●
EN21	Total water discharge by quality and destination	43~44	●
EN22	Waste volume by type and disposal method	44~45	●
EN23	Total number and volume of significant spills	46	●
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	44	●
EN25	Water bodies and related habitats significantly affected by discharges of water and runoff	45	●
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	36, 70	●
EN27	Products sold and their packaging materials that are reclaimed by category	-	N/A
EN28	Fines for non-compliance with environmental laws and regulations	37	●
EN29	Environmental impacts of transporting products, materials, and members	40	◐
EN30	Total environmental protection expenditures and investments by type	47	●

5. Management Approach & Performance Indicators (Social)

Labor Practices and Decent Work Performance Indicators			
Disclosure on Management Approach		49~58	●
LA1	Total work force by employment type, employment contract, and region	11	◐
LA2	Total number and rate of employee turnover by age group, gender, and region	52	◐
LA3	Benefits provided to full-time employees versus temporary or part-time employees	57	●
LA4	Percentage of employees covered by collective bargaining agreements	55	●
LA5	Minimum notice period(s) regarding operational changes	58	●
LA6	Total workforce represented in formal joint management–worker health and safety committees	55	◐
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of fatalities by region	54	◐
LA8	Programs to assist workforce members, their families, or community members regarding serious diseases	55	●
LA9	Health and safety topics covered in formal agreements with trade unions	55	◐
LA10	Average hours of training per year per employee by employee category	50	◐
LA11	Programs for skills management and lifelong learning	52, 57	●
LA12	Percentage of employees receiving regular performance and career development reviews	52	◐
LA13	Composition of governance bodies and breakdown of employees per category	11, 15, 50, 57	◐
LA14	Ratio of basic salary of men to women by employee category	57	◐

Human Rights Performance Indicators			
Disclosure on Management Approach		58	●
HR1	Investment agreements that include human rights clauses or that have undergone human rights screening	60	◐
HR2	Suppliers and contractors that have undergone screening on human rights and actions taken	60	◐
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	73	◐
HR4	Total number of incidents of discrimination and actions taken	58	●
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	55	●
HR6	Measures taken to contribute to the elimination of child labor	58	●
HR7	Measures to contribute to the elimination of forced or compulsory labor	58	●
HR8	Security personnel trained in the organization's policies or procedures concerning aspects of human rights	58	◐
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	58	●

: Core Performance Indicators

● : Disclosed ◐ : Disclosed Partially ○ : Not Disclosed N/A : Not Applicable

5. Management Approach & Performance Indicators (Social)

GRI Index		Page	Extent
Society Performance Indicators			
Disclosure on Management Approach		65~65	●
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	36, 70	◐
SO2	Business units analyzed for risks related to corruption	74	◐
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	75	◐
SO4	Actions taken in response to incidents of corruption	75	◐
SO5	Public policy positions	7	◐
SO6	Total value of contributions to political parties	-	○
SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	-	○
SO8	Value of significant fines and total number of non-monetary sanctions for non-compliance	74	●
Product Responsibility Performance Indicators			
Disclosure on Management Approach		29, 36	◐
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	21, 36, 70	◐
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	-	○
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	21	◐
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	-	○
PR5	Practices related to customer satisfaction	29~31	●
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	74	●
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	-	○
PR8	Total number of substantiated complaints regarding breaches of customer privacy	-	○
PR9	Total number of incidents of violations involving rights of indigenous people and actions taken	-	○

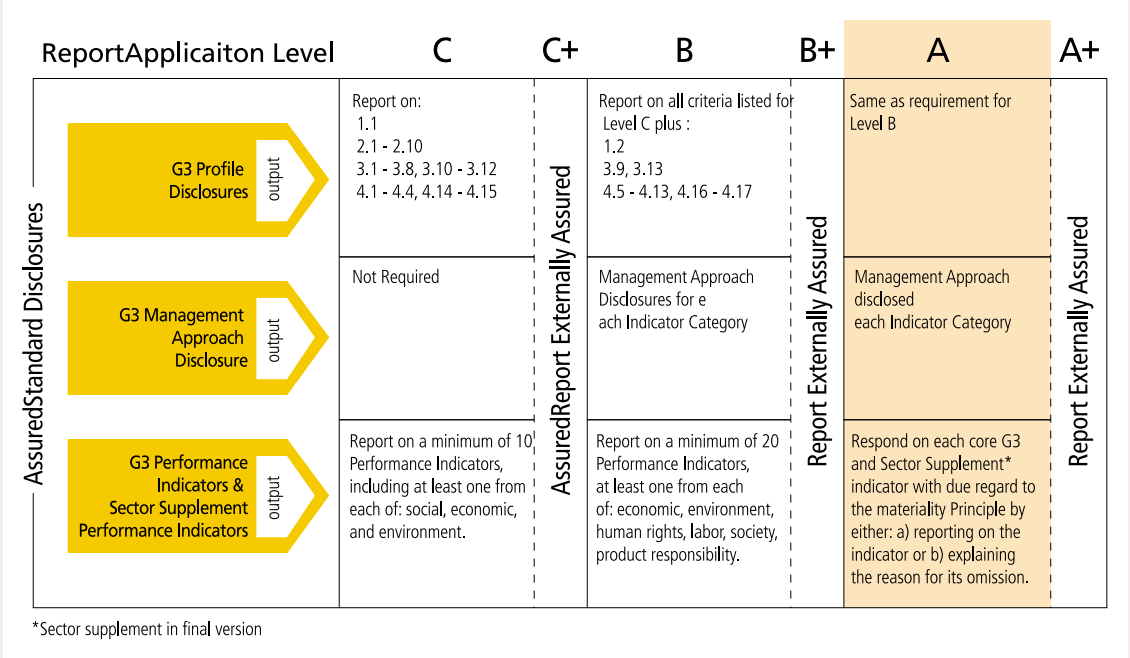
6. Electric Utility Sector Supplement

Organizational Profile			
EU1	Percentage of population served in area of operation, according to category	-	N/A
EU2	Length of transmission and distribution lines	-	N/A
Economic Section			
EU3	Description of how long-term reliability are used in investment decisions	22	◐
EU4	Process and methodologies used to assess existing and future demand	20	●
EU5	Planned capacity (MW), dispatching and/or generation mix (MWh)	20	●
EU6	Approach used for peak load management including load shedding	20	●
EU7	Customer or supply interruptions (CAIDI)	-	N/A
EU8	Approach to Research and Development (R&D)	27, 28	●
EU9	R&D expenditure by category as a percentage of total research expenditure	27	●
EU10	R&D expenditure as a percentage of net income	28	●
EU11	Generation efficiency	21	●
EU12	Transmission and distribution loss factor	-	N/A
Environmental Section			
EU13	Long-term planning for securing water resources	43	●
EU14	Percentage of area under integrated Pest Management	45	◐
EU15	Ratio of compensatory ecosystem area to total area of land acquired with high biodiversity value	45	◐
EU16	Management strategy and storage methods for different types of radioactive nuclear waste	-	N/A
EU17	Measures to manage environmental and health and safety impacts of radioactive nuclear waste, and security measures according to the applicable management standards/legislative framework	-	N/A
EU18	Isotopic composition of radioactive nuclear waste	-	N/A
EU19	Radioactive nuclear waste produced per net GWh nuclear generation per year	-	N/A
EU20	High level radioactive nuclear waste sent for processing and reprocessing per year	-	N/A
EU21	Long-term strategy for managing and eliminating high level and low level inservice PCBs	44	●
EU22	Expected completion date and projected costs of remediation of all known contaminated sites	44	●
EU23	Ratio of remediated sites to known contaminated sites	44	●
Social Section			
EU24	Processes to ensure retention and renewal of skilled workforce	50~51	●
EU25	Participatory decision making processes with communities and outcomes of engagement	70	◐
EU26	Percentage of projects which are compliant with IFC performance standards or equivalent	70	◐
EU27	Number of people physically or economically displaced	70	◐
EU28	Exposure limit(s) to electric fields (in kV per m) and magnetic fields (in μT) for members of the public and employees in the areas in which reporting organization operates	-	N/A
EU29	Number of injuries and fatalities to the public including diseases involving utility assets	-	N/A
EU30	Programs assist underprivileged, low-income or vulnerable customers to afford electricity connection and consumption	-	N/A

6. Electric Utility Sector Supplement

GRI Index		Page	Extent
EU31	Description of flexible billing arrangements, timely reconnection and other practices to assist customers to manage debt and avoid electricity disconnection	-	N/A
EU32	Initiatives to extend electricity services to unserved and underserved communities, particularly in rural or remote areas	-	N/A
EU33	Percentage of population unserved in licensed area of operations, broken down by population in rural areas and urban areas	-	N/A
EU34	Average reconnection time for customers disconnected for non-payment	-	N/A
EU35	Number of debt recovery actions and disconnections for non-payment per thousand customers, broken down by type of user	-	N/A
EU36	Practices to address language, cultural, low literacy and disability related barriers to accessing and using electricity services	-	N/A
Electric Utilities (Cross-Cutting)			
EU37	Demand-side management programmes	-	N/A
EU38	MWh saved through demand side management programs	-	N/A
EU39	Load shedding and load shifting (MW)	-	N/A
EU40	Approaches for conducting alternatives analysis of new investments	20, 39, 40	●
EU41	Contingency planning measures and disaster/emergency management plan and training programs	53	◐
EU42	Plans to involve the community and to deploy back-up supply and restore power	53	◐
EU43	Number of incidents of non-compliance with regard to contingency standards and inspections	54	◐

GRI Application Levels Table



*Sector supplement in final version

Definition of Terms

Global Reporting Initiative (GRI)
Under the umbrella of UN Environmental Program (UNEP), GRI presents guidelines on sustainability reports.

Integrated Gasification Combined Cycle (IGCC)
As an integrated gasification power generating system, IGCC refers to the method in which low quality solid and liquid sample ore such as coal, heavy residual oil, petroleum coke are incompletely burned and led to gasification to produce the gas whose main elements are carbon monoxide and hydrogen under high pressure and temperature, then the first power generation is conducted in the gas turbine and the second generation is done in the steam turbine.

Balanced Score Card (BSC)
A new strategy management and performance evaluation system in the form of comprehensive measuring indices to measure and control mission and strategy of corporate organizations.

Policy Customer Relationship Management (P-CRM)
As a system to provide customized and differentiated policy information to customers, it is an actively adopted promotion method nowadays when government organizations want to create consensus with the nation when pursing policies and improve reliability and efficiency of their work.

Product Safety Management System (PSMS)
As a comprehensive corporate management activity to respond to Product Liability Law, PSMS is a new management system model of quality management activities designed to enhance the safety of product during total product life cycle from product development, design, manufacturing, shipping, and disposal.

Investor Relation (IR)
It refers to Public Relation (PR) activities targeting stock and private loan investors to grant a reasonable evaluation from the capital market. It is also called investor relation session or corporate presentation activity. IR is targeting investors only and presents corporation's management activities and related information to ensure the healthy image of the corporation in the capital market while PR is for general people presenting information on overall corporation activities.

Project Management Professional (PMP)
Project management professional or project management technician. Rapidly growing interest in and demand of project management as a way to enhance global competitiveness also demands interest in PMP. In 1984, Project Management Institute (PMI) first introduced certification system in the US.

Change Acceleration Program (CAP)
WP benchmarked GE's CAP, a management innovation technique, for effective execution of innovation through nurturing organization members as change leaders. Organization members constantly adapt to corporate strategic changes by way of company's effort to create needs for change, create vision, and support changes of members.

Return On Invested Capital (ROIC)
A profitability index that quantifies how well a company generates cash flow relative to the capital it has invested in its business. The ROIC formula for calculating profitability of power generation companies is 'After Tax (Net Operating Profit + Depreciation Cost)/Invested Capital.' A company seeks to improve ROIC by revenue increase, cost reduction, and effective management of invested capital.

Intergovernmental Panel on Climate Change (IPCC)
The Intergovernmental Panel on Climate Change (IPCC) was established in 1988 with the experts from various countries under the umbrella of UN to comprehensively review countermeasure against global warming among other environment of the Earth. IPCC's working-level group reviews three areas of scientific evaluation of global warming, its impact on environment or society and the countermeasures. Its ultimate goal is to sign 'Global Warming Prevention Treaty.'

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

Career Development Program (CDP)

Companies which realized the importance of talented employee management have implemented manpower policy which hinges on training programs such as OJT and off JT. CDP is a comprehensive program to nurture talented employees, introducing HR personnel changes, objective management, and pre-evaluation.

Occupational Health & Safety Management System (K-OHSMS)

With an aim to prevent industrial disasters and create pleasant workplace, K-OHMS sets its objectives as maintaining and improving safety and health of employees. In order to achieve this goal, it defines organization, responsibility, and process and systematically distributes materials and HR resource in the company.

Great Work Place (GWP)

GWP stands for Great Work Place in which all employees trust their boss and the management, have self-esteem in the work, and collaborate with other employees in a pleasant way. In order to realize great workplace, workers need to have humanity, integrity, principles & standard, and fair process. Members also should have confidence in their work and enjoy their work.

Clean Cooperator Monitoring (CCM)

Telephone survey conducted to cooperator's contract person, center heads, and incoming customers

Customer Experience Management Customer (CEM)

CEM focuses on process and implementation rather than results. It is a comprehensive understanding of customers through analyzing and integrating all circumstances and processes which customers undergo(relate).

UN Global Compact

An international agreement proposed by the former UN Secretary-General Kofi Annan in 2000 in order to combine Corporate Social Responsibility (CSR) with business. The UN Global Compact is now joined by 4,000 diverse organizations in 116 countries as well as 3,000 companies around the world. Companies reflect its 10 principles in 4 areas of human rights, labor, environment, and anti-corruption on their corporate management voluntarily.

Corporate Social Responsibility (CSR)

Companies should be responsible for the impact their activities have on society and environment, and corporate performance should be evaluated considering profit, society, and environment in a comprehensive way.

6 Sigma

Statistically, 'Six Sigma' refers to processes that produce at defect levels below 3.4 defects per (one) million opportunities. 6 Sigma quality can be achieved by reducing product dispersions of all products within specification and the average of product characteristics are placed in the middle of specification.

Polychlorinated Biphenyls (PCBs)

A class of organic compounds with 1 to 10 chlorine atoms attached to biphenyl and a general chemical formula of $C_{12}H_{10-x}Cl_x$. PCB is classified as one of persistent organic pollutants which have prolonged effects on ecosystem with high toxicity and low level of degradation.

Wet Limestone Desulphurization Facility

A facility to produce gypsum for construction materials by eliminating oxides of sulfur via passing emissions gas through limestone solutions and reacting limestone with SO_x in the gas.

Selective Catalytic Reduction (SCR)

A means of removing NO_x, often found in exhaust gases, through absorbing it to catalyst layer, and separating it into harmless forms of O_2 and N_2.

Electric Precipitator

An equipment to precipitate dust through electromagnetic field by rotating dust in the gas to have electric characteristics.

Total Petroleum Hydrocarbon (TPH)

Total Petroleum Hydrocarbon which determines contamination made by kerosene, gasoline, jet fuels, and bunker Coil out of samples.

Major Awards and Certifications

		Certifications	Significance	Supervision/Sponsor
2007	June 21	1st Prize, Power Generation Company Management Evaluation 2006	1st prize in comprehensive performance management of 6 power generation companies	KEPCO
	Jan. 17	Korea Technology Innovation Award (Non Private Company Sector)	Prize awarded to companies which efficiently implemented and maximized technology innovation	The Korea Economic Daily
2006	Dec. 28	Prime Minister Award, Conglomerates-SMEs Cooperation Award (Comprehensive sector)	Prize awarded to companies which showed excellent cooperation between large companies and SMEs	FKI, KFSB
	Dec. 20	Acknowledgement of Achieving 10-Fold Figure of No Disaster (Pyeongtaek)	Acknowledgement of reaching 10-fold figure for no disaster	Korea Occupational Safety and Health Agency
	Nov. 8	Prime Minister Award, 22nd Kyunghyang-Electricity Energy Award (Power Generation Sector)	Prize given to companies with the best energy reduction performance	Kyunghyang Shinmum, KEPCO
	June 29	Environment Award (Blue Sky Sector)	Prize given to companies and organizations contributed to environment	The Chosun Ilbo
	June 7	Prime Minister Award, 1st Beautiful Companion Award	Acknowledged the contribution to coexistence and cooperation of large-small companies and development of SMEs	Small and Medium Business Administration
	May 19	Korea Standards System Management Award (Quality, Environment, Safety and Health Sector)	Prized awarded to companies with excellent quality, environment, and safety & health management system	Korea Standards Association
	Feb. 8	2nd Prize, Transparent Management Award 2005	Recognition of Clean-WP by outside institutions	5 Major Economic Associations
	Jan. 11	2005 Korea Construction Award (Industrial Facility Sector)	Acknowledgement of environment-friendly and human-friendly construction culture	Korea Construction Daily
2005	Dec. 22	Korea ESH Value Management Award (1st, Comprehensive Sector)	Verification of management performance via environment, safety & health management	Hankook Ilbo, Eco TV
	Dec. 22	Conglomerates-SMEs Cooperation Award (Technology Development Sector)	Evaluation of outside institutions regarding SME support	FKI, KFSB
	Dec. 8	Korea Corporate Communication Award	Acknowledgement of improving the quality of company newsletter	Korea Newsletter Federation
	Dec. 7	Korea Quality Award	Securing best company status in establishing quality management system	KSA, MOCIE
	Oct. 21	Management Innovation Best Practice Award (CSR Sector)	Acknowledgement of outside institutions regarding performance-based management	KSIE, KSAC
	Oct. 11	Korea Great Work Place Award	Evaluation on developing and maintaining healthy corporate culture (Recipient for three consecutive years)	Eltech Trust Management Institute
	Oct. 10	Facility Management Best Practice Award	Recognition of systematic facility management	The Korea Institute of Plant Engineering
2004	Dec. 8	1st Prize, Korea Corporate Communication Award	Developing corporate culture and improving the quality of newsletter	Korea Newsletter Federation
	Dec. 7	1st Prize, Korea Management Award (Ethical Management Sector)	Companies which enacted and implemented corporate Code of Ethics and implemented transparent management to internal/external stakeholders	KMA
	Nov. 19	Korea Quality Production Innovation Award	Companies which achieved substantial performance in improving the productivity of Industrial Engineering (IE) activities	MOCIE
	July 13	Korea Idea Management Award	Prize awarded to have innovative management through suggestion activities (Recipient for three consecutive years)	KMA

Memberships in Associations and Organizations

Name	Applications
Korea Society of Innovation	Acquire research on management innovation and exchange information
Korea Employers Federation	Train labor-management relation, identify trend, and consult legal matters
Korea Business Ethics Institute (KBEI)	Benchmark ethical management cases
Korea Suggestion System Association	Benchmark suggestions, exchange information, and attend seminars
Korean Standards Association (KSA)	Attend regular meetings and seminars
The Korean Society for Quality Management	Exchange information and attend seminars
Korea Energy Economics Institute	Acquire research materials
The Federation of Korean Industries (FKI)	Identify economic trend and exchange information
Korea Management Association (KMA)	Utilize management training at work
The Korean Society for New and Renewable Energy	Collect information on the trend of renewable energy technology development and utilize them when introducing renewable energy facilities
The Korean Society of Mechanical Engineers	Participate in training for technology exchange, acquire research papers
The Korean Institute of Electrical Engineers	Participate in training for technology exchange, acquire research papers
Environment Protection Agency	Environment protection
Association for Electricity of Asia & Pacific	CEPSI meeting participation, information exchange among member companies
Electric Power Research Institute (EPRI)	Introduction of advanced technologies on power generation facilities
Korea Electric Association	Exchange technology information

Reader's Questionnaire

Please share your ideas on 'WP 2006 Sustainability Report.'

To create a more faithful and accurate report, we want to listen to your valuable opinions about this report. Your answers will be reflected on the future reports.

1. How did you come to know this report?

☐ Website ☐ Media (Newspapers, TV) ☐ WP ☐ Seminar/Lectures ☐ Others

2. In which of the following occupation/area do you belong to?

☐ Management and Employees ☐ Investors/Shareholder ☐ Customer ☐ Industry
☐ Cooperators and Suppliers ☐ Local Residents/NGO ☐ CSR Expert ☐ The Press
☐ Academia ☐ Government ☐ Others :

3. What was the level of understanding of this report?

☐ Easy to understand ☐ Mostly understood ☐ Mostly not understood ☐ Difficult to understand

4. Which part of this report interests you the most?

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

5. Which part of this report needs improvement?

☐ Corporate Information ☐ Social Performance ☐ Environmental Performance
☐ Economic Performance ☐ Others:

6. Are there any suggestions to improve the quality of this report in the future?

7. Please feel free to share any opinions you have regarding WP's sustainability management.

Name : Gender : ☐ Male ☐ Female

Address :

E-mail :

Occupation :

Thank you for your response.

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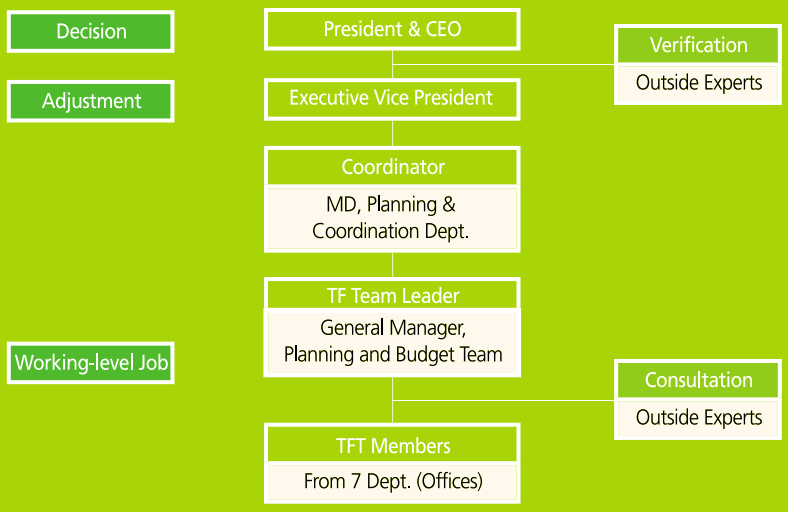
Report Preparation and Epilogue

The need for and importance of publishing transparent sustainability report is increasingly growing in a situation where corporate social and environmental responsibility is getting stronger and shareholder interest is prioritized. WP has come to publish sustainability report this year, keeping pace with these trends. WP has organized Task Force Team whose members comprise staff at HQ offices (departments) to enhance the loyalty and reliability of the report. This report has been prepared based on the data provided by each department, referring to GRI G3 Guidelines and interest of the stakeholders. It has been finalized through the review of the management.



TFT Members

		TF Structure
Coordinator		Park Jong-Hoon, MD, Planning & Coordination Dept.
TF Team Leader		Jeong Yung-Chul, General Manager, Planning and Budget Team
TFT Members	Performance in General	Han Man-Kwon, Manager, Quality Management Team
		Kim Ha-Soon, Manager, Planning and Budget Team
		Kim Dong-Won, Manager, Planning and Budget Team
		Choi Jeong-Wook, Manager, HR Development Team
		Kim Byung-Chol, Manager, Labor & Welfare Team
		Baek Ung-Ki, Manager, Power Generation Planning Team
		Kim Seon-Yong, Manager, Renewable Energy Team
		Choi Jae-Ho, Manager, Project Management Team
	Social Responsibility	Im Sun-Bin, Manager, Business Ethics Team
	Environment	Lee Seung-Hee, Manager, Environment Management & Chemistry Team
	Innovation	Park Dae-Ju, Manager, Management Innovation Team
	Report Design	Jang Chang-Ho, General Manager, Public Relations Team Lim Jeong-Lae, Manager, Public Relations Team

▶ Workshop on making Sustainability Report

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