2008 Sustainability Report

World Best 3E Creator
Energy | Environment | Expertise

Challenge & make a Difference

KOREA WESTERN POWER CO., Ltd.

Application of GRI G3

We, Korea Western Power Co., Ltd., apply the G3 guideline of GRI when preparing the 2008 Sustainability Report. We declare that this report meets the requirements for above G3 Guideline.

The KFQ, Korea Foundation for Quality, verifies that this report acquires the A Degree during the verification process.

*Note : The sign, +, means that this report is verified by the 3rd party.

1. Purpose of Publication

The purpose of this report is to open our overall activities, performed by our company for completing our social liability, and accomplishments acquired through the activities to our stakeholders such as shareholders, government agencies, investors, contractors, local society and civic groups.

2. Report Preparation Standards

This report has been prepared by applying the Sustainability Reporting Guideline 2006 of GRI (G3) and Electricity Utility Sector Supplement (draft) For the details, refer to the GRI Index Chart.

3. Scope and Duration of Report

This report has been prepared to explain the business operation of our Seoul head office and 7 business places. The duration to report is January 1st, 2007 thru December 31st, 2007. Some accomplishments acquired in July 2008 are included in this report. Our accomplishments acquired over last 3 years 2005 thru 2007 are specified in this report to show the trend of our accomplishments.

4. Characteristics of Report and Difference from Previous Ones

We publish our Sustainability Report based on the environment report published in 2004. We published our first Sustainability Report by adding the economic and social accomplishments to our existing environment report for the purpose of guaranteeing the smooth communication with our stakeholder. We specify the insufficient parts of 2007 Sustainability Report such as DMA (disclosure on management approach), activities related to our stakeholder and importance evaluation more detail. Also, we specify the accomplishment information at end of each section so that the readers may comprehensively check our management accomplishments.

5. Data Measuring and Selecting Standards

The financial accomplishments stated in this report are prepared according to financial accounting standards.
Our environmental and social accomplishments are prepared according to applicable laws or data measuring and selecting standards.

6. Policy and Practice of Verification Agency

This report has been verified by the KFQ, the 3rd party verification agency, for guaranteeing the reliability.

7. If you have any questions on this report, contact us at following phone numbers and address:

Homepage: www.westernpower.co.kr

Handling department
Strategy & planning team, Management strategies department
Korea Western Power Co., Ltd.

How to contact us
Tel : 02-3456-7613
Fax : 02-3456-7752
E-mail : cyber217@iwest.co.kr

Challenge & make a difference
This is a management policy slogan showing our strong intention targeting the sustainable management by making a difference based on the challenging and creative thought.

Contents

CEO Message 04
Communication with Stakeholders 06
Evaluation of Importance 07

Challenge & Make a Difference
Our History 10
Vision and Management Strategies 13
Characteristics of Power Industry 15
Governance Structure 16
Risk Management 18
Ethic Management 20

Creative Energy
Creative Energy 24
Energy Security 25
Value Creation 27
Technological Development 30
Management Innovation 31
Important Management Accomplishments 32

Clean Energy
Clean Energy 36
Climatic Change and Energy 37
Utilizing the Resources and Minimizing the Generation of Pollutant 41
Important Environmental Indexes 48

Happy Energy
Happy Energy 52
Safety and Health 53
Employee Satisfaction 55
Management Focused on Coexistence with Our Contractors 59
Together with Local Society 62

Appendix
Verification Statements Prepared by the 3rd Party 68
GRI Index Chart 70
Definition of Words 74
Major Awards and Certificates 76
Associations and Organizations Joined by Our company as a Membership Member 76

World Best 3E Creator

Energy | Environment | Expertise

Challenge & make a Difference

We provide the happy energy to our nation. We will be a good friend of our people and local society.

Happy energy makes people warm.

Clean energy keeps the environment clean.

We contribute to our nation and society through the best energy generated in harmony with human, technology and environment.

Our esteemed stakeholders!
We, Korea Western Power Co., Ltd., deeply appreciate your continual interest and strong support enabling our continual growth.
This sustainability report is published as the second edition for the purpose of showing our strong sustainable management intention and meeting the requirements for the global standards.

Recently, the power industry is faced with a lot of difficulties resulted from increased price of power generation fuel and fierce competition. In addition, interest in environment is getting increased, so the eco-friendly plans are considered as a key element in generating the power. We operate our business focused on the sustainable management by accomplishing our responsibility to keep the natural environment clean and overcoming the difficult business environments.

We have tried our best efforts to accomplish our business goals by recognizing the importance of sustainable management since separated from Korea Electronic Power Corporation as the professional power generation company in 2001. We have prepared the sustainable management road map and Vision 2020(3 plus 10), long-term management strategy, to secure the dynamic force of continual growth as a part of efforts to become the global top power company based on our management accomplishments for last 7 years.

The Vision 2020 is prepared to show our strong management intention required for guaranteeing our bright future and accomplishing strategic issues. All our employees keep trying our best efforts to become "World Best 3E Creator" focused on energy, environment and expertise.

We joined the UN Global Compact, autonomic convention organized by the global economic organizations, as a member in May 2006. 10 principles declared by the UN Global Compact such as labor, human right, environment and anti-corruption accorcing to our management strategies such as clean management, environmental management and sustainable management. We have acquired the brilliant management accomplishments by receiving the best power generation company award twice and attaining the 6th level, the highest level, in management innovation appraisal of public corporation. In addition, we keep diversifying our business area into construction of tidal power plant and development of renewable energy and overseas power generation business.

This sustainability report is published as the media transmitting the information and the strategic communication manual showing our efforts and business accomplishments to our stakeholders through our sustainable management strategies as well.

We will try our best efforts to build the happy society through the best happy energy generated in harmony with human, technology and environment. In addition, we promise to accomplish our mission as the national company to protect the environment and complete our social responsibility based on our superior technologies.
Thank you.

President & CEO
Korea Western Power Co., Ltd.
Oct. 2008

Communication with Stakeholders

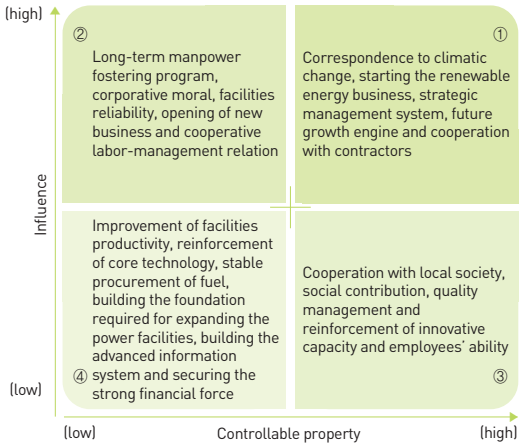
Diverse stakeholders are involved in our corporate activities or management activities, and our stakeholders are influencing each other. In this regard, we consider the reliability with our stakeholders as the top priority for the sustainable growth. We widely open the diverse communication channels to check the needs of our stakeholders. We effectively manage our stakeholders by periodically analyzing the surveyed stakeholders' needs.

Stakeholders' Group

Items		Expected values	Communication channels
Shareholders (government and KEPCO)		Maximization of shareholders' value, promotion of public good and management innovation	General shareholders' meeting, president meeting of power companies, board of directors and government policy consultative organization
Clients	KPX	Reasonable power trade	KPX board of directors, general meeting, committees (cost evaluation, revision of regulation, information disclosure, Ancillary Services operation technology policy seminar
	Power users	Stable supply of high quality power at low price	Taking opinions via a homepage, webzine (company news letter). KEPCO Survey, electricity publicity center and voice of customer (VOC)
Contractors (Professional service providers)		Clean management and fair competition	Regular contractor informal meeting, business meeting, manufacturing meeting, TM meeting, P-CRM, special support measure for SEMs, customer satisfaction survey and CCM
Organization members	Employees	Job security, promotion of welfare and self-realization	CEO Hot-line, conversation with CEO (website), CEO E-mail, dream board, joint labor-management conference, conference between labor and management, click and suggestion system, grievance procedure system, newsletter publication, employee welfare satisfaction survey, informal gathering for woman workforce, presentation meeting for employees and participation of social contribution activities
	Families		Family gathering, 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) and visit to dad's workplace
Local communities (Local government, local residents and citizens and environmental group)		Contribution to local economy and active cooperation with environment and local community issues	Local representative meeting, gathering with local residents, committee for regional support, sponsor to social contribution activities, partnership agreement with civil organizations and hot-line for collecting opinions

Evaluation of Importance

We, Korea Western Power Co., Ltd., keep evaluating the importance of our stakeholders in terms of social interest, ripple effect and concordance to our business strategies based on the opinion acquired through communication with our stakeholders.



Derivation of Important Issues and Evaluation of Importance

32 important issues are derived through the workshop with our strategic group and professional consulting companies, communication for each channel, review of media and survey. We select 21 issues out of 32 issues by classifying the issues for each theme and then evaluate the interest level using our evaluation standards. We evaluate the controllable property and impact to society against the selected issues.

Result of Deriving the Important Issues

Accomplishments and efforts to correspond to 10 issues frequently raised and included in the areas of ①, ② and ③ are stated in the report in detail. The range and level of report will be reinforced in the future.

Important issues	Important accomplishments and direction to progress	Pages to refer
Correspondence to climatic change	Reinforcement of eco-friendly system, securing the carbon emission right, reducing the greenhouse gas, promoting the CDM project	Page 37
Starting the renewable energy business	Completion of the biggest solar photovoltaic power generation plant in Korea and starting the construction of tidal power generation plant and coal gasification plant	Page 28
Strategic management system	Preparing the Vision 2020 road map and 2008 management strategies	Page 13
Future growth engine	Open of Philippine overseas corporate and starting the construction of Laos hydro power plant, Indonesia thermal power plant and combined cycle power plants in Korea	Page 19
Cooperation with contractors	Providing the R&D Support, financial support, sales network and global marketing	Page 59
Long-term human resource development	Preparing the career development program and reinforcement of incentive system	Page 57
Corporative ethics	Reinforcement of system, organization and ethic monitoring feedback	Page 20
Reliability of facilities	Keep the stability and efficiency as the global top level	Page 24
Cooperation with local society	Providing the support required for the construction of infrastructure around the power plant and local culture support program	Page 62
Social contribution	Strategic partnership based on cooperation with local society	Page 62

3E

Challenge and make a difference

We will become your happy partner
by being with you all the times
just like the sun, water and air.

Challenge & make a Difference

Our History

We, Korea Western Power Co., Ltd., have continually grown for last 7 years since separated from KEPCO as the professional power generation company for the purpose of reinforcing the competitiveness of Korean power industry in 2001. Currently, we occupy 13% market share in Korean power industry by owning the power generation capacity of 9,601MW.

We collected the wisdom and passion of all our employees to become the global top energy company and declared our strategic and practical sustainable management intention by establishing the long-term management strategies, Vision 2020 (3 plus 10).

We actively react to the changing paradigm for the sustainable growth in the rapidly changing market environments such as international environmental regulations and accelerated opening of power market. In addition, we steadily prepare to become the general energy company through the expansion of renewable energy business, business diversification and globalization of power industry.

We operate our business focused on increasing the national energy use efficiency by starting the steam supply and power generation business and integrated energy supply business under the intention of maximizing the synergy effect by consolidating our power plant operation capacity and project bidding capacity of private sector. In addition, we actively progress the hydro power generation business and coal power generation business based on our superior commissioning capacity and Operation & Maintenance ability for the access to overseas power market. We build the foundation to start the power generation business, LNG Storage project and other overseas development projects by incorporating KOWEPO International Corporation, our first overseas subsidiary, in the Philippines.

Also, we operate the solar photovoltaic power generation plant and small hydro power plant and progress the construction of tidal power plant scheduled to be completed in 2012 in order to secure the superior position in the power industry by developing the renewable energy, unlimited future energy. In addition, we do our best efforts to start the coal gasification power generation business and develop the fuel cell.

We operate our business focused on developing the technologies to maintain the reliability of our facilities at top level by accomplishing the goal, zero defect operation of all generators, and reinforce our R&D activities.

2001

- Korea Western Power Co., Ltd. was incorporated.
- Our corporate philosophies and CI were declared.
- Completed the construction of our Taean thermal power plant No. 5.
- Started our Pyeongtek desulfurization facilities installation project.

2002

- Our ethic management policy including the principles was declared
- Completed the construction of our Taean thermal power plant No. 6.
- Successfully issued our first Eurobond.
- Nominated as the top power generation company.
- Acquired the OHSAS 18001 for our Taean thermal power plant.
- Acquired the ISO 9001 certificate for our all business places.

2003

- Introduced the 6 sigma management innovation technique.
- Started the construction of Taean thermal power plants No. 7 and 8.
- Awarded the presidential prize in the area of quality management.
- Our Taean thermal power plant was nominated as the top power plant in the area of environmental management.

2004

- 6 sigma management innovation technique was applied to all our business places.
- Closed our Gunsan thermal power plant.
- Safety control charter was declared.
- Awarded the national top quality prize.
- Our Taean thermal power plant was nominated as the top power plant in the area of safe management.

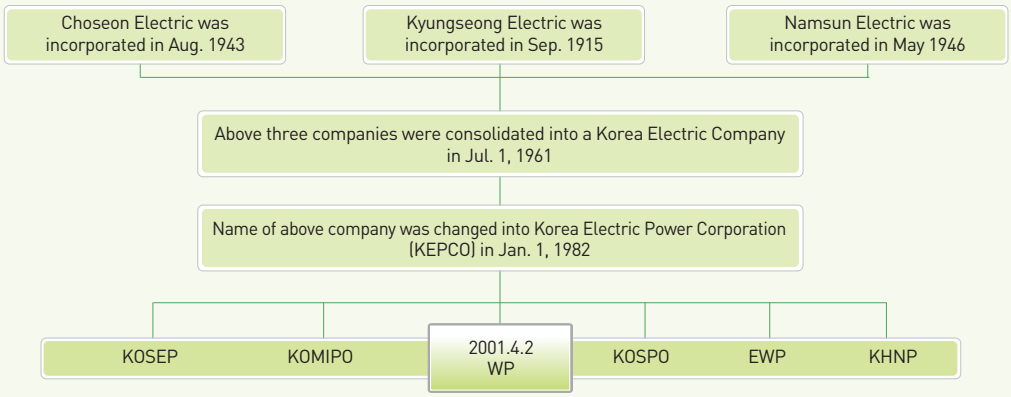
Also, we install and operate the human resources development system (e-HRD), designed to foster the competent employees, and advanced management systems to create the new innovative energy such as BSC(Balanced Score Card) and 6 sigma.

In addition, we keep trying our best efforts to make our corporate governance clean and settle the innovation as our corporate culture. Furthermore, we pursue the sustainable management considering the balance and harmony our profit and social & environmental responsibility.

(As of Dec. 31, 2007)

CEO	Son, Dong-Hee	Capital	176 billion won
Date of incorporation	April 2, 2001	Total assets	3,885.1 billion won
Number of employees	1,985	Sales	3,069.1 billion won
Controlling shareholder	KEPCO	Equity ratio	100%
Credit rating	Evaluated as A-, A1 and AAA by the S&P, Moody's and Korean credit rating agencies respectively.		
Power plant complex sites	Taean T/P Complex Div., Pyeongtaek T/P Complex Div., Seoincheon CC Complex Div., Samrangjin PS Generation Dept., Cheongsong PS Generation Dept., and Gunsan CC Construction Office.		

Company Profile



2005

- Completed the installation of our Pyeongtaek desulfurization facilities
- Our company song was composed.
- Joint venture, Cheongna Energy, was incorporated.
- Completed the construction of Taean solar photovoltaic power generation plant.
- Started the operation of BSC Accomplishment management system.
- Awarded the best facilities management prize.
- Awarded the management innovation grand prize.
- Awarded the quality grand prize.
- Awarded the top ESH Value management grand prize

2006

- Nominated as the top management company.
- Published the ethic management guide.
- Joined the UN Global Compact as a member.
- Acquired the credit rate of A1 from the Moody's.
- Completed the Seoincheon gas turbine performance improvement project.
- Nominated as the top company in the area of clean management.
- Awarded the prime minister prize.
- Nominated as the top company in the area of environment.
- Awarded the prime minister prize for the excellent cooperation with contractors.

2007

- Vision 2020 World Best 3E Creator was declared.
- Published the first sustainability report.
- Incorporated KOWEPO INTERNATIONAL CORPORATION, first overseas subsidiary.
- Completed the construction of Chongsong pumped storage power plant.
- Completed the construction of Taean thermal power plants No. 7 and 8.
- Started the construction of Gunsan combined cycle power plant.
- Incorporated the joint corporation, Garolim Tidal Power Plant Co., Ltd.
- Completed the construction of Samrangjin solar photovoltaic power generation plant(1Step-2000kWp).
- Awarded the top sustainable management prize in the area of innovation.
- Nominated as the top company in the area of productivity in the area of facilities innovation.
- Nominated as the top company in the area of energy.

Items	Plants		Number of units	Capacity (MW)	Total	Percentage (%)
Thermal	Taean		8	500	4,000	
	Pyeongtaek		4	350	1,400	
	Sub total		12		5,400	56.24
Combined cycle	Pyeongtaek	Gas turbine	4	80	320	
		Steam turbine	1	160	160	
	Seoincheon	Gas turbine	8	150	1,200	
		Steam turbine	8	75	600	
	Sub total		21		2,280	23.75
Pumped storage	Samrangjin		2	300	600	
	Cheongsong		2	300	600	
	Sub total		4		1,200	12.50
Solar	Taean		1	0.12	0.12	
	Samrangjin		1	3	3	
	Sub total		2		3.12	0.03
Under construction	Gunsan combined cycle	Gas turbine	2	233	466	
		Steam turbine	1	252	252	
	Sub total		3		718	7.48
Total			42		9.601.12	100

Organization Operating Structure

Our organization, organized for reinforcing the responsible management of each unit, is operated focused on the horizontal structure and work process for, the best efficiency.

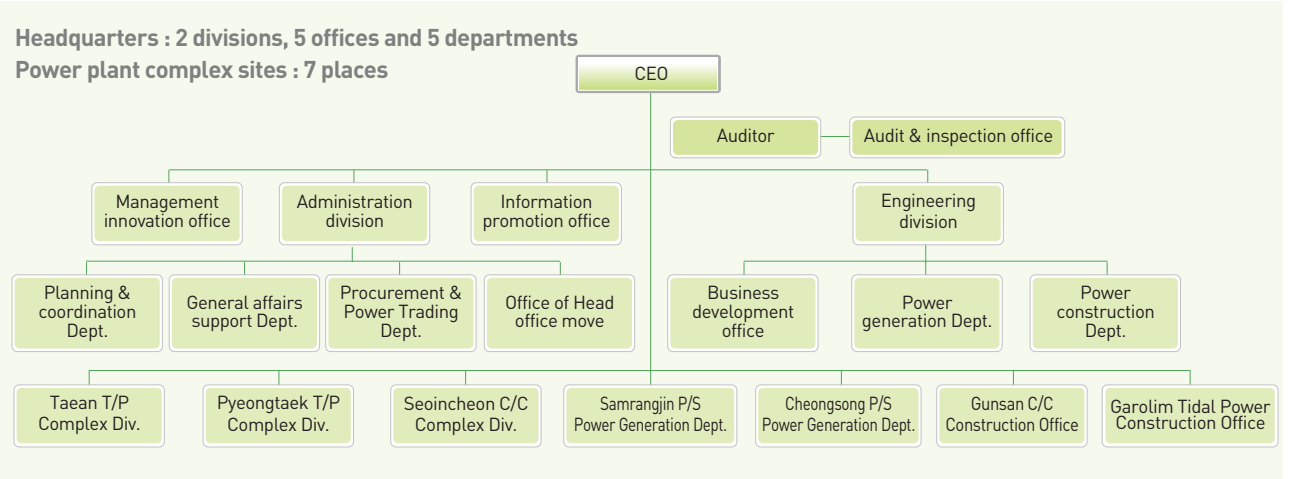
Our headquarters consists of 2 divisions, 5 offices and 5 departments. Each power plant complex site consists of 3 divisions and 4 departments.

We secured the profitability by completing the Taean thermal power plants No. 7 and 8 as a part of effort to secure the growth engine. Our Taean power plant division is recorded as the biggest bituminous coal thermal power plant in Korea. In addition, we incorporated the Garolim tidal power plant construction department for the successful completion of tidal power plant under the intention of being ready for the climatic change convention and meeting the requirements for the renewable energy policy of Korean government.

Employees

(As of Dec. 31, 2007)

Item	Director	Office staffs	Technical staffs	Skilled workers	Temporary employees	Total
Number	4	226	1,531	66	158	1,985



Vision and Management Strategies

All our employees do our best efforts to completely perform our mission as a national company organized for the purpose of contributing to the growth of society through the best energy generated in harmony with human, technology and environment. The demand for energy is decreasing because the industrial structure is changing, and the necessity of securing the core technology and developing the eco-friendly energy is increased to be ready for the rapid change of technical environment and environmental regulations. In this regard, we declared our sustainable management strategy by establishing the long-term vision in Sep. 2007.

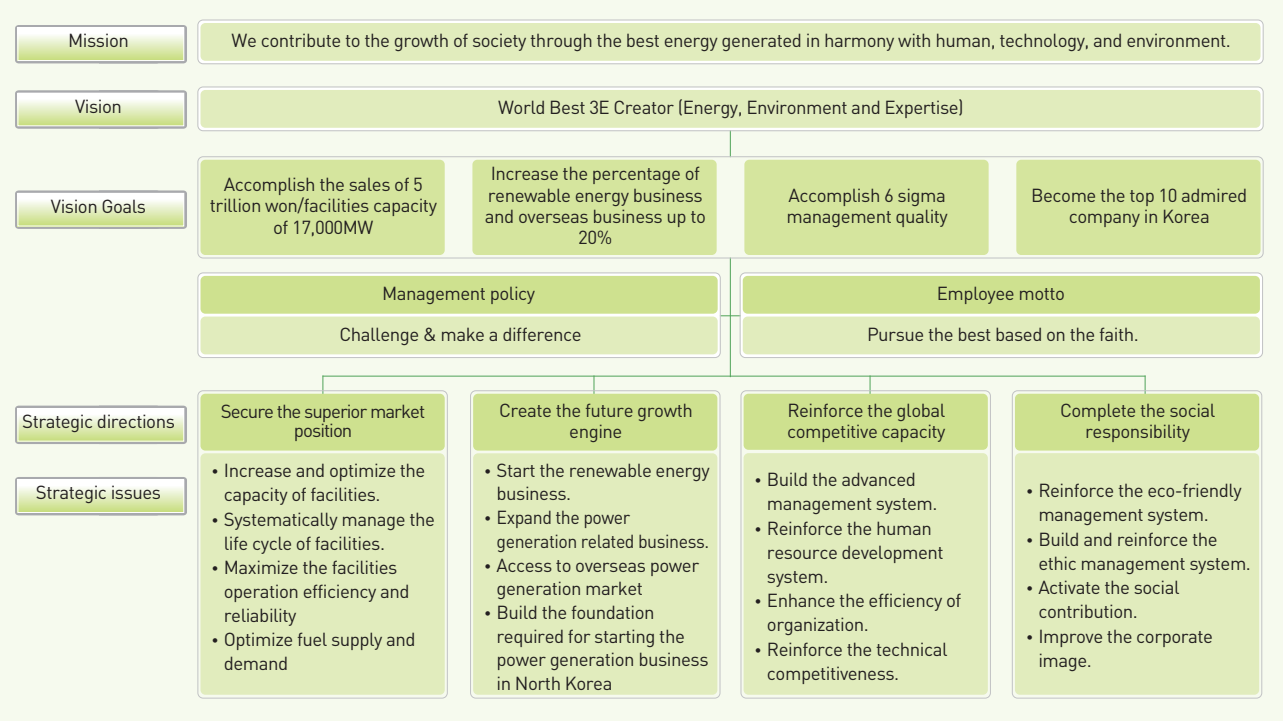
Vision 2020 (3 Plus 10)

Long-term vision: World Best 3E Creator

We prepared the new growth strategy applicable to all our management factors for the purpose of preoccupying the market in the unstable market environment. We decided three main factors such as energy, environment and expertise for our growth engine and then prepared four long-term strategic directions such as securing the superior market position, creation of future growth engine, reinforcement of global competitive capacity and completion of social responsibility.

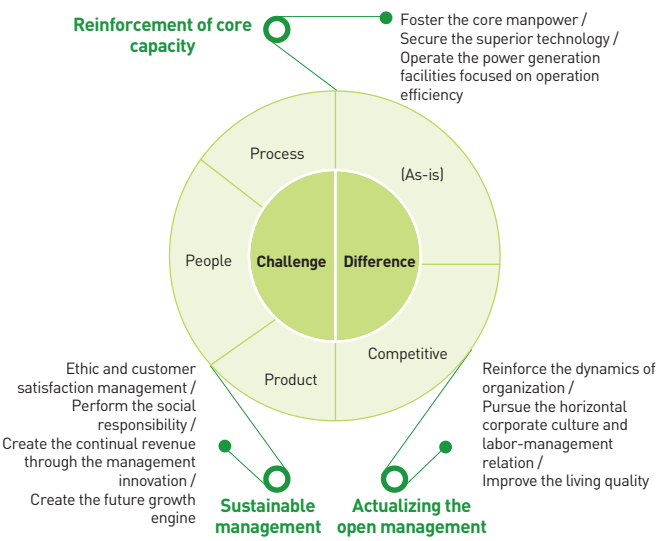
Management Policy: Challenge & make a difference

We, Korea Western Power Co., Ltd., decided our management policy as "Challenge & make a difference" and differentiate our quality from the ones of our competitors by innovating our work process, people and product. These efforts are clearly shown through our definite goals such as sustainable management, reinforcement of innovative capacity and actualizing the open management.



Vision 2020(3 Plus 10) management strategy

Vision 2020(3 Plus 10), our bright future in 2020, is our long-term project intended to actualize our overall visions during the period of 2007~2010, our current CEO's term of office and period of 2011~2020. We have prepared and progressed our short-term business goals and long-term business goals based on this vision 2020 (3 Plus 10). We have decided the action plans for the improvement of our management efficiency by reflecting 12 indexes in 4 areas for evaluating our management accomplishments and 14 elements in 5 areas for evaluating the innovation.



2008 company management strategy

Vision	Vision 2020	10 Strategic goals	30 detailed action plans
World Best 3E Creator	Secure the superior market position	Effective operation of power generation facilities	Reliability of facilities/productivity of facilities/core technologies
		Optimize fuel supply and demand system	Stable procurement of fuel
		Increase the capacity of facilities	Capacity of facilities, new construction site and construction process
	Create the future growth engine	Diversify the power generation business and related businesses	Renewable energy/overseas market/heat supply and combined cycle power generation/construction management and superintendent business
	Reinforce the global competitive capacity	Build the accomplishment-oriented system	Strategic management system/innovative capacity/accomplishment management/clear personnel policy/information system
		Create the continual revenue	Return on invested capital (ROIC)/strong financial structure/budget and organization
		Foster the global manpower	Foster the core manpower/develop the capacity
	Perform the social responsibility	Reinforce the ethic and environment management	Ethic management/environment management
		Actualize the customer satisfaction management	Management evaluation/innovation/moving of Head Office/labor-management relation/corporate image
		Activate the social contribution	Support the local society/social contribution/support the contractors

Characteristics of Power Industry

The electric power energy is hard to store and transmitted at the speed of light, so the power generation and consumption must be exactly balanced in every second. The opinion of introducing the competitive system in the power industry, operated under the exclusive environment, has been raised to open the market and expand customer's choices. The competition against foreign power companies is not expected right now because of current market characteristics. However, the fierce competition between Korean power companies and foreign power companies is expected if the power company is privatized or merged, and power generation market is opened to foreign power companies.

Characteristics and Legal Position of Power Industry

The Korean government has operated the power industry by controlling the facilities investment plans and power price for the public good in return for allowing the exclusive rights. However, the scale and structure of power industry is getting increased and complicated, so the inefficient and uneconomical problems resulted from the monopoly and regulation have been raised as the social issue. In this regard, the opinion of introducing the competitive system in the power industry, operated under the exclusive environment, has been raised as an alternative in consideration of customer's option and justifiability of allowing the participation to many companies. The Korean government decided to split the power generation area of KEPCO into 6 power generation companies according to basic power industry restructuring plans in April 2001. Currently, five power generation companies such as KOSEP, KOMIPO, KOSPO, EWP and KHNP and other independent power producers such as POSCO, LG Power, LG Energy and K-Water make a competition in the power generation market with us. The competition against foreign power companies is not expected right now because of current market characteristics. However, the fierce competition between Korean power companies and foreign power companies is expected if the power company is privatized or merged, and power generation market is opened to foreign power companies.

Regulations Applicable to Power Industry

The Electricity Business Act is comprehensively applied to power plant operation and construction business, and the Power Market Operation Regulation & Guideline are applied to the power trading area. We strictly comply with the Clean Air Conservation Act and Water Quality Conservation Act in emitting the environmental pollutants. In addition, we frequently(monthly and annually) check and inspect our power generation facilities, high pressure gas facilities, fire fighting facilities, and disaster preventing facilities for the safe operation of facilities according to applicable laws and regulations such as Electricity Business Act, High-pressure gas Safety Law, Fire Fighting Act, and Hazardous Chemical Materials Management Laws.

Operation of Power Market

The power trade market is operating according to applicable laws and acts such as Electricity Business Act and Power Market Operation Regulations. The power trade market is classified into the entire market's profit, stable power supply and fairness of transaction. The clause 31 of Electricity Business Act enforces the power generation company and power provider to transact the power only in the power market.

Classification of Market

Business area	Customers	Value standard	Requirements for the customers
Power generation business	Operation of market	Profitability	Stable trade of power at the cheapest price
	Operation of system	Reliability	Supply of high quality power
	Operation of trade business	Fairness	Fair market operation (Comply with regulations)

Governance Structure

We, Korea Western Power Co., Ltd., are one of 6 power generation companies created by dividing the power generation part of KEPCO in April 2001. All our equities are owned by KEPCO. We have tried to do our best efforts to build the clean governance structure and decision making system. We guarantee the clear decision making by periodically organizing the board of directors consisting of non-standing members more than 50%. We allow the working-level staff to raise the opinion in the board of directors' meeting as a part of efforts to improve the top-down decision making system. In addition, we try to build the 2-way communication system required for guaranteeing the clear decision making by operating the youth board of directors, Dream Board, and then positively reflecting the ideas raised in the meeting to the overall management procedures. In addition, all our management activities are periodically audited by the government and National Assembly for the clear and effective work performance.

Reinforcing the Expertise of Board of Directors

We currently operate the recommendation committees for the selection of the president and standing directors to increase the expertise and capacity of executive officers and guarantee the fairness of appointing procedures. While the recommendation committee for the new president consists of non-standing directors and private commissioners, recommendation committee for the new standing directors consists of standing directors, non-standing directors and outside director. The recommendation committee for the president and the standing directors evaluates if the management plans of the candidates are appropriate and then recommend the qualified candidate to the general shareholders' meeting.

The purposes of our board of directors are to examine the overall management issues and control the overall management activities by reviewing the examined agenda.

Transparency of Clear Board of Directors

The board of directors consists of standing directors including the CEO and non-standing directors. The CEO is assigned or serviced as the chairman of board of directors. The board of directors consists of 3 standing directors, 4 non-standing directors and an executive auditor. The board of directors is operated according to applicable laws such as commercial laws and regulations. The board of directors is clearly operated by excluding the director related to the agenda from the vote.

Activated Operation of Board of Directors

We frequently evaluate whether the board of directors is appropriately operated by monitoring the number of meeting, the percentage of attendance, and the number of suggestion to activate the operation of board of directors.

Titles	Names	Experiences
President & CEO	Dong-Hee Son	• MD, Kumho Nuclear Power Generation Div. of KEDO, KEPCO • President & CEO, WP
Executive auditor	Sung-Jin Jeong	• Incheon branch manager of KEPID • Professor, management Dept., Hoseo Univ.
Standing directors	Won-Su Choi	• Power distribution manager, KEPCO • Management director, WP
	Woo-Chang Cho	• Power generation division director, WP • Business division director, WP
Non-standing directors	Bok-Sub Lee	• Advisory member, Nonsan city • Advisory member, Democratic Peace Unity Committee
	Kwang-Hee Lee	• Professor, Unity of Faculty of Inje Univ.
	Seok-Hoon Woo	• Head of climatic change convention preparation TF Team, KEMCO
	Seung-Hwan Kim	• Chief, education institute, KEPCO • Technical planning director, KEPCO

We guarantee the easy access to information by opening the homepage exclusively used by our employees to the non-standing director. Also, we do our best efforts to publicize the activities performed by the board of directors by operating the homepage exclusively used by the board of directors.

In addition, we organize the explanation meeting before opening the board of directors for allowing the non-standing directors to actively raise their opinions. All important management issues are shared by being reported to the board of directors. Non-standing directors are invited to our power plants and employees' gathering for the better understanding of company. Also, we improve the management efficiency by appointing the board members as the commissioner of various internal committees.

Improved Operation Efficiency of Board of Directors

Items	2005	2006	2007
Number of meetings called	7	9	8
Number of policies reflected	2	5	16
Number of agendas revised	-	3	-

"Dream Board", Youth Board of Directors

We operate the Dream Board, youth board of directors, under the intention of reflecting the creative ideas of young employees to our overall business operation.

The Dream Board consists of young employees. The regular meeting is organized or held more than once for each quarter. All ideas raised in the meeting are reported to the CEO without being screened, and used as the data for the decision making of executive' officers. We build and operate the risk management system and many other works/systems by reflecting the ideas of Dream Board.

Accomplishments Acquired through the Operation of Dream Board

Items	The 1st	The 2nd	The 3rd	The 4th
Number of members	12	11	10	14
Term of service	'03.5~'04.9	'05.1~'05.12	'06.1~'06.12	'07.7~'08.12 (In service)
Number of meetings	3	3	5	2
Number of proposals	50	10	8	20
Number of adopted opinions	6 opinions are reflected to the works	2 opinions are adopted. 7 opinions are reflected to the works	2 opinions are adopted. 6 opinions are reflected to the works	Under processing

Management Accomplishments Improvement through Evaluation and Compensation

We fairly evaluate the management accomplishments of each executive officer including the CEO and provide the compensation to each executive officer based on the evaluated results. We try to improve the management accomplishment by signing the management agreement with our mother firm, KEPCO, by deciding the management goals accomplished by the CEO during his or her service term. We also try to actualize the responsible management intended to evaluate the management accomplishment of each director by signing the management agreement with each standing director.

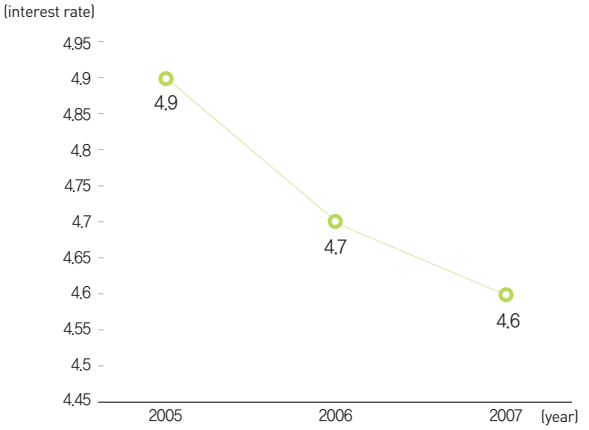
Risk Management

We, Korea Western Power Co., Ltd., do our best efforts to protect the company from the dangerous management environments and enhance the value of company. Also, we try to maximize the profit by eliminating or minimizing the risk factors. In this regard, we hold the risk management committee organized in 2003 on a quarterly basis. This risk management committee consists of 10 commissioners and risk handling managers. This committee plays the role of managing the overall risks of company. The risks are managed with being classified into financial part, fuel part, power trading part and overseas business part. The working-level specialists consisting of related managers check the risk factors of each part and then report the counter plans to the committee. The committee consisting of team leaders plays the role of examining and resolving the reported counter plans.

Financial Part : keeping up healthy financial status

This part plays the role of keeping the financial conditions at appropriate level by removing the risks resulted from the fluctuations in exchange rates, the interest of foreign currency debt and minimizing the default risk resulted from the lack of fund. This part positively manages the financial risks resulted from the change of management environment by installing the exchange risk management system and long-term management forecasting system by means of applying the 6 sigma technique. This part acquires the excellent accomplishments by decreasing the interest rate by means of diversifying the investment fund raising sources and minimizing the debt ratio. We acquire the high credit rating of A1 from the Moody's and the highest level (AAA) from domestic rating agencies.

Interest ratio to total borrowings



Fuel Part : stablized fuel supply

The supply of power generation fuel is mainly dependent on the overseas market, so the high risk is expected when the procurement environment is changed and price of fuel may be changed at any times. We guarantee the stable supply of fuel by maintaining the enough stock and diversifying the suppliers. Also, we reinforce our capacity to forecast the market environment and manage the fuel procurement risk through the consultation provided by the management advisory committee. As a result, we decreased the fuel cost by securing required fuel before the hikes in world natural resource prices and transportation cost via a position swap signed with the South African coal+supplier.

Items	2005	2006	2007
Number of stock days	20	20	20
Ratio between long-term supply and short-term supply	85:15	96:4	79:21
Number of long-term suppliers	13	17	28

Power Trading Part: Organized to reinforce the capacity to forecast

This part does its best efforts to increase the sales by carefully analyzing the effects expected when the power market operation regulations or rules are revised. This part operates the power market simulator (Plexos) for the purpose of forecasting and analyzing the fluctuation risk of sales volume and power sales price resulted from the external factors. Also, this part forecasts the power sales price and then shares the forecasted results with relevant departments or parts.

Items	Increased sales
Increase the sales price of capacity payment of the Cheongsong pumped storage power plant.	1.2 billion won
Operate the renewable energy generator.	2.3 billion won
Perform the planned preventive maintenance during the peak season.	0.57 billion won
Change the stop procedures of steam turbine in the Seoincheon power plant.	0.25 billion won

Power Generation (Construction) Part: Organized to prevent the accidents

We minimize the effect on power system by preparing the emergency training program and regulations to be ready for the accidents. These programs and regulations make a contribution to the stable power supply essentially required for the national economy and living of people.

We monitor whether the environmental pollutants are emitted by operating the monitoring system for 24 hours and then take the required actions. Also, we keep the facilities under the optimal conditions by preparing the preventive maintenance plans required for the stable power supply and operate the accident recovery system by installing the safeguard designed to stop the generator under the stable condition. As a result, we are nominated as the top company in the area of facilities reliability for 2 consecutive years.

Items	2006	2007	Increase or decrease ratio
Possible power generation index	92.43%	93.07%	Improved 0.64%p
Base load loss resulted from unplanned stop	0.46%	0.25%	Improved 0.21%p
Number of defective per facilities	0.17	0.19	Maintained as the level of 0.02
Deadline meeting ratio of power plant construction	95.21%	96.20%	Improved 0.99%p

Overseas Business Part

We operate the overseas business risk management committee consisting of specialists under the intention of actively overcoming the rapidly changing market environments and systemically managing the risks resulted from the development projects such as exchange rate and interest rates. This committee decides the important issues about basic direction and plans of overseas project, agreement, investment, fund raising, incorporation and operation of overseas subsidiary. We try to start the overseas projects such as Philippine hybrid power generation project, Laos hydro power plant construction project and Indonesia coal thermal power generation based on above efforts.

Ethic Management

We keep trying to show the integrity and morality as a public corporation playing the core role of supplying the electric power, driving force of industrial growth nationwide. We decide the sustainable management as the top priority of management policies. We prepare the action plans required for building the ethic management system and operate our business based on the prepared action plans after introducing the ethic management in 2002. We do our best efforts to upgrade the level of ethic management by periodically monitoring the customer's complaints. Also, we have observed 10 principles in 4 areas of human right, labor, environment and anti-corruption since joined to UN Global Compact as a member in May 2006. We have signed the clean duty agreement with all our directors and prepared the punishment regulations applicable upon violation since Dec. 2006. We have developed and applied the ethic management index (WeBEX) since 2007. Also, we prepare and perform the long-term ethic strategies in relation to long-term Vision 2020 (3 Plus 10).

Building the Ethic Management System

All our employees perform their duties and works according to ethic charter and creed, and policies of company. We prevent corruption by enforcing our employees who handling the procurement works, service works and contract works to sign the clean agreement as well as our contractors to clean agreement performance pledge. Especially, we prevented our employees from receiving the inadequate entertainment and bribe from our contractors by stipulating the action policies in 2007.

Systematic Diagram of Corporate Ethic Charter

Ethic charter	Our creed Present the corporate ethical idea and value system
Corporate ethic action policies	Ethic management action policies Prepare the ethic management action system and formulate the action system.
Corporate ethic action rule	Our creed action guideline Present the action guideline required for actualizing the ethic management Our creed action policy guide Provide the definite guide information required for actualizing the ethic management by presenting the legal background and case of action policies

Ethic Management Education or Training

We prepare the phased ethic management education plans according to comprehensive ethic management action road map and then perform the prepared plans. We frequently train the importance of ethic management to all our employees for preventing any possible corruption. The ethic educations have been performed to all of our employees for 30,090 hours in 2007. Also, our directors or executive officers show their strong intention to observe and practice the ethic management by completing the "Clean Power", cyber ethic management education program.

Ethic Management Actuality Monitoring

We keep monitoring the ethic management actuality through the ethic management office and auditing office. Also, we periodically monitor our contractors, employees and local society for enhancing our reliability and our customers' satisfaction through the professional survey agencies. Each site is evaluated by applying the monitoring results to each site evaluation system.

Ethic Management Level Evaluated by the Professional Survey Agency

The Ministry of Knowledge Economy conducted the ethic management fact-finding survey (KoBEX: Korean Business Ethics Index) against our company in 2007. As a result, our

company was nominated as the excellent company in the areas of CEO, governance structure, customer, and local society. This survey was conducted to measure the ethical accomplishments of important stakeholders such as employee, customer, contractor, market and local society.

Observing the Laws

Marketing Communication

We have faithfully observed the advertisement relevant laws. We have not recorded any violation of regulations, standards and rules in relation with marketing communication personal information of our customers.

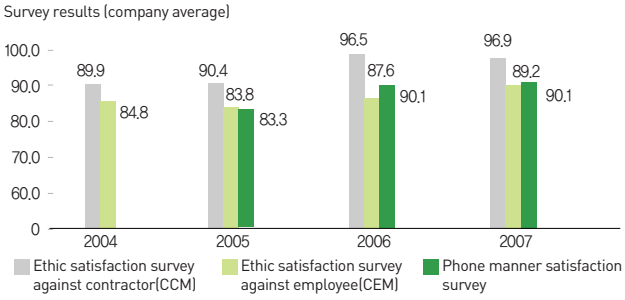
Legal Actions against the Unfair Competition and Monopoly Actions

We respect the sprit of Fair Trade Law and observe the overall regulations. Our ethic management level is continually monitored, so no legal action is conducted against our company in relation with fair trade.

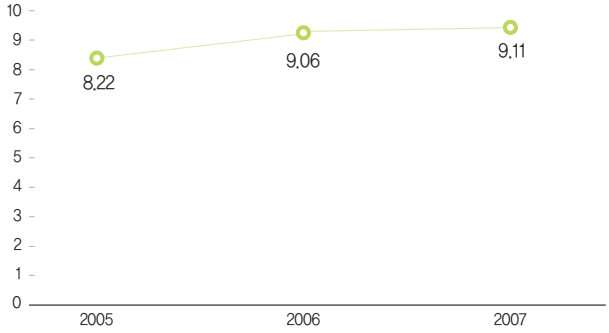
Supply of Products and Service

We have not violated any laws and regulations in relation with development of power resources and power generation, so no fine is issued against our company.
Also, we have not violated the regulations related to our customer's health and safety in supplying the power.

Monitoring Results and Feedback



Results of KOBEX(Korean Business Ethics Index)



Monitoring Status

Items	Ethic satisfaction survey against contractor	Ethic satisfaction survey against employee	Phone manner satisfaction survey
Cycle	Twice per year	Twice per year	Twice per year
Person to educate or train	Contractor handing staffs	Our employees	Our employees
Methods	Phone survey	Mail survey	Phone monitoring
contents	Check whether corruption is experienced and recognized. Administration system is available and ethic is practiced	Level of ethic recognition Ethic regulation is observed. Ethic activities	Whether the phone is answered in time. Whether the phone is received kindly.

Ethic Management Education System

Items	Basic education	Leader fostering education	Working-level education	Cyber education
Purposes	Explain the importance of ethic management.	Foster the leader by letting each employee to recognize the problems resulted from the unethical work practice	Foster the manager to lead the change.	Widely spread the ethic management and reinforce the recognition of ethic management
Employees to educate or train	All employees including new employees	Employees of above manager level	Ethic management handing staffs	All employees
Education type	Circular education Group education	Consigned education Group education	Workshop Consigned education	On-line education

Creative Energy

We will become the Korean top energy company
as your innovative partner creating the bright future.

Technology & Energy

Creative Energy

The electric power, a capital-intensive national infrastructure requiring the big scale of facilities and long-term investment, is the essential energy source which is impossible to store and recycle. We, Korea Western Power Co., Ltd., operate our business focused on the energy security by expanding the facilities, increasing the efficiency of facilities and reducing the power generation cost as a part of efforts to guarantee the stable power supply.

We, as a public corporation, have fulfilled our responsibility to guarantee the stable power supply and developed and progressed the diversified business models to be ready for the future management environments through the access to overseas market, diversification into related businesses and development of eco-friendly power source. We do our best efforts to become the general energy company covering the renewable energy area and environmental area by developing the core technologies and increasing the investment under the intention of securing the superior position in Korean power generation market.

We have prepared our long-term financial plans linked to our management strategy, Vision 2020, and decided our business goals of accomplishing the sales of 5 trillion won, debt ratio of 50% and overseas business proportion of 20% in 2020. All our directors and executive officers actively overcome the environmental change by monitoring the management environment in real time using the long-term management forecasting system and reflecting the monitoring results upon decision making.

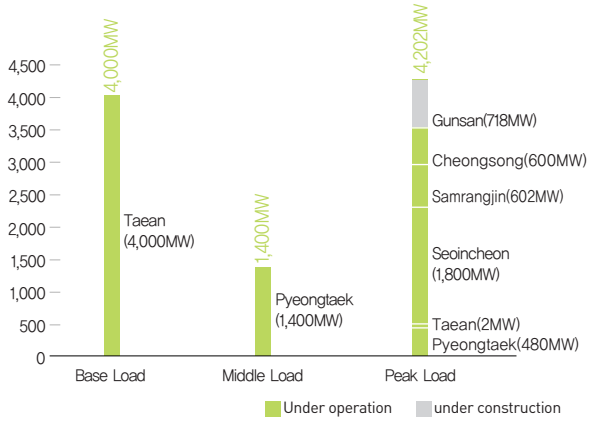
In addition, all our employees actively participate in the innovative activities, progress the BSC strategy and generate the KPI for the continual generation of accomplishment. We improve our work capacity through the objective evaluation of and fair compensation for the performed works and operate the improvement system by promoting the improvement activities.

Energy Security

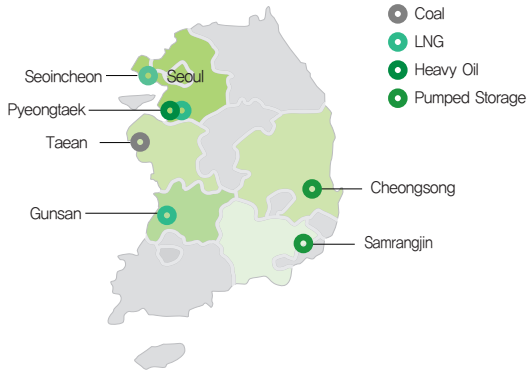
The electric power, an energy source essentially required for the modern industry and living of people, is impossible to store and recycle. The consumption of power is increasing in proportion to economic growth and increase of national income.

We do our best efforts to expand the power generation facilities to keep the security of power, national infrastructure. In addition, we operate our business focused on the stable operation of power generation facilities and reduction of power generation cost.

◉ Power Generation Capacity



◉ Power generation complex



※ Above power generation capacity and number of power generation complexes are calculated as of end of 2007

Power Generation Facilities Operation Status

We, Korea Western Power Co., Ltd., occupy 13% (8,884MW) and 12.1%(48,728GWh) of Korean power generation capacity and power generation amount respectively. The capacity of our power generation facilities has been 40% increased from 6,346MW in 2001 to 8,884MW in 2007 for last 6 years. Our power generation amount has been 87.7% increased from 25,965GWh in 2001 to 48,728GWh in 2007 for last 6 years.

We made a big contribution to the stable power supply in the peak season in 2007 by completing the construction of Taean thermal power plants No. 7 and 8 ahead of schedule. Our Gunsan power plant with power generation capacity of 718MW is under construction for the stable operation of power generation facilities.

Power Generation Facilities Construction Plans

We plan to expand our power generation facilities of 6,348MW on or before 2017 in consideration of global greenhouse gas reduction program and fossil energy reduction, expected to be depleted in the future, by reflecting the Garolim tidal power plant construction plans and integrated coal gasification combined cycle power plant construction plans to our 4th power supply and demand plans. Especially, we plan to extend the service life of our Pyeongtaek thermal power plant to be closed in 2011 and 2013 as a part of efforts to maximize the operating capacity at low cost and improve the profitability and cost competitiveness.

Planned Facilities or Facilities under Construction

Items	Names of power plants	Expected completion day	Fuels	Facilities capacity (MW)	Remarks
Facilities under construction	Samrangjin solar#2	2008. 4	Solar	1	Under operation
	Gunsan CC#1	2010. 5	LNG	718	
Planned facilities	Goduk CC	2011. 6	LNG	700	Joint project with private sector
	Yangju CC#1	2011.12	LNG	700	Joint project with private sector
	Garolim tidal power	2012.12	Tide	520	The biggest tidal plant in Korea
	Yangju CC#2	2013.12	LNG	700	Joint project with private sector
	Gunsan CC#2	2014. 2	LNG	700	
	Taean IGCC	2015. 9	Bituminous coal	300	First plant in Korea
	Taean thermal#9	2016.11	Bituminous coal	1,000	
	Taean thermal#10	2017.11	Bituminous coal	1,000	
	Wind power plants	-	Wind	9	
Total				6,348	

1) Above table is prepared based on the construction letter of intent and RPA (Renewable Portfolio Agreement) signed as a part of 4th power demand and supply plans.

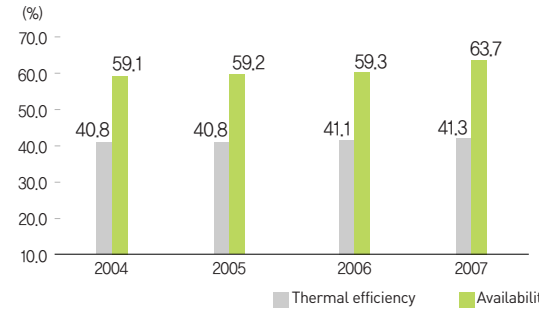
Improving the Reliability of Facilities

We have guaranteed the optimal operation of facilities and prevented the suspension of power plant by developing and operating the system, designed to detect and notify the causes for trouble in the real time, since incorporated under the intention of accomplishing the decrease of unplanned loss and zero defect.

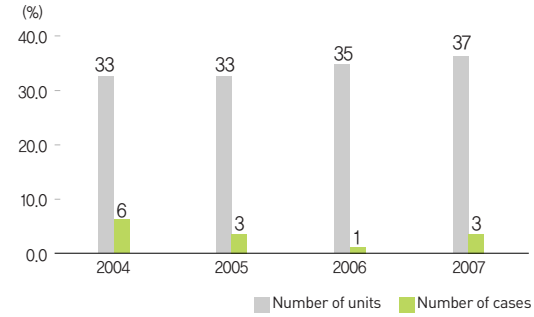
Also, we have improved our power plant operation technologies through the benchmarking of power plants successfully operated in foreign countries. In addition, we keep trying our best efforts to guarantee the stable supply of high quality power at low cost by checking up our facilities via an American EPRI expert and maintaining the optimal condition of power generation facilities by means of building the preventive and corrective system designed to improve the capacity and reliability of our facilities.

In 2007, we increased the thermal efficiency of our power generation facilities up to 41.26% by improving the efficiency of power generation and operation system through the optimal distribution of our management resources using 6 sigma management innovation technique and reinforcing the performance of gas turbine installed and operated in our Seoincheon complex division. The thermal efficiency[2] of our facilities is 0.43%p higher than the average ones (40.83%) of other Korean power generations companies. In addition, the thermal efficiency of our facilities is higher than the ones of other American (40.9%) and Japanese (34.0%) power generators[3].

Operation efficiency



Suspension resulted from trouble



2) Thermal efficiency: The ratio of energy converted into thermal energy supplied to the thermal cycle

– Calculation formula = $\frac{\text{Power generation amount (kWh) x 860 (kcal/kWh)}}{\text{Used fuel amount (kg, l) x calorific value (kcal/kg, l)}} \times 100(\%)$

3) Quoted from the 2007 KEPCO in Brief published by the KEPCO in May '08.

Value Creation

We, as a public corporation, have fulfilled our liability to guarantee the stable power supply. Furthermore, we have developed the business models required for creating the new growth engine through the access to overseas market, diversification into related businesses to be ready for the rapidly changing future management environments. Also, we play the core role in the market as a professional clean energy company focused on renewable energy expansion and supply policies of Korean government by developing the diverse renewable energy sources.

Activating the Development of Overseas Business

We incorporated KOWEPO International Corporation, our first overseas subsidiary, in Manila, the Philippines in Nov. 2007 for securing the bridgehead of overseas investment and development and then sent our 4 employees.

We plan to expand our business area into other countries such as Far East and Central Asia by positively joining the overseas plant export policy of Korean government and supporting the Korean private companies.

We signed the contract agreement with shareholders for the Philippine hybrid power generation project in Oct. 2007 and then expedited the development of renewable energy businesses such as biomass and hydro power generation.

In addition, we do our best efforts to secure the future growth engine by progressing other projects such as construction of hydro power plant of 390MW in Laos and coal burning thermal power plant of 400MW in Sumatra, Indonesia.

- Ukraine combined cycle plant (750MW)
- Nigeria Egbin Power plant O&M Project (1,320MW)
- Pakistan

- Laos hydroelectric power plant (390MW)
- Sumatra, Indonesia Coal burning thermal power plant(400MW) Bangavellatong (50MW)
- Vietnam
- Clark biomass(56MW) Limay LNG & combined cycle power plant(620MW) Kananbi hydro power plant(145MW)
- KOWEPO International Corporation Philippine hybrid(30MW)
- Far East Asia

- El Salvador
- Ecuador
- Chile

Confirmed project · Project under development · Project to be developed

Access to Power Generation Business and Related Businesses

Construction projects such as Pocheon combined cycle power plant (1,500MW) construction project and Godeok combined cycle power plant (700MW) construction project are under processing for the stable power supply in northern area of Gyeonggi province and Seoul metropolitan area. We were nominated as a contractor of Cheongna CES(community energy supply system) project by making use of Seoincheon combined cycle thermal power plant in Nov. 2004. We were nominated as a contractor of CES project in Shinhyeon, Gajeong area in Sep. 2006. We started the supply of heat to Janggi area of Gimpo in Mar. 2008 after awarding this project in Jan. 2007. Especially, we plan to start the Pyeongtaek and Gunsan CES. We try to access to new businesses such as storage facilities lease business and dividends generation business by progressing the underground LNG Storage project in our Taean power plant site.

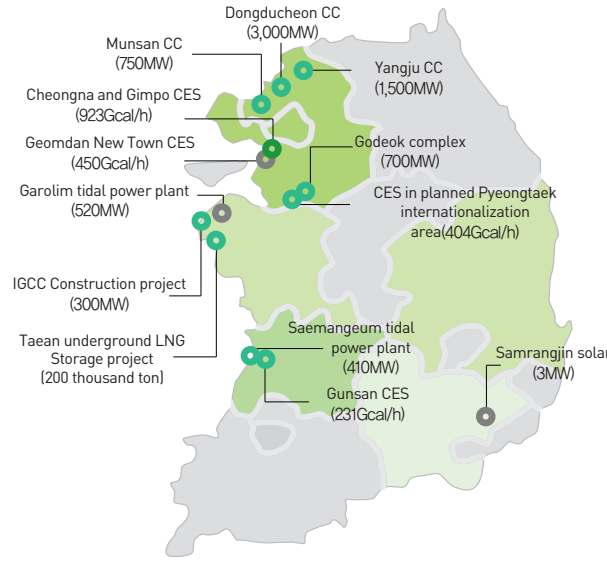
Securing the Renewable Energy

We have signed the renewable portfolio agreement (RPA) with Korean government on Jul. 25th, 2005. We plan to secure the renewable energy power generation facilities up to 118MW by making an investment of 178 billion won for 3 years. Also, we keep trying to develop the renewable energy source to be ready for the 2nd renewable portfolio agreement (RPA) to be effective for 3 years from the year of 2009 and RPS (Renewable Portfolio Standard) to be effective from the year of 2012.

Solar Photovoltaic Power Generation

Our solar power generation facilities of 120kWp, completed in our Taean power plant site for the first time in Korea in Aug. 2005, are under commercial operation. In addition, Samrangjin solar power generation facilities of 3MWp, the biggest solar power generation facilities in Korea, are under commercial operation.

Power Generation Complexes



Confirmed project · Project under development · Project to be developed

※ Above power generation capacities and power complex are calculated as of end of 2007.

▲ Samrangjin Solar Photovoltaic Power Plant

▲ Taean Small Hydro Power Plant

▲ Signed the contract agreement with shareholders for the Philippine hybrid power generation project (Jul. '07)

▲ Our Philippine corporation office was opened in Feb. '08

▲ Signed the MOU for the construction of coal burning thermal power plant in Sumatra, Indonesia (Oct. '07)

Tidal Power Generation

The biggest tidal power plant in the world with ifs capacity of 520MW, in Garolim Bay has been progressed since the Garolim Tidal Power Generation Corporation was incorporated. We signed the contract agreement for the construction of tidal power plant with our contractor. In addition, we plan to progress the other tidal power plant construction projects in Saemangeum area and Hwaong area showing the excellent geographical conditions based on our experiences acquired through the construction of above project.

Integrated Gasification Combined Cycle Power Generation

We started the design & technology service and environmental impact assessment in 2007 after signing the agreement for the construction of Taean#1 IGCC, Integrated Gasification Combined Cycle power plant construction project, with Korean government in Dec. 2006. We expedite this construction project by selecting the construction contractor and signing the license agreement for introducing the coal gasification process technology and securing the required right. In addition, we try to export the coal gasification plant to Asian areas such as Mongolia and Indonesia by localizing the relevant technologies.

Fuel Cell Power Generation

We currently survey the potential project site in our Seoincheon power complex site, where the heat generated upon power generation may be utilized, for the construction of big fuel cell power plant. This project is under processing for the goal of starting in 2008 and completing in 2009.

▲ Garolim Tidal Power Plant

Technological Development

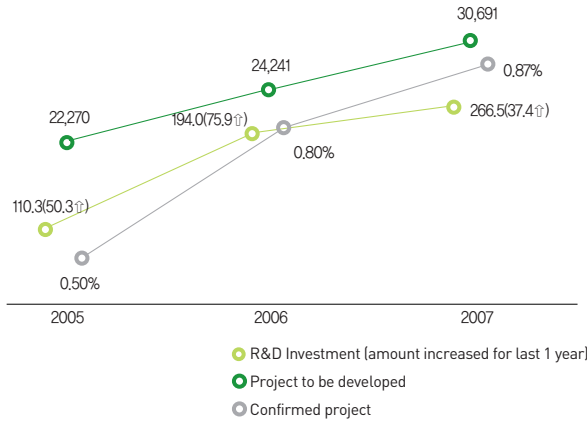
We operate our business focused on promoting the research and technological development, and increasing the investment for the purpose of developing the core technology, and creating the growth engine required for securing the superior market position in Korean power market.

We have completed 73 new R&D Projects for the last 3 years including 20 new R&D Projects performed in 2005, 25 new R&D Projects performed in 2006 and 29 new R&D Projects performed in 2007.

In addition, our R&D Investment has been 71% increased for the last 3 years. We plan to invest the amount of 39.55 billion won in 2008.

Our R&D Action plan is focused on the areas of renewable energy, environment and general energy.

R&D Investment Status and Ratio



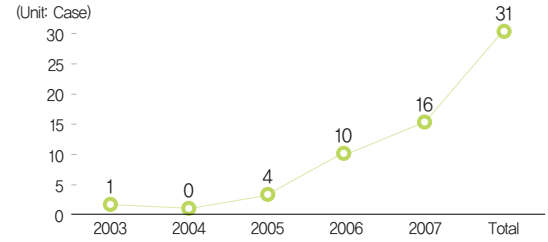
Activating the Support to Small and Medium Companies

We currently own industrial property rights such as patent and utility model right up to 156. We have acquired the industrial property rights up to 54 since separated from KEPCO. We have transferred 31 industrial property rights to 19 small and medium companies as a part of efforts to support for the activation of small and medium business. Also, we try to enable the small and medium companies to utilize the industrial property rights by recording 10 industrial rights in Korea Technology Exchange, professional technology transfer agency.

Our Important R&D Accomplishments

Items	Technologies to develop
CCT Technologies	Development and localization of Korean type IGCC (300MW) Plant design technology
Hydrogen and fuel cell	Development of 250KW MCFC (melting carbonate fuell cell)
New I&C System technology	Development of integrated thermal power plant monitoring system
CO_2 capture and storage technology	Development and actualization of high efficiency absorption technology

◉ Technology transfer records



◉ Industrial Property Rights owned by Our Company

Items	Before being separated from KEPCO	2003	2004	2005	2006	2007	Total
Patent	88	0	0	2	15	11	116
Utility model right	9	0	11	0	0	7	27
Design and trademark	5	1	6	1	0	0	13
Total	102	1	17	3	15	18	156

Management Innovation

All our employees actively participate in the innovative activities, progress the BSC Strategy and generate the KPI for the continual generation of accomplishment. We perform the improvement activities for the projects showing the possibility of short-term accomplishment through the 6 sigma, quality improvement activities, and proposal activities.

Also, we keep improving the work capacity of our employees through the objective evaluation and fair compensation for the performed works and operate the improvement system by promoting the innovative activities.

Performing the Long-term Innovation Strategy and Generating the KPI

We decide the long-term management direction and strategy through the SWOT analysis of management environments and clearly define and systematically progress the annual business goals, strategic projects and Key Performance Index(KPI) in the unit of each team or organization.

6 Sigma Improvement Activities

We have improved 222 items at the end of 2007 by comprehensively progressing the 6 sigma, top-down improvement activities focused on the manager, since 2005. 6 sigma GB Certificate is the qualification requirements when examining the promotion of each employee.

◉ Improvement Activities Management System

Improvement Activities Performed by Each Quality Group

Our quality group activities have been introduced since 1970s. 508 projects or issues have been solved through the bottom-up activities, focused on assigned work, facilities and site.

New Proposal System (Click & Suggest Now)

We introduced new proposal system that the bottom-up innovation activities based on the voluntary participation.

We keep increasing the number of proposals up to 3,340, 5,518 and 7,070 in 2005, 2006 and 2007 respectively by activating the proposal by means of developing the web-based proposal management system designed to guarantee the real time submission and examination of proposal.

Evaluation of Improvement Activities and Compensation for Accomplishment

Each improvement project or issue is evaluated and compensated through the management evaluation system and comprehensive accomplishment compensation system.

We prevented the complaint on compensation for accomplishment by stipulating the comprehensive accomplishment compensation regulations in Dec. 2005.

Important Management Accomplishments

We do our best efforts to overcome the change in management environment and create the future growth engine by preparing the long-term financial plans linked to our management strategy, Vision 2020. We pursue the maximization of corporate value by accomplishing the goals of each strategic project or issue.

In this regard, we decided on our definite financial goals for the fiscal year of 2020 such as sales of 5 trillion won, debt ratio of 50% and overseas business proportion of 20% by building the long-term management forecasting system in Oct. 2007. Our directors or executive officers monitor the financial effects resulted from the changed management environment using the long-term management forecasting system and reflect the monitoring result upon decision making.

Financial Accomplishments

Our total assets were recorded as 3.8851 trillion won as of end of 2007. Our total assets were 5% increased by the increase of sales receivables and fixed assets such as machinery and equipment. Our debt was 4% increased by the increase of accounts payable, so our debt was recorded as 1.4589 trillion won as of end of 2007. Our capital was 5% increased, so our capital was recorded as 2.4262 trillion won.

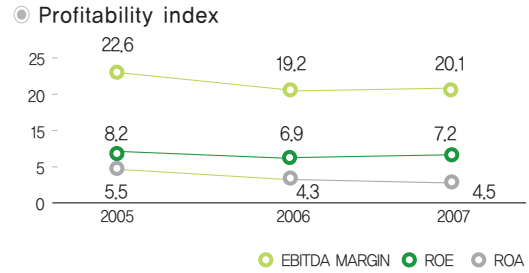
The sales of 3.691 trillion won, operating profit of 264.2 billion won and net income of 174.8 billion won were 27%, 17% and 10% increased respectively as of end of 2007.

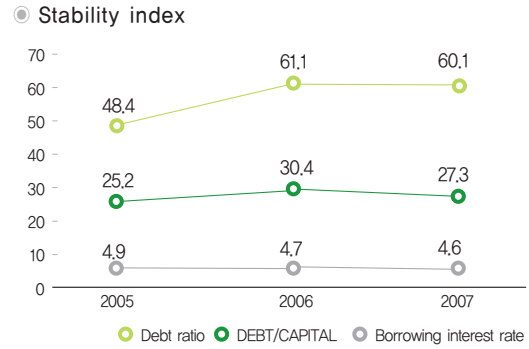
(Unit: 0.1 billion won)

Items		2006	2007	Increase rate
Assets	Current assets	5,248	6,071	16%
	Fixed assets	31,831	32,780	3%
	Sub total	37,079	38,851	5%
Debts	Current debt	5,147	5,430	5%
	Fixed debt	8,914	9,159	3%
	Sub total	14,061	14,589	4%
Capitals	Capital stock	1,760	1,760	
	Earned surplus	8,583	9,818	14%
	Others	12,674	12,684	
	Sub total	23,017	24,262	5%
Sales		24,241	30,691	27%
Gross margin		2,596	3,004	16%
Operating profit		2,264	2,642	17%
Net income before corporate tax		2,204	2,362	7%
Net income		1,596	1,748	10%

The EBITDA (earning before interest, tax, depreciation and amortization) showing the cash generation capacity of corporate was 32% increased and recorded as 615.5 billion won as of end of 2007. The EBITDA Margin (EBITDA/sales) was recorded as 7.2% as of end of 2007. The ROE and ROA were recorded as 7.2% and 4.5% respectively as of end of 2007, so these financial indexes show the stable profit structure and cash flow.

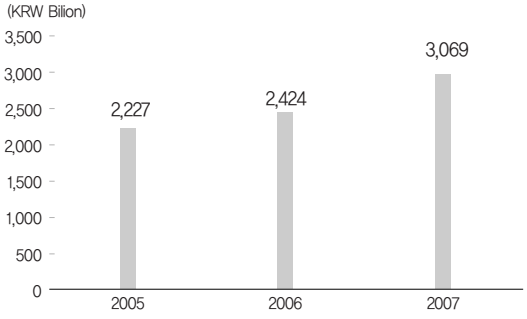
The debt ratio and DEBT/capital were recorded as 60.1% and 27.3% respectirely as of end of 2007. The borrowing interest rate was continually improved, so the stable financial structure was maintained.



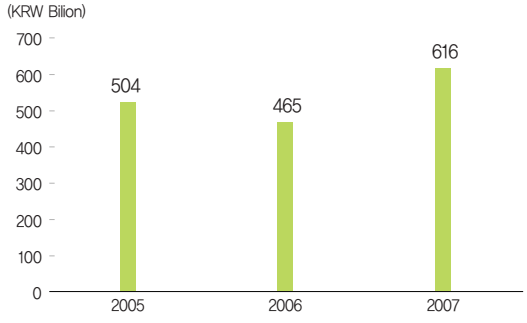


Economic Accomplishments and Financial Ratios

Revenue

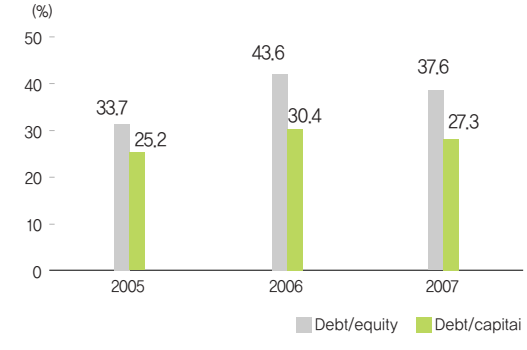


EBITDA



Coverage

Leverage



Distribution of Economic Accomplishments

Wage and welfare

(Unit: 0.1 billion won)

Items	2005	2006	2007
Wage	898	913	1,054
Severance and retirement benefits	90	119	104
Welfare expenses	41	42	34

The company paid the amounts of 105.4 billion won and 3.4 billion won as the wages and welfare expenses respectively as of end of 2007.

Capital costs (dividend and interest)

(Unit: 0.1 billion won)

Items	2005	2006	2007
Dividend	570	513	699
Interest	307	396	477

The company paid the amount of 69.9 billion won, to its shareholders as the dividend. Also, the company financed the required fund and issuing the corporate bond for the expansion of facilities and paid the amount of 47.7 billion won as the interest as of end of 2007.

Taxes (corporate tax, income tax and real estate tax)

(Unit: 0.1 billion won)

Items	2005	2006	2007
Corporate tax	503	606	682
Income tax	76	77	91
Real estate tax	4	6	4

We faithfully perform the tax liability stipulated in the applicable laws by fully paying the corporate tax of 68.2 billion won, as of end of 2007.

Investment for the Local Society (sponsorship and donation)

(Unit: 0.1 billion won)

Items	2005	2006	2007
Working expenses for the support of local society	195.5	98.2	77.3
Severance and retirement benefits	15.6	18.6	19.9
Welfare expenses	13.5	5.14	5.27

We, as a public good oriented corporation, do our best efforts to completely perform the social responsibility.

(Note) Amount of subsidies provided by the government (tax exempted)

- 2005 : The subsidy of 2.9 billion won was provided by the government to improve the bill system, invest for the environmental facilities and increase the employment.
- 2006 : The subsidy of 72.53 million won was provided by the government to invest for the energy saving facilities.
- 2007 : The subsidy of 1.6 billion won was provided by the government to invest for the energy saving facilities.

Clean Energy

We will become the clean company
handing over the clean and beautiful natural environment
to our descendants as your eco-friendly partner
preserving the clean environment.

Environment & Energy

Clean Energy

We will become the clean company handing over the clean and beautiful natural environment to our descendants as your eco-friendly partner preserving the clean environment.

We, Korea Western Power Co., Ltd., consider the environment management as the top priority of our sustainable management and operate the environment management system focused on the environment under the management policy of pursuing the harmony with environment preservation and local society.

We keep performing the activities required for reducing the greenhouse gas and pollutants by deciding the goals to accomplish on or before 2020 under the environmental vision of eco-power 3 plus 10.

We significantly decrease the emission volume of NO_x from 0.668g/kWh to 0.296g/kWh for last year through above our efforts.

All above accomplishments are resulted from our continual technological development, investment and our strong intention to preserve the environment. We will play the core role in preserving the environments in the future.

Environmental Vision

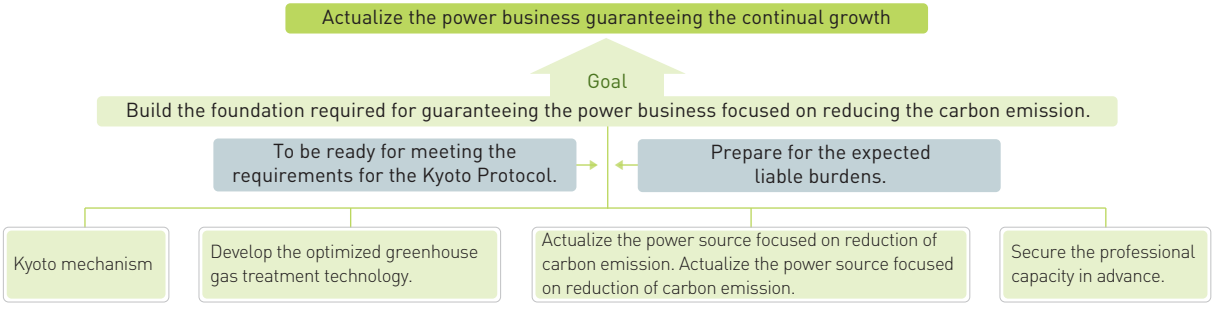
Environmental vision	Our top priority is to guarantee the sustainable management.			
Vision goals	Eco-power 3 plus 10			
4 Strategies	Overcome the climatic change and preserve the natural environment.	Guarantee the zero emission of pollutants.	Environment management focused on natural circulation.	Opening of environmental information and social contribution
Strategic projects or issues	• Build the foundation required for meeting the Kyoto Protocol. • Actualize the power source focused on decreasing the carbon emission. • Secure the professional capacity in advance. • Develop the technology required for preserving the global environment.	• Build the global environment management system. • Expand and improve the environmental facilities. • Improve the combustion technology. • Develop the technology required for decreasing the environmental impact.	• Increase the use of sustainable energy. • Actively recycle the byproducts. • Develop the new eco-friendly technology. • Build the precise chemical analysis system.	• Open the environmental information. • Practice the environment preservation activities. • Prevent the public petition and guarantee the clear handling of public petition. • Actively recycle the hot drained water.
Progressing projects or issues	38 projects or issues to progress in each area			

Climate Change and Energy

The energy consumption pattern is changing when the industry is developing and national income is increasing, so the consumption of electric power is getting increased because the electric power is safer and more convenient to use than 1st energies. The thermal power plant operated by burning the fossil fuels such as coal, oil and gas is emerged as a critical social issue in terms of climate change. This social issue must be critically solved for guaranteeing the sustainable management of each company.

We are occupying the market share of 12.1% in Korean power market. 86% of our power generation facilities are operated by burning the fossil fuels such as coal, oil and gas. All bituminous coals used for the power generation are imported from Australia, China and Indonesia. The petroleums such as heavy oil and diesel oil are supplied through the domestic and overseas bidding procedures and LNG is supplied by long-term agreement signed with Korea Gas Corporation. Our company generating most of powers by operating the thermal power plants are sensitive to climate change. We keep trying to reduce the emission of greenhouse gas by preparing the strategy to overcome the climate change and building the required infrastructure. Also, we try to secure the emission right by signing the emission right trading MOU with Korea Power Exchange as a part of efforts to build the foundation of greenhouse gas trading system expected as a means to overcome the climate change.

Climate change overcoming strategy



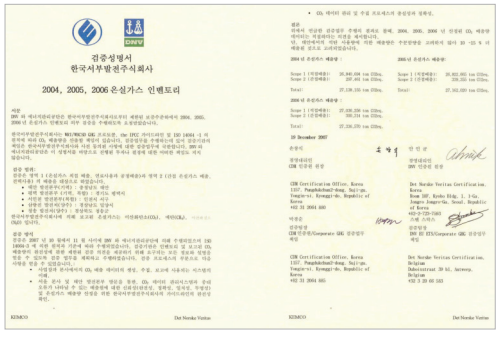
Building the Greenhouse Gas Inventory System

Correct greenhouse gas emission volume must be surveyed to reduce the emission of greenhouse gas. We prepare the greenhouse gas emission volume inventory report by installing the greenhouse gas emission volume inventory system meeting the requirements for the international standards.

We secure the objectivity of greenhouse gas emission volume by acquiring the certificates of our 2004, 2005 and 2006 greenhouse inventory reports from the CDM Certificate Agency and DNV Korea, professional certification agencies and then utilize the certificates for our climate change policies.

Our greenhouse gas inventory control procedures and guide systems are under development and installation in 2008. We plan to operate these systems in 2009.

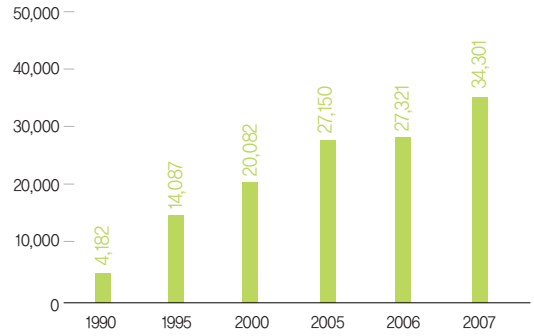
Greenhouse Gas Inventory Verification Statement



1) Prepared based on the amount of power generated by the power generation companies, quoted from the statistic data No. 77 of KEPCO (2007).

Greenhouse Gas Emission Volumes of Each Year

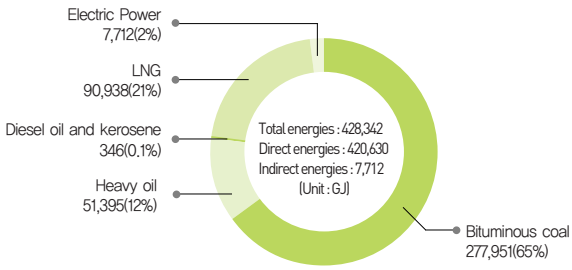
(Unit: Thousand ton CO_2-eq)



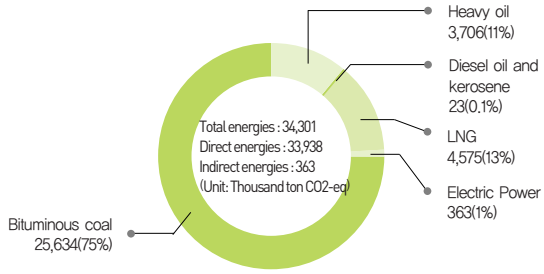
Standards applicable upon preparing the greenhouse gas inventory report

We have reflected the guidelines for national greenhouse gas inventories published in 1996, greenhouse gas protocol, a corporate accounting and reporting standard published by the WRI and WBCSD, and quantity of heat noticed by the government when preparing the greenhouse gas inventory reports.

Amount of Energes Used for Each Fuel

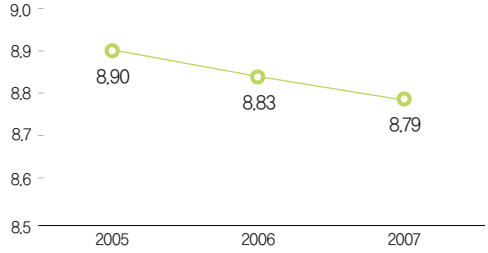


Greenhouse gas emission volume of each energy source



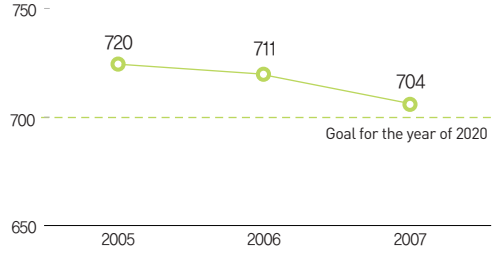
Energy consumption of basic unit

(Unit: GJ/MWh)



Greenhouse gas emission of basic unit

(Unit: g-CO_2/MWh)



Seoincheon combined cycle power plant performance improvement project through the adoption of high efficiency gas turbine

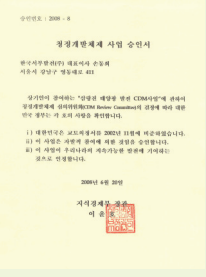
- Investment: About 180 billion won
- Expected energy saving amount: LNG 47,505 ton (calculated based on the business plans)
- Reduced amount of greenhouse gas: 0.222 million ton - CO_2 eq/year
- Combined cycle efficiency: 50.25% (3%p improved)
- Combined cycle output: 254,520 kW (10% improved)
- NOx emission: 15ppm (75% decreased)

Pyeongtaek thermal power plant draft fan (FDF and GRF) and automatic controller installation(VFD) project

- Number of units to install: 12 units
- Investment: About 8.6 billion won
- Construction period: 2004 thru 2007
- Expected energy saving amount: 28,766 MWh/year (calculated based on the VFD installation operation accomplishment report)
- Reduced amount of greenhouse gas: 19,948 ton - CO_2 eq/year

Samrangjin solar photovoltaic power plant CDM Project progressing status

* Project name: Samrangjin solar photovoltaic power generation project
  - Effective term of project: 2009. 1. 1 thru 2018. 12. 31 (10 years)
  - Expected CERs amount: 2,215 ton - CO_2 eq/year
  - Progressing status: Applied to the UN CDM EB (national approval was completed)


수신번호 : 2009 - 8

청정개발체제 사업 승인서

한국석유공단(이) 대표자가 손동희
서울시 강남구 영동대로 411

상기인이 공식하는 "삼랑진 태양광 발전 CDM사업"에 관하여 청정개발체제 집행이사회(CDM Review Committee)의 검토에 따라 대한민국 정부는 이 프로 사업을 승인합니다.

i) 대한민국은 교토의정서를 2002년 12월에 비준하였습니다.
ii) 이 사업은 자발적 참여에 대한 조항을 충족합니다.
iii) 이 사업이 추진되지의 지속가능한 발전에 기여하는 것으로 인정합니다.

2009년 8월 20일

지식경제부 장관

이 윤 호

Efforts to Decrease the Greenhouse Gas

Currently, Korea is not classified as the country enforced to decrease the greenhouse gas. However, we faithfully perform the practicing projects such as improving the efficiency of power generation facilities and development of technology to decrease the greenhouse gas by playing our roles as the agency to prepare for the climate change in consideration of actual circumstance of enforcing the decrease of greenhouse gas emission.

Energy Saving Project

The energy consumption of power generation industry is closely related to the management accomplishments and climate change protocol rather than cost saving. We operate our business focused on decreasing the energy consumption by signing the voluntary energy saving agreement and reporting the energy saving records.

We annually reduce the greenhouse gas of 19,948 ton - CO_2 eq by replacing the facilities operated in the Pyeongtaek power generation division with draft fan designed to save the energy consumption by automatically controlling the rpm according to load.

Development of CO_2 Treatment Technology

We have invested the amount of 7.32 billion won for developing the CO_2 separation dry recycling absorbent, waste gas CO_2 absorption tower fluidized bed process, mass oxygen particle production technology and IGCC Commercialization technology 2005 thru 2007.

5th day and 2nd day-no-driving system

We keep trying to save the energy and reduce the greenhouse gas by performing the 5th day and 2nd day-no-driving system, operating the commuting bus for our employees and controlling the travel on duty.

Securing the Carbon Emission Right and Building the Foundation Required for Joining the Carbon Market

We positively join the clean development mechanism project and greenhouse gas reduce recording program to be ready for the global greenhouse gas regulation enforced based on the market mechanism. We expect to show our strong intention to reduce the greenhouse gas emission and be ready for the carbon market regulations through these our efforts. We secure the credit up to 222 thousand ton - CO_2 eq in 2007.

Progressing the UN CDM Project

We expect to annually reduce the greenhouse gas up to 6,723 ton - CO_2 eq for 10 years by completing the solar photovoltaic power generation facilities of 120kW and Taean small hydro power generation facilities including the Samrangjin solar photovoltaic power generation facilities in Aug. 2005 and Sep. 2007 respectively.

Furthermore, Garolim tidal power plant of 520MW, the biggest tidal power plant in the world, and IGCC (300MW) power generation facilities are under construction. These two projects are planned to be completed in 2012.

Registration and Management of Global Greenhouse Gas Reduction Project

We have actively joined the greenhouse gas reduction project recording and management system operated by the government for the purpose of meeting the requirements for the international CDM Project and reducing the greenhouse gas of industry.

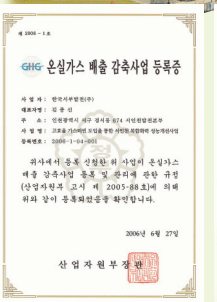
We acquired the profit of 1.1 billion won by selling the emission right after reducing the greenhouse gas up to 222 thousand ton -CO_2 eq in 2007 through above efforts.

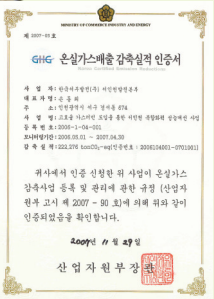
Taean Small Hydro Power CDM Project Progressing Status

* Project name: Taean small hydro power generation project
  - Effective term of project: 2009. 1. 1 thru 2018. 12. 31 (10 years)
  - Expected CERs amount: 4,508 ton - CO_2 eq/year
  - Progressing status: Feasibility study is under processing

Domestic greenhouse gas reduction project progressing status

* Project name: Seoincheon combined cycle power plant performance improvement project through the adoption of high efficiency gas turbine
  - Project registration: Jun. 2006 (first project in Korea)
  - Expected energy saving amount: LNG 47,505 ton/year calculated based on the business plans
  - Reduced amount of greenhouse gas: 222 thousand ton - CO_2 eq/year
    (Acquired the greenhouse gas emission right for the first time in Korea in Nov. 2007)
  - Profit acquired by selling the emission right: About 1.1 billion won (2007)
  - Expected amount to be additionally reduced: About 460 thousand ton - CO_2 eq calculated based on the business plan


GHG 온실가스 배출 감축사업 등록증


GHG 온실가스배출 감축실적 인증서

Utilizing the Resources and Minimizing the Generation of Pollutant

The power generation company inevitably uses huge amount of resources and generates the pollutants because of industrial characteristics. The electric power is an element essentially required for the abundant living and element critically influencing the environments through the depletion of fossil fuel and environmental disruption.
We are to make a contribution to sustainable growth of our society by recycling the resources, managing the pollutant and operating the resource cycling system.

Electric Power Generation Cycle

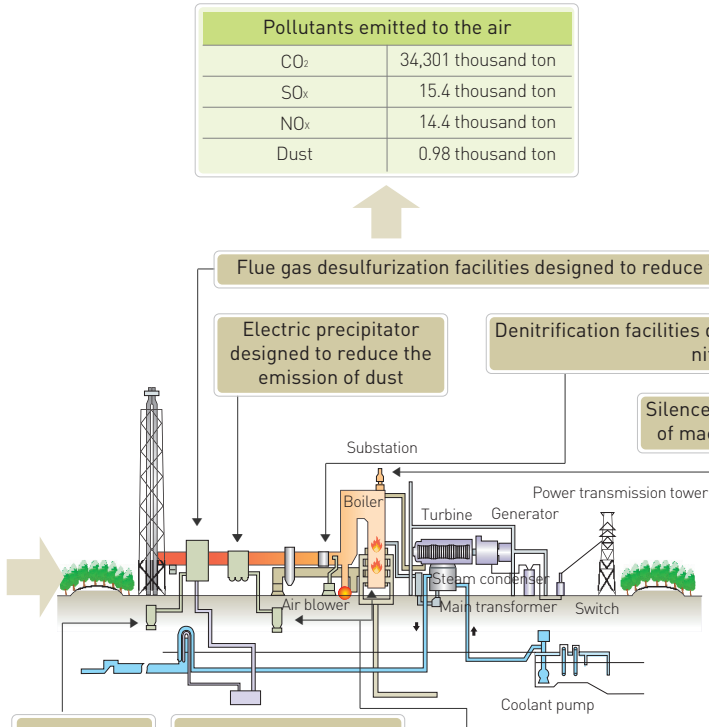
Pollutants emitted to the air	
CO_2	34,301 thousand ton
SO_x	15.4 thousand ton
NO_x	14.4 thousand ton
Dust	0.98 thousand ton

Power generation fuels	
Bituminous coal	11,028 thousand ton
Heavy oil	1,234 thousand kl
Diesel oil and Kerosene	9 thousand kl
LNG	1,666 thousand ton

Power generation water
7,181 thousand ton

Limestone
283 thousand ton

Chemicals
16,320 thousand ton



Power	
Power generation amount	48,728GWh
Power transmission amount	46,987GWh

Items	Generated amount (thousand ton)	Recycled amount (thousand ton)	Recycling rate (%)
Coal ash	1,059	712	67
Desulfurization gypsum	460	460	100
Wastewater	1,114	744	67
Wastes	24	6	25

Preserving the Environment Using the Environmental Management System (EMS)

We do our business focused on environment, perform the environment management protocol by processing PDCA cycle and acquire the ISO14001 certificates. Also, we annually perform the environment auditing with the intention of minimizing the potential environment risk by effectively operating the environment management system.

Improving the Reliability by Opening the Environmental Information

We keep measuring the air and water by quality measuring system and then send the measured results to the environment relevant agencies and local government. We guarantee the easy access to environmental information by opening all information to local residents through the electronic display board.

Effort to Minimize the Environmental Pollution by Observing the Environmental Laws

Our Taean, Pyeongtaek and Seoincheon power generation division signed the environmental protocol with local governments for the voluntary environment management. We try to minimize the environmental pollution by deciding the control standards applicable to air and water pollutant (keep the level of 30% against the legal standards) and wastes (recycling goal of above 70%).

Minimizing the Emission of Air Pollutants

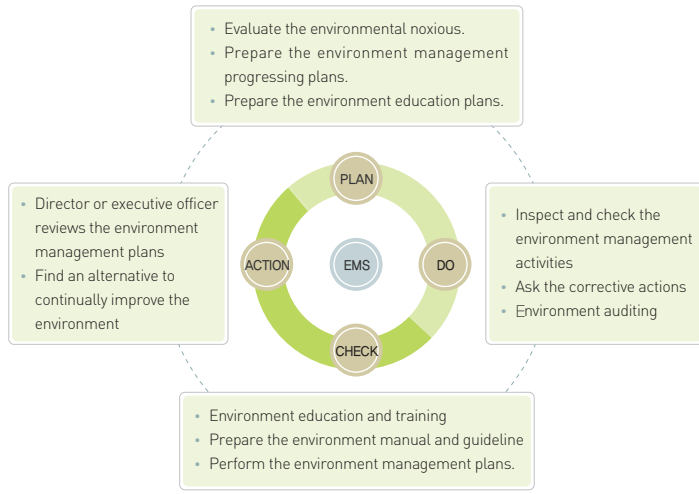
While the thermal power plant operated using the coal and oil emits the sulfur oxides, nitrogen oxide and dust, gas power plant using the natural gas emits the nitrogen oxide only. We minimize the emission of air pollutant by improving the reliability of preventive facilities by deciding the strict control standards.

Restraining the Generation of SOx and NOx

We install and operate the preventive facilities such as cutting-edge flue gas desulfurization facilities, flue gas denitrification facilities and high efficiency electric precipitator.

We minimize the emission of air pollutant by installing the NOx combustor designed to minimize nitrogen oxide because the commissioning was conducted against the desulfurization facilities of Taean Thermal Power Plants No. 7 and 8, so this increase is a temporary phenomenon. It is expected to be reduced when the operation of facilities is stabilized.

Environment management systematic diagram



Environment Management Policies

We, Korea Western Power Co., Ltd., make a contribution to growth of society by generating the best energy in harmony with human, technology and environment. Also, we make a contribution to happiness and prosperity of human being by generating the eco-friendly power as a market leader in 21st century. We decide our three environmental policies focused on clean, clear and comfortable power and stipulate our environment management policies as follows as a part of our effort to accomplish our goal of World Best 3E (energy, environment and expertise) Creator:

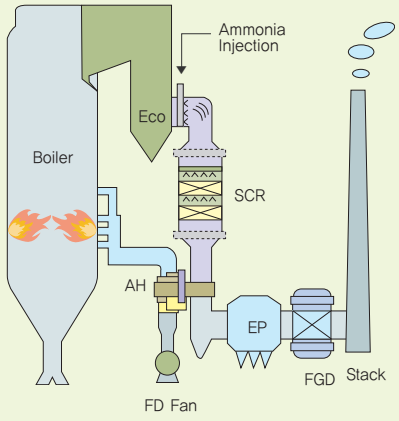
1. We decide the eco-power 3 plus as our environmental vision for minimizing the impact to environment and actualizing the sustainable growth.
2. We do our best effort to preserve the global environment by installing the system meeting the requirements for the international standards and periodically performing the environmental impact assessment against all our power generation processes.
3. We minimize the generation of environment pollutants, observe the national standards and environmental laws and stipulate the control standards for all our power plants.
4. We continually develop and apply the technologies for the optimal operation and improvement of environmental facilities.
5. We operate the power plants focused on natural cycling by minimizing the generation of wastes and recycling the resources.
6. We open all environmental information and reinforce the cooperative system with local society to guarantee the clear and objective environment management.
   All employees including the CEO shall recognize the importance of environment management and take the required actions to faithfully perform this environment management policy.

Sep. 2007
Son Dong-Hee, CEO & President, Korea Western Power Co., Ltd.

▲ Flue gas desulfurization (FGD) facilities

Flue gas denitrification process

* **Flue gas denitrification facilities :**
This system, designed to discharge the NOx after separating the NOx into nitrogen and oxygen under the natural condition by passing the NOx through the catalytic layer using the selective catalytic reduction method, is operated in our Taean power plant and Pyeongtaek power plant after the installation.



Air pollutants emitted for each year

(Unit: g/KWh)

Water use status

Items	Taean Div.	Pyeongtaek Div.	Seoincheon Div.
Supply capacity (Mil. ton/year)	106.6	180.0	980,106.0
Used amount (Mil. ton/year)	4.7	2.0	0.5
Fore-bay	Boryeong Dam	Namyang Lake	Paldang Dam

(Supply capacity: Amount of water supplied by each fore-bay)

Restraining the Generation of Dispersing Dust

We prevent the dispersing dust from being generated in our Taean power plant, operated by burning the coal as a fuel, by planting the windbreak forest, operating the motor sprinkler and installing the dustproof wall through the investment of 11.3 billion won.

Preservation and Saving of Water Resources

The waters used by our company are classified into power generation water directly used for the power generation, desulfurization water supplied to the desulfurization facilities, coolant and potable water. The power generation water is supplied from the fore-bays such as dam or lake around the power plant. We control the amount of water when collecting the water from the fore-bay so that the surrounding water system may not be influenced.

However, we reuse and discharge all waste waters, generated upon power generation, after treating the wastewater up to 3rd class[2] in order to reduce the use of water resource and minimize the impact to water system.

Our Taean power generation division reuses most of wastewater and Pyeongtaek power generation division including the Seoincheon power generation division located in the coastal area try to prevent the water pollution and minimize the impact to ecosystem by discharging the wastewater at ordinary temperature.

Reuse of Power Generation Water

We have prepared and performed the wastewater reuse action plan to increase the wastewater reuse rate up to 80% from 2001 to 2010 for the effective use of industrial water and securing the required water.

We keep progressing the zero leakage movement, activating the reuse of wastewater and improving the wastewater treatment process for accomplishing above goal. Also, the wastewater reuse rate is improved a little as compared with the once recorded in 2006 because the construction of wastewater treatment facilities is completed in our Taean power generation division.

2) 3rd class water: It means the water meeting the requirement for the COD (Chemical Oxygen Demand) of pH 6.5 ~ 8.5 and containing the suspended solids of below 25mg/l.

▲ Wastewater treatment facilities

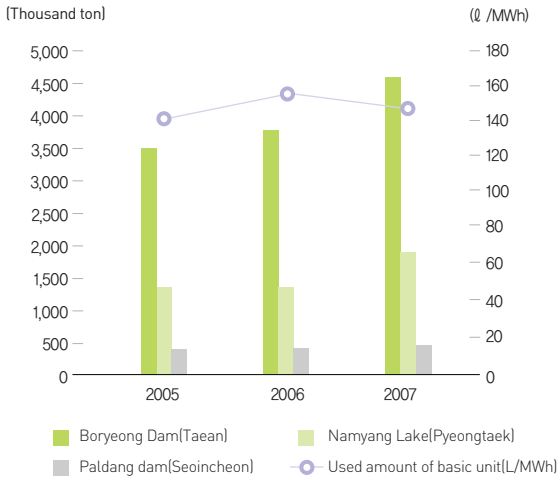
▲ Wastewater reclamation and using system

▲ De-nitrification facilities

Management of Hot Drain Water

The thermal power plant generates the power using the hot and high pressure steam and then reuses the used steam through the condensing process. The sea water is used as the coolant to condense the steam, so hot water is drained. This hot drain water is increased or decreased in proportion to power generation amount. Although our thermal power plant drains the hot water, the area where the temperature of sea water is increased above 1℃ is within the range of 1.5km[3], so the impact to marine ecosystem is surveyed to be low.

Water use status recorded for each fore-bay



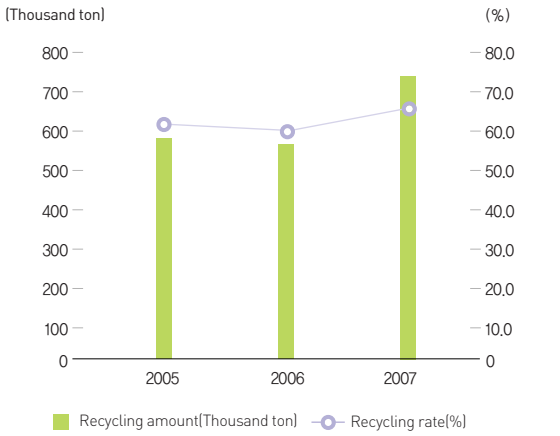
Recycling the Wastes and By-products

We recycle the coal ash and desulfurization gypsum for the appropriate treatment. The wastes or waste lagging materials are difficult to be recycled, so we ask the treatment of these materials to the authorized treatment companies. We open the name, phone number and capacity of treatment companies in our homepage.

Total wastes discharged by our company in 2007 were recorded as 23,700 ton and decreased 49.5% as compared with the ones recorded in 2006. The generated and recycled wastes were increased in 2006 when the construction of Taean thermal power plants No. 7 and 8 was started. However, the generated and recycled wastes are decreased at normal level.

The ash generated when burning the coal is used as the concrete admixture, cement raw material and fill dirt. The recycling rate of coal ash is recorded as 75.2%, 68.9% and 67.3% in 2005, 2006 and 2007 respectively. The generated coal ash is increased when the additional facilities are completed and operated. However, the recycling rate is decreased because of decreased demand resulted from the business recession. The desulfurization gypsum is recycled 100% as the raw material of cement and gypsum board.

Waste recycling status



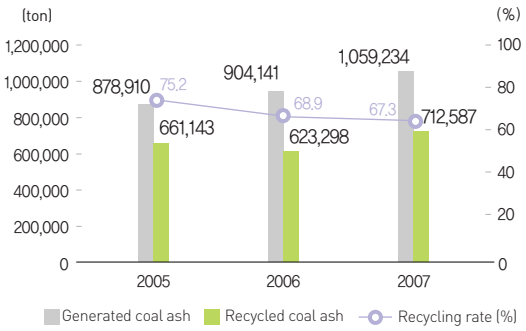
3) Quoted from the Construction project environmental impact assessment report

Places where the chemicals are used

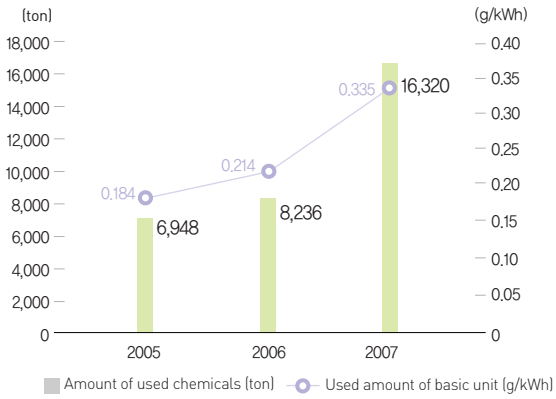
Names of chemicals	Used places	Names of chemicals	Used places
Hydrochloric acid Caustic soda	• Used for producing the power generation water in water treatment plant. • Condensate polishing plant used for purifying the boiler water. • Wastewater treatment plant: Control the pH.	Hydrazine Ammonia Phosphoric acid soda	• Boiler water treatment: To prevent the corrosion. • Denitrification facilities: Reducing agent
Coagulation aid Aluminum sulfate	• Water treatment plant: Used for producing the power generation water. • Wastewater treatment plant: Remove the turbidity element.	Sodium carbonate Sodium sulfite Hydrochloric acid sodium	• Desulfurization wastewater treatment: To remove the heavy metal and COD.
Antifoaming agent	• Used for removing the foam in drain outlet	Ferrous sulphuric acid	• Coolant sea water treatment: To prevent the corrosion.
Chlorine dioxide	• Used for the disinfection of potable water.	Microbe spawn material	• Sewage treatment: To remove the BOD.

Wastewater generation and recycling status

Coal ash generation and recycling status



Chemicals use status



Minimizing the Use of Chemical Substances

The power plant uses 30 different types of chemicals for operating the environmental pollutants preventive facilities, preventing the corrosion and producing the power generation steam.

We prepared the long-term chemicals management plans under the goal of reduction the use of chemicals up to 30% for the purpose of effectively using the chemicals and minimizing the use of chemicals in Aug. 2001.

In this regard, we keep trying to minimize the use of chemicals by preventing the injection of hydrazine, using the high efficiency cohesive agents, improving the facilities maintenance method and developing the process to replace. However, the use of chemicals has been temporarily increased because the construction of Taean thermal power plants No. 7 and 8 is completed and denitrification facilities including the desulfurization facilities are installed and operated in our Pyeongtaek power generation division. However, we plan to reduce the use of chemical through the effort to minimize the use of chemicals. We do not commit any accident resulted from the leak of noxious material when generating the power.

Long-term chemicals reduction plans

- Plan to introduce the latest water treatment technologies such as no injection of hydrazine and oxygen treatment
- Plan to develop and apply the process to replace the chemicals by changing the cohesive agents
- Plan to change the facilities preservation method
- Plan to improve the process

Accomplishments Acquired through the Environmental Impact Assessment

Areas	Business places	Descriptions	Duration
Construction area	Gunsan combined cycle	Environmental impact assessment for the construction project	2005. 10 ~ 2007. 7
	Garolim tidal	Environmental impact assessment for the construction project	2006. 3 ~ 2008. 1
	Taean IGCC	Environmental impact assessment for the construction project	2007. 5 ~ 2009. 1
Operation area	Taean	Marine, land, air and soil environment survey	Every other year or every year
	Pyeongtaek	Air, soil and water environment survey	Half year, quarter and every year
	Seoincheon	Marine, land, air and soil environment survey	Every year
	Chongsong water pumping	Land, aquatic, air, water, noise, vibration, weather environment survey	Every year
	Samrangjin water pumping	–	N/A

Prohibiting the Use of Persistent Organic Pollutants

Only the insulating oil used for the transformer is classified as the persistent organic pollutant out of materials used by our company for the power generation. However, we have not introduced or transported the transformer including the insulating oil containing the PCBs since 2002. We have checked if the insulating oil of transformer contains the PCBs and density of insulating oil is appropriate through the total inspection since the agreement to prohibit the use of PCBs signed with the Ministry of Environment in Oct. 2004. We plan to prohibit the use of insulating oil, including PCBs.
In addition, we submitted the volu action plans for the prohibition of PCBs specifying the status of transformer containing the insulating oil and nullification plan to the Ministry of Environment in May 2007 and performed the required actions according to submitted plans. We disposed of 8 transformers out of 20 transformers over 3 years during the period of 2005 thru 2007. We plan to dispose of remaining ones from 2008 to 2011.

Environmental Impact Assessment

We survey and evaluate the environmental and traffic impact resulted from the construction of power plant before selecting the project site and preparing the construction plans and then reflect the alternative to design after preparing the alternative to minimize the impact to surrounding environment. Also, we collect the opinions from concerned parties such as local residents and relevant agencies and then reflect the collected opinions to power plant construction plans.
As a result, all our power plants are constructed and operated in areas far away from the ecosystem protective area where the protective animals or endangered animals live. On the other hand, we verify the results forecasted based on the environmental impact assessment by checking the items reflected for the protection of environment for the specific period when the power plant is under operation and then report the results to the relevant agencies.

Environmental impact assessment

▲ Air quality survey

▲ Marine ecosystem survey

▲ Measuring the noise

* **Action procedures applied in case of emergency**
  - Oil leakage accident
  - Toxic substance leakage accident
  - Earthquake and fire
  - Typhoon and surge
  - Heavy snow and flood

* **Action procedures applied to environmental accidents of each facility**
  - Air pollution preventive facilities
  - Water pollution preventive facilities
  - Waste storage facilities
  - Toxic substance storage facilities
  - Oil storage facilities

Simulation drill performed to control the oil leakage

Preventing the soil pollution

We periodically perform the soil pollution inspection once a year or every other year in area where the soil pollution is expected by the operation of power plant. No pollution accident is reported.

Protecting the ozone layer

We strictly control the use of substances causing the damage to ozone layer. Also, we strictly manage the stored or used substance. The halon gas, currently used by our company for the operation of electric facilities, is classified as the substance causing the damage to ozone layer. We currently own the halon gas of 10,760kg. The Taean thermal power plant has charged the halon gas of 1,050kg only for the duration of 2002 thru 2006. We plan to nullify or replace the fire fighting facilities using the halon gas on or before 2010.

Environmental Accident Preventive and Corrective System

We classify all possible environmental pollution accidents by type for completely preventing the environmental accident and operate the consolidated emergency organization. This organization performs the simulation drills more than 12 times a year for training how to take the action and improving the capacity to take the action in a timely manner. As a result, no accident has been reported.

Also, we provide the education or training to our employees to prevent the environmental pollution expected when any accident occurs in the transportation equipment. We post the traffic safety poster in the notice board in workplace. We try to prevent the environment relevant accident by performing the system to provide the penalty to our transportation service providers by means of introducing the shutout when any accident resulted from the overspeed occurs.

Important Environmental Indexes

Environmental Impact Assessment Progressing Accomplishments

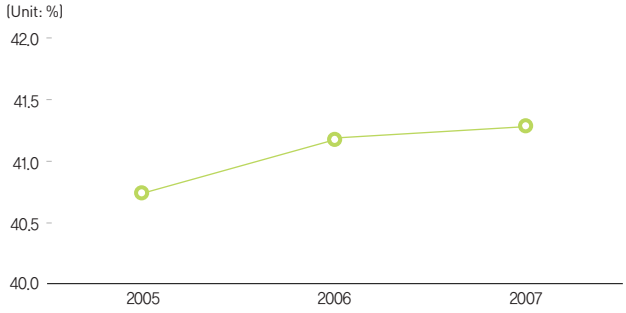
Areas	Indexes	Goals (2020)	Accomplishments (2007)	Targeting value increase or decrease rate
Climate change	CO_2 (g-CO_2 eq/kWh)	700	704	99.4%(△0.57)
Air area	SOx(g-SOx/kWh)	0.21	0.32	65.6%(△52.4)
	NOx(g-NOx/kWh)	0.24	0.30	80.8%(△25.0)
	TSP(g-TSP/kWh)	0.02	0.02	100%
Water quality area	Used chemicals (g/kWh)	0.30	0.34	88.2%(△13.3)
	Drain water reuse rate (%)	80	66.8	83.5%(△13.2)
Resource recycling	Coal ash recycling rate (%)	90	67.3	74.8%(△22.7)
	Desulfurization gypsum recycling rate (%)	100	100	100%

Power generation status for each year

(Unit: GWh)

Power plants	2005	2006	2007
Taean thermal	23,900	23,850	30,750
Pyeongtaek thermal	5,498	4,866	5,514
Pyeongtaek C/C	680	505	922
Seoincheon C/C	7,141	8,829	11,013
Samrangjin P/S	509	335	218
Chongsong P/S	–	62	309
Renewable	0	0	2
Total	37,729	38,447	48,728

Thermal power plant thermal efficiency trend for each year



1st energy consumption volume

(Unit: GJ[4])

Items		2005	2006	2007
Direct energy	Bituminous coal	217,063	216,657	277,951
	Heavy oil	51,166	45,296	51,395
	Kerosene	149	345	346
	LNG	60,498	70,907	90,938
Indirect energy	Electric Power	7,091	6,213	7,712
Total		335,967	339,418	428,342

Direct and indirect greenhouse gas emission volume

(Unit: Thousand ton-CO_2 eq)

Items		2005	2006	2007
Direct energy	Bituminous coal	20,055	20,167	25,634
	Heavy oil	3,701	3,267	3,706
	Kerosene	10	24	23
	LNG	3,050	3,571	4,575
Indirect energy	Electric Power	334	293	363
Total		27,150	27,321	34,301

4) Calculated based on the actual heating values

Air pollutant emission status for each year

Year	Emission volume (ton)			Basic unit (g/kWh)		
	SOx	NOx	TSP	SOx	NOx	TSP
2005	11,749	25,352	1,055	0.311	0.672	0.028
2006	10,877	25,673	1,052	0.283	0.668	0.027
2007	15,431	14,401	976	0.317	0.296	0.020

Water pollutant emission status for each year

Year	Wastewater emission volume (ton)	Emission volume(kg)				Basic unit Emission volume(mg/MWh)			
		COD	SS	T-N	T-P	COD	SS	T-N	T-P
2005	354,683	1,892	1,154			50.82	31.00		
2006	404,181	1,992	1,430			52.36	37.59		
2007	369,512	1,816	1,472	2,352	14	37.67	30.55	48.80	0.29

Coolant use status for each year

Items			Used amount (thousand ton)
2005	Used amount		3,950
	Temper-ature (℃)	Water collection	12.6
		Water drain	20.7
		Difference	8.1
2006	Used amount		3,673
	Temper-ature (℃)	Water collection	13.9
		Water drain	22.3
		Difference	8.4
2007	Used amount		5,025
	Temper-ature (℃)	Water collection	14.9
		Water drain	23.6
		Difference	8.7

※Calculated based on the temperature difference measured at inlet and outlet

Used amount of power generation water

(thousand ton)

Year	Taean	Pyeongtaek	Seoincheon
2005	3,513	1,336	432
2006	3,949	1,432	460
2007	4,696	1,966	519

Waste generation status for each year

Year	Generated amount (thousand ton)	Recycling amount (thousand ton)	Recycling rate
2005	15.1	8.4	55.4
2006	48.0	30.8	64.1
2007	23.7	6.2	26.1

Happy Energy

We will become your friendly neighbor
as your nice partner
creating the happy living.

Human & Energy

Happy Energy

We, Korea Western Power Co., Ltd., are the company organized to generate the electric power. However, we will make our customers happy by producing the happy energy. We must create the condition or environment guaranteeing the satisfaction of our employees and take care of our employees and their families' health and safety for the happy energy production. In addition, we must pursue the coexistence with our contractors, our business partner, and come closer to the local residents and neighbors in need or trouble as well.

We decide the implementation of our social responsibility as one of our 4 strategic projects or issues to accomplish our vision and include the building the accomplishment-oriented system, fostering the global human resources, management focused on customer satisfaction and activation of social contribution in our 10 strategic goals. We build the advanced safe management system and operate the health program in consideration of our employees and their families. We also operate the excellent personnel system focused on developing the capacity through the open recruiting and education, compensation based on the fair evaluation and program to prepare for the retirement. As a result, we keep creating new record by extending the zero accident period 15 times and considerably decreasing the number of employees leaving the company. Also, we consider our contractors as our real partner instead of business partner and operate the program focused on the prosperity of our contractor. As a result, we awarded the prize from the prime minister for the excellent cooperation with our contractors. We provide the financial support of 7.5 billion won to the local residents living around our power plants and actively perform the voluntary service for the alienated people every year. All our employees spent 20.4 hours for the voluntary service and collected the fund of 1.6 billion won in 2007.

The electric power fills the people with what they want through the light and heat. We are to generate the happy energy to be shared with our employees, our contractors and alienated people, to be remembered as the happiest partner.

Safety and Health

Our top priority is to take care of safety and health of all our employees serviced in the workplace. We clearly recognize that all works must be performed based on the safety and health. We take all actions required for preventing the accidents in terms of budget, human resource and system in principle. We operate the safety management system based on above principle.

Our safety management system is applied to our employees and contractors. The industrial safety and health committee held in each business place for examining the overall safety and health issues. The committee, organized in each business place, consists 9 commissioners representing the labor and management. The chief of business place becomes the chairman of committee. Also, the safety and health council is periodically held or organized in the unit of part.

Building the Advanced Safety Management System

We acquired the certificate in all our business places by building the safety management system, K-OHSMS/KOSHA18001, for the first time in our business section in Korea in 2003.

We keep trying to settle the advanced safety management system under the vision of actualizing the autonomic safety and health culture. We actualize the autonomic safety and health culture to be shared by all our employees by opening the safety and health management site, OHSMS-net, in our homepage and operating the human error preventing system (HEPS) and safety data management system. We awarded the technical innovation management grand prize and prime minister prize in January and November 2007. We keep enhancing our value by guaranteeing the safety of our employees and contractors and settling the safety management culture.

Providing the Safety and Health Education and Operating the Place to Experience

We take all preventive and corrective actions against all construction works and maintenance works according to our regulations. We also provide the safety education and training to all workers employed by our company and contractor for preventing the accidents. We provided the safety education or training to our 66 employees and 110 employees employed by our contractors in the safety training center located in our Taean and Gunsan business places.

Our company shows the excellent safety management accomplishments by extending the zero accident period up to 15 times, 13 times and 7 times in our Samrangjin, Taean and Cheongsong power plant respectively as of Sep. 2008.

Operation of Industrial Safety and Health Committee

We stipulate our liabilities on safety, health and compensation for accident, our workers' rights on their health and conditions agreed with our labor union in the labor collective agreement signed with labor union according to Industrial Safety and Health Act. The industrial safety and health committee consisting of 9 commissioners representing the labor and management is held in each business place on a quarterly basis according to above collective agreement.

If any agendas or conditions are not resolved or solved in

above committee, safety and health committee organized in our head office will be held on a quarterly basis to solve above agendas or conditions. The committee organized in our head office prepared the industrial accident prevention plans, worker safety and health education or training plans, work environment evaluation plans, health care plans, working uniform providing plans, gypsum prohibition plans and musculoskeletal system disease prevention plans in 2007.

Also, we appoint a health supervisor in our big business places such as Taean, Seoincheon and Pyeongtaek for the improvement of our employees' health. We hire the professional health care service provider for our employees' health care in small business places. We operate our business focused on the safety by appointing an honorary industrial safety inspector in all our business places for the safety. As a result of these efforts, no death accident was reported during the service in 2007. Only two physical injuries requiring the sick leave of 50 days were reported in last year.

Building the Emergency Counteraction System against the Disasters

We keep trying to protect the stable power supply from the disasters causing the damage to our employees and local residents and to improve the service quality together with KEPCO. We operate the consolidated disaster safety counteraction headquarters for preventing the disaster, recovering the damage resulted from the disasters and safety control. Also, we prepare the crisis counterplan system based on the crisis counterplan manual and action manual and operate the disaster counteraction center for guaranteeing the quick and effective counteraction when any disasters such as power generation accident and unstable power supply occur.

We keep fostering the capacity to cover the risk by continually performing the simulation drill and evaluating the effectiveness of performed drill after preparing the virtual accident scenario.

Operation of Health Program in Consideration of Health of Employees' Family

We try to guarantee the happy life by taking care of health of our employees and family by means of performing the periodic medical checkup against our employees and their family.

We perform the periodic checkup and blood test for the health of our employees and their family every year. We operate the WHP (Worker Health care Program for our emplyees and their family) according to labor-management agreement. Also, we operate the crisis control program for our employees and their family by installing the health care room, hiring the nurse in our business place and making an agreement with hospital.

No employee is engaged in the work causing the possibility of disease or disease in our company. Nevertheless, we annually perform the special medical checkup including the general medical checkup against our employees engaged in the power generation part, chemical part, mechanical part, and measuring part including the shift employees for their health and safety. Also, we perform above medical checkups against our new employees and employees to be converted into the shift work.

Benefits Provided by the Support Programs

Persons supported by program	Counseling	Prevention and risk control	Treatment	Education/ training
Employees	O	O	O	O
Family	O	O	O	X

Accident Occurrence Status and Sick Leave Frequency Rate [1]

	2005	2006	2007
Annual work hours	4,012,800	4,192,800	4,353,600
Number of accidents	0	0	2
Sick leave frequency rate	0	0	0

1) Sick leave frequency rate: It means the rate calculated by dividing the number of accidents by annual work hours of company based on 1 million man-hour). This index is controlled by the Korea Industrial Safety Corporation. 1 million man-hour is used as a criterion in this report. However, 200 thousand man-hour is commonly used as a criterion according to global standard .

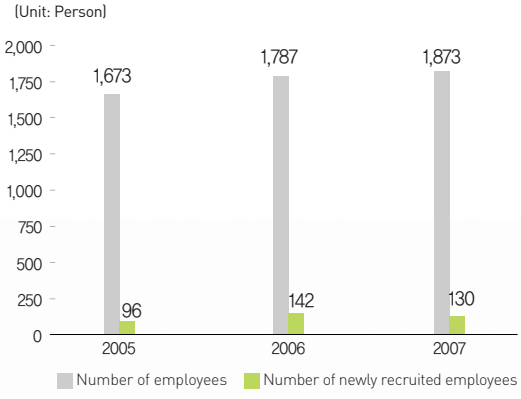
Employee Satisfaction

We clearly recognize that the competent employees must be fostered for being adapted to the rapidly changing business environment in a timely manner and guaranteeing the continual growth. We keep developing the core capacity of our employees by building the differentiated fostering system and systematically managing the education and training programs after deciding the long-term competent employee fostering model.

On the other hand, we orient the open recruitment to take care of social weak person and solve the jobless young adults raised as the social issues. We provide the equal opportunity to all job applicants by abolishing the educational background limit and age limit. We exclude the gender discrimination based on the gender equality in principle.

Increase or decrease of employees hired for above 3 years

Items	2005	2006	2007
Number of current employees as of end of year	1,673	1,787	1,873
New employees	96	142	130
Percentage of new employee	5.7%	7.9%	6.9%



Our labor union consists of union members serviced in 5 power generation companies separated from the KEPCO. 1,155 union members are assigned to all business places operated by our company. 61.6% of all our employees (1,873) are joined as the union member. Our labor union adopts the union shop, so our employees are joined as the union member immediately after being hired by our company.

The clause 26 of labor collective agreement, signed between labor union and company, enforces the company to discuss with labor union before changing any important items such as deciding the budget and regular staff of union members and decreasing of decided budget and regular staff. If the legal position of union members is changed because of business closing, division, merger, transfer and change of business item, company shall inform of that to the labor union 90 days before and faithfully discuss with labor union according to clause 54 of labor collective agreement. Above clause stipulates the foundation required for the minimum notice period and raising the opinion.

Solving the Problem of Jobless Young Adults through the Open Recruitment

We provide the equal opportunity to all job applicants by abolishing the educational background and age limit and paper-screening system. We wait for the competent applicants by operating the diverse employment programs such as open recruitment, recruitment through the academic-industrial cooperation and honorable treatment and support of distinguished services to the nation. We have recruited 123 employees for last 3 years on the average. We actively join the national and social policies intended to solve the problem of jobless young adults raised as the social issues.

Building the Institutional Foundation of Equal Chance

We completely prevent the discrimination by stipulating the condition of equally treating all employees regardless of sex, religion and social position in our employment regulations. However, we open the channels such as hotline to CEO, labor management council and conference between labor and management for allowing to raise the opinion at any times. No discrimination case was reported in 2007.

Currently, 37 handicapped employees, 2% of total employees, are working in our company. This number is satisfied the requirements for the government standard applied to the public corporation when recruiting the handicapped employee. However, we plan to provide more chance to the handicapped by increasing this ratio. We abolish the discrimination of woman in recruitment and promotion by preparing the long-term female resorces utilization plan and strictly observe the principle of equality of sexes. We provide the chance to female job applicants when recruiting new employees by operating the female employee recruitment ratio targeting system. We promoted 7 female employee to manager as of end of 2007 by providing the equal chance upon promotion. We provide the institutional support to enable the female employee to perform the works or duties under the stable environment by increasing the incentive to promote the birth, appointing the nurse, operating the cooperative hospital and child care center in the work place.

Actualizing the Low Separation Rate Resulted from the High Satisfaction

We provide each employee with chance to develop the work capacity in all service periods through the systematic education or training. We improve our employees' satisfaction through the fair evaluation of and compensation for the performed works. As a result of these efforts, separation rate has been continually decreased for last 3 years. The separation rate of 0.43% recorded as of end of 2007 is considerably lower than the national average.

New female employees recruited for last 3 years

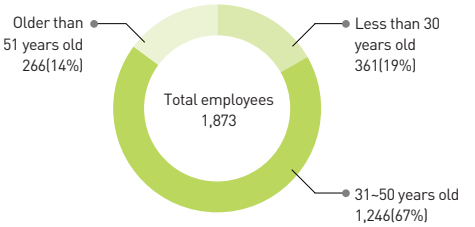
(Unit: Person)

Items	Total our employees	Open recruitment		Female recruitment rate
		All new employees	New female employees	
2007	1,873	130	15	11.5%
2006	1,787	142	20	14.1%
2005	1,673	96	12	12.5%

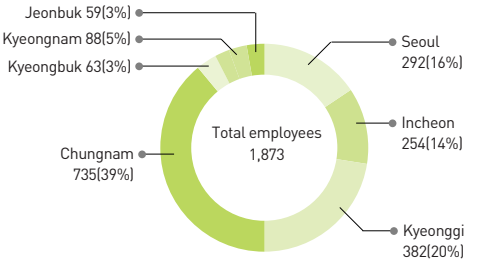
Basic salaries of male and female employees calculated as of 2007 (person and million won)

Items	Male	Female	Total
Number of persons	1,738	135	1,873
Average basic salaries	43	43	

Average ages of all our employees calculated as of 2007



Percentage of employees living in each area



※ New employees under training and employees sent for long-term education and training are included into the employees assigned to Seoul (head office)

Number and rate of employees retired in different sexes, age groups and areas

(Unit: Person/%. Director is excluded)

years		2005		2006		2007	
Total employees		1,673		1,787		1,873	
Items		Person	Rate	Person	Rate	Person	Rate
Sex	Male employee	19	1.14	26	1.45	41	2.19
	Female employee	3	0.18	1	0.06	2	0.11
	Sub total	22	1.32	27	1.51	43	2.30
Age groups	Less than 30 years old	2	0.12	4	0.22	2	0.11
	30~50 years old	5	0.30	2	0.11	6	0.32
	Above 50 years old	15	0.90	21	1.18	35	1.87
	Sub total	22	1.32	27	1.51	43	2.30

Reason and Rate of Separation[2)]

(Unit: Person/%. Director is excluded)

Items	Honorary retirement	Death	Separation	Total separation	Total employees	Separation rate	National average
2007		2	6	8	1,873	0.43	2.18
2006	1		7	8	1,787	0.45	2.26
2005	4		5	9	1,673	0.54	2.37
Total (average)	5	2	18	25	5,333	0.47	2.27

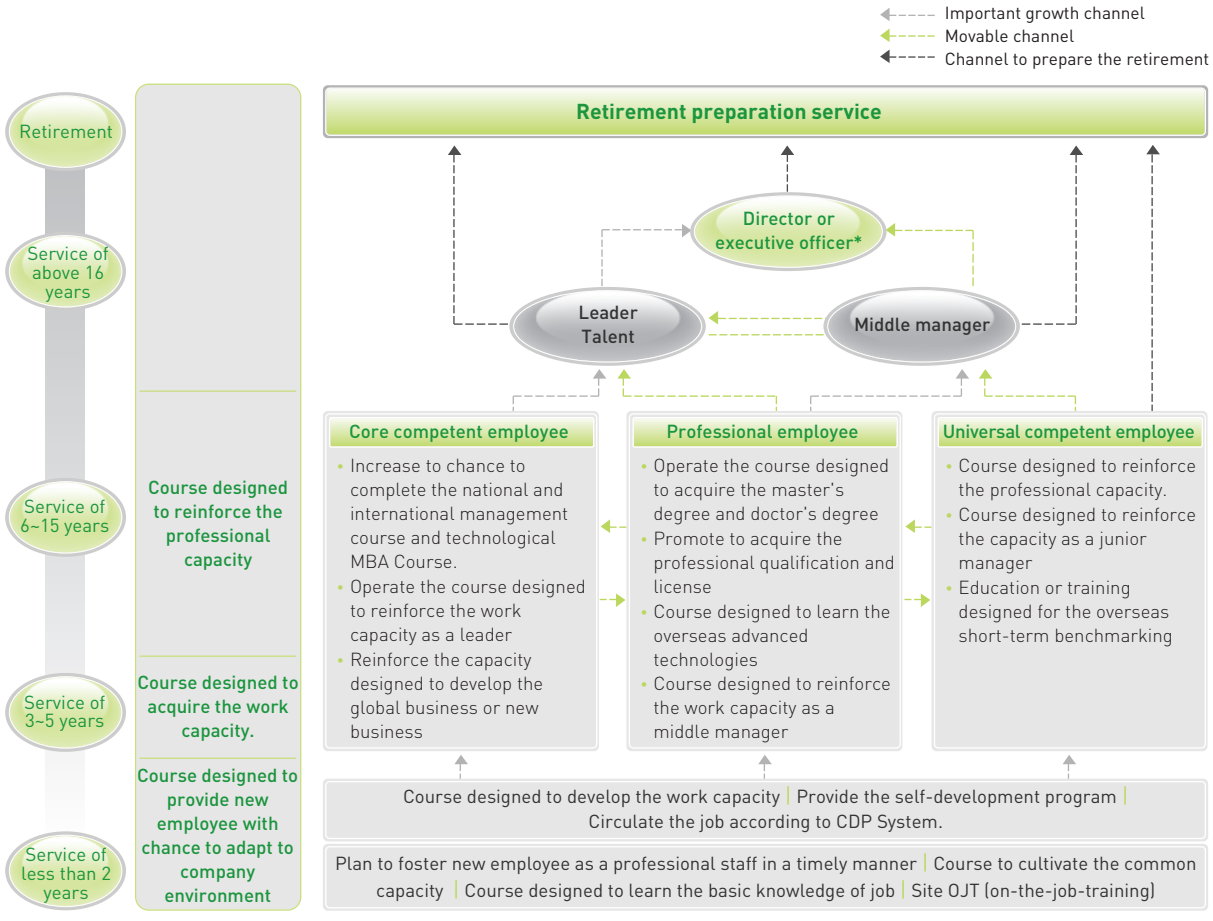
2) National average separation rate is quoted from the labor statistical data prepared by the Ministry of Labor

Operation of Career Development Program

We seek the way of increasing the technical capacity of our employees and guaranteeing the long-term employment. As a result of above efforts, we develop and operate the career development program enabling each employee to reinforce his or her work capacity by preparing and performing the education and training plans suitable for him or her. Also, we build and operate the 「Do Dream」 e-HRD System, a education system, as of 1st April, 2008, so that each employee may improve his or her work capacity using the career development program.

Competent employee fostering road map	System developed and designed to enable new employee to be promoted to director after cultivating the basic work capacity through the adaption to company environment and acquisition of work capacity and then reinforcing the professional differentiated capacity.

Annual competent employee fostering road map



Building the Accomplishment Evaluation and Compensation System

We annually evaluate the accomplishments of each employee according to management evaluation regulation for the purpose of accomplishing the business goals and improving the management efficiency.

Reinforcing the Personal Capacity through the Learning at All Times

We support the learning at all times for the continual growth of our employees. We spent the education expenditure of 4.075 billion won for the education of our 6,458 employees in 2007. The amount of education expenditure and number of educated employees were 7.3% and 5.6% increased as compared with the one in 2006. The average education hours and number of educations provided for each employee are 108 hours and 3.44 times.

The average annual education hours for each category are as stated in the table on the right.

Support for the Retirement Design by Operating the Retirement Preparation Program

The design of living after the retirement is emerged as the critical social issue because the average life is getting increased. We pay the retirement benefit to all employees retired after the service of more than 1 year. The amount of 74.4 billion won has been accumulated as the severance and retirement benefits as of end of 2007. Furthermore, we build the foundation enabling each retired employee to be proud of himself or herself as a former employee by operating the retirement preparation program to support the retired employee. This program make a contribution to improvement of our employees' satisfaction and our corporate image. We support the retired employee to design his or her life after the retirement by providing the retirement preparation program for 6 months before the retirement. This program consists of IT Education, health care education, knowledge program and experience program. Our employees have used this program as shown in the table on the right. The employees of diverse positions participate this program.

Evaluation and Compensation of Accomplishments

Expanded compensation focused on accomplishment	Detailed descriptions
Annual salary system resulted from the management agreement	The annual salary of director or employee of 1~3 class is decided according to work accomplishment
Bonus differentiated by the accomplishment	Bonus is differentiated up to 80% ~ 200% according to evaluation results
Personal accomplishment linked to personnel achievement	Additional point is provided upon preparing the list of employees to be promoted. Reflect the results of evaluation upon promotion.

Average annual education hours allocated to each employee by employment category

Items	2005	2006	2007
Total employees	1,673	1,787	1,873
Total educated employees	5,963	6,021	6,458
Number of educations for each employee	3.56	3.36	3.44
Total education expenditures (million won/year)	3,513	3,859	4,075
Education expenditure for each employee	2,095	2,155	2,171
Total education hours	–	221,046	203,113
Education hours of each employee	–	123	108

※ No education hours data is available in 2005 because the adequate system was not installed

Retirement preparation program operation accomplishments

Items	1st class	2nd class	3rd class	4th class	Below 4th class	Total
2008	1		4	2		7
2007	3	1	3	3	3	13
2006	6		6	3		15
2005	2	1	1	1	1	6
Total	12	2	14	9	4	41

Management Focused on Coexistence with Our Contractors

All companies have to keep the fair and clear relation with our contractors. We build the foundation of fair trade through the systems and procedures and carefully listen to our customers' opinions because it is our responsibility. Also, we, as a public corporation, have the responsibility to find the small and medium companies with excellent technologies and grow together with these companies.

Results of integrity survey performed for last 5 years

	2004	2005	2006	2007	2008 (First half)
Total points	89.9	90.4	96.5	96.9	97.0
Sensed integrity-level	93.8	93.5	98.7	98.7	98.5
Potential integrity-level	86.5	85.7	93.1	94.1	94.8

※ The sensed integrate-level and potential integrity-level are evaluated whether the corruption is experienced and recognized and administrative system and ethic principles are observed respectively. No corruption has been reported for last 2 years. However, this index is evaluated to be relatively low. We plan to complement the institutional support and education because it is not easy to raise the complaint and contact the handling staff

We decide the goals of improving the reliability of power generation facilities by developing the excellent electric appliances and growing together with our contractors by generating the high quality power. We perform the coexistence and cooperation project by preparing the road map and upgrading the contractor support strategy and system. We enable our contractors to cultivate the ability to stand on their own by promoting to develop the technology and improving the productivity through those efforts. We also try to improve the competitiveness of our contractor by providing the support to find a new market.

As a result, we awarded the prize from the prime minister for the strong support for the small and medium companies in Dec. 2006. Moreover, we will get together with our contractors as a business partner.

Improving the Fairness and Transparency

We consider the fairness and transparency as our top priority in relation with procurement procedures. We build the complaint handling systems such as customer's complaint notice center and raised objection treatment procedures so that our customers may raise the complaint with ease. We ask our employees to sign the integrity pledge upon bidding. We frequently check the satisfaction of our employees and contractors through the clean cooperator monitoring and clean employee monitoring and then reflect the checked results to the works.

Building the Partnership with Our Contractor

We prepare the road map for the growth together with our contractors and perform the cooperative project for coexistence by reorganizing the contractor support strategy and system. We build the partnership to generate the high quality power by improving our contractors' technology and productivity and generating the synergy effect together with our contractors through above efforts.

Improving Our Contractor's Technical Competitiveness through the R&D Support

We try to improve our contractors' technical competitiveness and reduce the power generation cost by developing the high quality power generation appliances and localizing the appliances imported from foreign countries by means of providing the R&D support.

Effort to Solve the Financial Difficulty of Our Contractor

We lend the operating capital to our contractor at low rate through the network loan system. We help our contractor to solve the financial difficulty by making the advance payment required for delivering the appliances to our contractor. Also, we mitigate the financing cost of our contractor by making a payment in cash.

Our contractor support road map

Items	Before 2004 (Period of building the foundation)	2005~2006 (Settlement period)	After 2007 (Maturity period)
Reinforce the coexistence and cooperation	• Provide the political support	• Build the school-work link cooperative system	• Foster the global competitiveness
	• Build the cooperative relation	• Provide the R&D Fund	• Foster the innovative contractor
	• Support for protection and fostering	• Increase the procurement of products produced by small and medium companies	• Provide the customized support

R&D Project for our contractor

Items		2005	2006	2007
Projects	R&D for cooperation with contractor	20	16	24
	Develop new product under the condition of purchase	1	2	3
Provide the R&D Fund (0.1 billion won)		8.5	11.6	13.5

Financial support system for our contractors

(Unit: 0.1 billion won)

Items	Descriptions of support	Effective date	Record for 2006	Record for 2007
Network-loan	Provide the capital required for production	2004.11	29(7 contractors)	28(8 contractors)
Advance payment	Within 50% of contract amount	2005.4	120(13 contractors)	40(30 contractors)
With-loan	Provide the credit loan without collateral and guaranty	2006.8	8(2 contractors)	3(2 contractors)
Make a payment in a timely manner	Within 1 or 2 days after being asked of payment	2005.12	520(220 contractors)	700(300 contractors)

▲ Final evaluation of cooperative research project with our contractors

▲ High capacity smart battery developed for the first time in the world

Record of purchasing the products produced by small and medium companies (Unit: 0.1 billion won/%)

Items	Total purchased amount(A)	Product produced by small and medium companies		Product produced through the technical development		Product certified in terms of new technology	
		Purchased amount(B)	Purchasing rate(B/A)	Purchased amount(C)	Purchasing rate(C/B)	Purchased amount(D)	Purchasing rate(D/B)
2005	2,521	1,711	67.8	23	1.4	23	1.4
2006	1,382	1,106	80.0	119	10.8	43	4.0
2007	898	772	86.0	119	20.2	82	10.7

▲ Conference held to publicize the products produced by small and medium companies

▲ Consultation conference held to export products produced by small and medium companies

Our global marketing support of product produced by small and medium companies for each year

Items	Record for 2006		Record for 2007	
	Performed times	Number of supported companies	Performed times	Number of supported companies
Support for display in the overseas exhibition	3	11	3	23
Send the overseas market finding group	6	26	5	33
consulting conference to record the vender via an invitation of buyer	–	–	4	100
Important record	Counselling amount of 176 million dollar		Counselling amount of 196 million dollar	

Support for expanding the market of product produced by small and medium companies

We accomplish the purchase record exceeding the legal mandatory purchase goal of products produced by small and medium companies and certified in terms of new technology. Also, we activate the purchase of products produced by small and medium companies by directly purchasing the appliances from small and medium companies if any products are designated by the Small Business Administration.

Support for global marketing of products produced by small and medium companies

We contribute to expand the export of products produced by small and medium companies by displaying the products produced by small and medium companies in overseas exhibition, sending the overseas market finding group and organizing the counseling conference to record as the vender via an invitation of buyers.

Preferentially Treat the Company Seeking the Sustainable Management

After preparing the detailed standard for examining the articles in 2004, we preferentially treat the excellent companies in terms of quality control such as company certified by ISO, company owning the industrial property right, company certified in environment, excellent company in the labor-management cooperation and company operated by female CEO or handicapped. We preferentially treated 2 excellent companies in terms of human right and hiring the handicapped in 2007.

Making a Contribution to Activation of Local Economy based on Local Purchase Policy

We authorize the qualification to participate the bidding to only the local companies located around our power plants through the limited competitive bid to take care of local small and medium companies and activate the local economy if the construction amount is less than 5 billion won, or when the manufacturing amount, purchasing amount, service fees are less than 0.21 billion won.

Together with Local Society

We, as a public corporation to supply the electric power (public goods), have been grown by faithfully performing our social responsibility to take care of national and social societies. Also, the power plant causes the negative effect to local society because of its characteristics, so we perform 3 core projects focused on human, nature and culture to make a contribution to growth of local economy as a part of efforts to minimize the negative effect.

We have supported the low income group through our social service group consisting of 8 centers and 76 teams under the slogan, "happy energy and friendly neighbor", as a part of effort to enable all local residents to enjoy the happy living since 2005. Also, we progress the project to promote the local culture. We try to foster the local competent person through the local competent person fostering project. We also activate the social service required by the local society through the partnership with local welfare groups.

Emblem

This emblem means that all our employees actualize the happy energy and friendly neighbor by getting together with lovely mind.

Important accomplishments

We systematically progress the social contribution activities focused on 3 areas such as human (social welfare and disaster relief), nature (preservation of nature) and culture (culture art, academic education and promotion of sports) based on our motto, make a contribution to society by generating the energy in harmony with human, technology and environment.

History of social contribution activities

Year	Month	Descriptions
2004	08	• Organized our social service group and declared the emblem and slogan ■ Slogan: Happy energy and friendly neighbor
2005	04 06 08 10	• Performed the blood donation to help the patients suffering from leukemia and children tumor • Signed the agreement with local society and performed the farming village service activities linked with 46 farming villages. • Performed the project of building the lovely houses. • Awarded the management innovation best practice prize in area of social responsibility.
2006	02 12	• Awarded the clean management grand prize. • Signed the social contribution agreement with Korean National Red Cross. ■ Supported 1,004 poor households living around the power plant.
2007	06 07 10 10	• Signed the national park partnership. • Financially supported 10 lovely houses repair project. • Supported the food relief services and angel hospital located in the Philippines. • Supported the coal sharing movement and performed the voluntary service in Gaeseng, North Korea.
2008	04 05	• Collected the fund required for supporting the patients suffering from the intractable disease. • Awarded the social contribution grand prize in the area of cooperation with local society.

Local society support project cost spent for building the infrastructure required for the local development

※ Basic project cost is decided by the power generation amount of each power plant, so it is changing each year. Special support project cost is decided by the construction cost of power plant constructed in the specific area, so it is considerably changed in each year.

Amount shared by each business place for 2007

(Unit: Million won)

	Local government	Power plant	Total
Taean	3,423	1,499	4,922
Pyeongtaek	724	217	941
Seoincheon	438	216	654
Gunsan	0	26	26
Samrangjin	282	120	402
Cheongsong	539	148	687
Total	5,406	2,226	7,632

Support for patient suffering from leukemia

	2005	2006	2007
Number of blood donation certificates	214	239	–
Money(thousand won)	10,000	10,000	20,000
Number of supported children	2	3	3

※ 188 blood donation certificates out of certificates collected in 2007 are provided to the children patients suffering from leukemia. The remaining ones are planned to be donated together with blood donation certificates to be collected in 2008.

Building the Infrastructure Required for the Local Development through the Communication with Local Society

We clearly recognize that the construction of power plant causes the diverse effects to area where the power plant is constructed. In this regard, we try to guarantee the fair compensation to the local residents to be moved to other areas because of power plant construction by asking the professional survey agency to check the expected damage and rights to loss by signing the agreement with local residents to move out. In addition, we provide the diverse benefits such as support for tuition fee and preferential treatment upon recruiting to the local residents and their children after moving out. Currently, we authorize the additional point of 10% to the residents living around our power plant when applying for the employment. An applicant recruited through this preferential treatment system is promoted to manager.

We do our best efforts not to cause the damage to local society by sufficiently compensating the land and rights occupied by the construction and operation of power plant according to applicable laws. Furthermore, we secure the communication channels such as work meeting with local government and signing the pledge upon construction to be ready for unexpected public petition.

No power plant and facilities were constructed on land in 2007, so no project caused the damage to local residents and living environments. Project intended to support for the development of local area is under progressing to build the infrastructure in area around our power plant. Total amount spent for building the infrastructure required for the development of local area is stated in the table on the left. 4.8 billion won was spent for building the local infrastructure out of 7.63 billion won allocated for the year of 2007. We provided the financial support of 2.22 billion won for the purchase of agricultural machinery or equipment and installation of storage warehouse. We keep trying to expand the infrastructure of local area by providing the financial support of 1.3 billion won for the maintenance and repair of 36 roads. The amount of 7.63 billion won was allocated to each business place in 2007 as stated in the table on the left.

Residential and Medical Support for Low Income Group

Every year, 100 of our employees have joined the lovely house building project performed through the cooperation with Korea Habitat started to solve the residental problem of homeless people since 2004. We also provide the construction cost. We prepare the promotion fund to repair 10 old houses, and our employees provide the service as the volunteer. This program started in 2007 and will be annually performed.

All our employees have participated the lovely blood donation service under the title, blood donation for life and love to patient suffering from leukemia, since 2004. We collect and send the blood donation certificates to leukemia and children tumor association under the intention of treating the patients suffering from leukemia. We pay the doctor's bill for 2 or 3 children patients suffering from leukemia. The day of angel, festival for children patients suffering from leukemia, is sponsored by our company.

We have created our new image to get together with local society by visiting 1,004 poor households living around power plant with volunteers of Red Cross since social contribution partnership agreement was signed with Korea Red Cross in 2006 as a part of event to make a warm world. This event is highly evaluated in local society, so it is planned to be annually held.

Improving the Educational Environment of Local Society and Activating the Scholarship Project

Nothing is more important than education for the growth of local society. The effort to develop the local society by fostering the competent person is more valuable than building the infrastructure in local society.

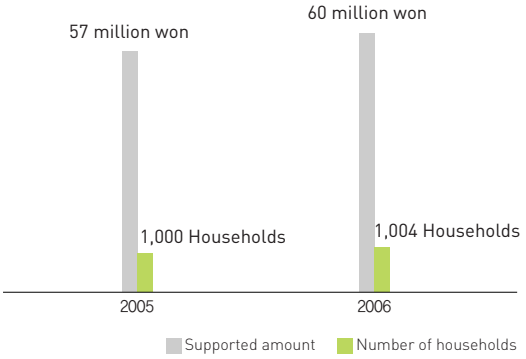
Each power plant accumulate the certain amount of fund as the scholarship fund out of allocated educational project cost (3.83 billion won is accumulated as of end of 2007) We plan to keep accumulating the fund as the scholarship fund. In addition, we provided the scholarship of 0.35 billion won to 818 students living around our power plants in 2007.

We build the foundation required for enabling the students to study in the excellent environment by providing the financial support of 1.08 billion for the purchase or replacement of school appliances and organizing the sketch competition. Especially, our Taean power plant has provided the financial support for sending the students to the overseas culture experience program (360 students), English camp (112 students) and specialty program (360 students) over 3 years as a part of top-oriented program.

Participating the Local Culture Development and Protection Activities

The Mecenat activities are actively supported by our company. We provide the financial support and voluntary service for the local traditional cultural events. In addition, our Cheongsong power plant faithfully keeps the promise to get together with local residents by securing the space to protect the local cultural heritage and display the local special products after building the publicity center.

Supporting and Encouraging the Poor Households via a Visit



Local culture activities supported by each power plant

Business places	Representative programs	Amount supported in 2007
Taean	National marathon competition	5 million won
Pyeongtaek	Pyeongtaek lake festival	1.94 million won
Seoincheon	Traditional funeral festival	7.5 million won
Samrangjin	Strawberry festival	4.6 million won
Cheongsong	Apple festival	8.1 million won
Gunsan	Singing contest	9.15 million won

▲ Scholarship support event for the area around our power plant

▲ Diverse environment cleaning events

◉ **Support for the recovery of oil leakage accident**

Items	Places	Manpower (accumulated)	Equipment	Facilities
Records	Guraepo Hakampo Hwengchonri	3,074 persons	2 loaders A dump truck 4 buses	Provide the accommodation, kitchen and washing water to military troop

※ Special donations of 26.39 million won and 22.23 million won are provided by the Taean-county and Seosan-city to recover the oil leakage accident.

••• Ecosystem Protection Activities Suitable for the Local Environments

Clean environment is the most valuable asset to hand over to our descendant. We progress the ecosystem protection movements such as river cleaning movement and long-term environment cleaning movement for protecting the ecosystem around our power plants. We have actively protected the marine ecosystem by catching and collecting the fingerfishes of 22 ton damaging the marine ecosystem since 2004.

Each of our business place periodically cleans the surrounding environment through the voluntary service. Our Cheongsong power plant progresses the ecosystem protection project after signing the partnership with National Park Management Corporation. We also provide the knowledge required for protecting the ecosystem by organizing the environment school in consideration of children's important role to protect the future environment. In addition, we progress the ecosystem protection activities through the events such as making the nest and feeding the wild animal during the winter.

••• Diverse Voluntary Service for the Local Society

We progress the diverse social contribution activities for the children such as providing the school appliances to Gongju Technical High School through the brotherhood relationship. We come closer to the local society as a friendly neighbor by progressing the support and voluntary service for the persons alienated from the society through the activities such as support for the young family heads and single senior. We keep trying to protect the national park by signing the partnership agreement with National Park Management Corporation. In addition, we try to improve the environment of local society and get together with local society by performing the farming village voluntary service and purchasing the special products. We keep supporting 56 villages including the Eoeunri after signing the brotherhood relation. We perform the diverse activities such as field trip to power plant, support for village event and purchase of agricultural products. Besides, we effectively progress the farming village support programs during the busy farming season through the voluntary service.

••• Support for the Recovery of Damage Resulted from the Oil Leakage Accident

Oil leakage accident occurred in Hebei Spirit operating in the sea around the Taean in Dec. 2007. All our employees started the voluntary service for preventing the spread of oil in area where the leakage accident occurred with the intention of protecting the surrounding sea where our important power plant is located nearby. Our 3,000 employees joined the work to prevent the spread of oil until May 2008. We made the cash donation of 50 million won for the local residents through the local government. We directly and indirectly supported the prevention activities by providing the equipment such as loader, dump truck and motor sprinkler and accommodation and transportation to the military troop engaged in the prevention activities.

Helping a village

Each business place has performed the farming village voluntary service during the busy farming season by signing the agreement with 46 farming villages in June 2005.

Support for Children Patient Suffering from Intractable Disease

We have continually performed this program to provide the medical cost to the children patient suffering from intractable disease by signing the agreement with leukemia and children tumor association since 2007.

Lovely Village Voluntary Service

We have performed the diverse voluntary services such as bathing the handicapped, helping the handicapped adapt to the society and cleaning the facilities by periodically visiting the orphanage.

Support for Children Patient Suffering from Leukemia

We have helped the children patients to take the medical treatment with hope through the support for the day of angel. We have provided the financial support and blood donation certificates to the children patients suffering from leukemia since 2005.

Making the Warm World

We keep trying to come closer to local residents by providing the essential goods to 1,004 poor households living around our power plant after signing the agreement with Korea Red Cross in 2006.

Support for the Philippine Children Patients

We performed the social contribution activities in foreign country as well as social contribution activities in Korea by providing the medical treatment cost to children patients through the invitation in area where our local subsidiary is located in 2007.

Descriptions of important Activities

Items	Titles of activities	Descriptions
Love of human	Ski camp with handicapped	Employees and their children get together with the handicapped
	Support for children patient suffering from intractable disease	Provide the support through the leukemia and children tumor association.
	Lovely blood donation	Provide the blood donation certificate and donation to help the children patients suffering from Leukemia.
	Farming village helping program	Provide the support during the busy farming season.
	Building the Lovely house	Join the voluntary service and provide the support.
	Making warm world	Provide the support to poor neighbors living around our power plant through the Red Cross.
	Cultural experience of young family head	Provide young family head with a chance to experience the culture.
Love of nature	River or mountain voluntary service	Environment cleaning activities
	Ecosystem preservation project	Sign the partnership agreement with National Pak Management Corp.
	Environmental class	Environmental class for children
	Event of making the nest	
	Event of feeding the wild animal during the winter	
Love of culture	Support for technical high school	Provide the support to Gongju High School
	Support for culture	Provide the support for local culture festivals
	Educational project	Provide the scholarship and school appliances
	Lovely marathon support	Provide the support for the sports activities
	Angel festival	Provide the chance to experience the culture to alienated children.
	Mecenat activities	Organize the culture event and provide the support in the local area

Cooperation through the partnership with Welfare Agencies

Agencies	Cooperated areas
Korea Red Cross	• Cooperate with blood donation and provide the voluntary service and financial support. • Provide the support to 1,004 poor households living around our power plant through cooperation. • Plan to develop new cooperative program.
Leukemia and children tumor association	• Help the children patient suffering from leukemia
Social welfare joint collection association	• Provide the support with FKI and join the handicapped support program.
Korea Habitat	• Provide the support to the homeless
Daniel Welfare Center	• Provide the voluntary service to the handicapped, help the handicapped to adapt to society.
Handicapped Welfare Center	• Wash the dirty clothes after collecting from the handicapped household
Seoul blind person welfare center	• Bind the books for blind person.
Lovely village	• Provide the voluntary service for the 1st class handicapped.
Professional senior care center	• Provide the voluntary service and financial support for the handicapped.
Korea Intractable Disease Association	• Provide the support for the children patient suffering from intractable diseases.
Handicapped Lovely house	• Provide the voluntary service and support to the handicapped.
Cheongeum Foundation	• Ski school getting together with the handicapped.

Voluntary Service Records

Elements	2006	2007	Goals for 2008
Hours spent by each person for the voluntary service	16.9 hour/year	20.4 hour/year	18 hour/year
Amount of provided fund	2.17 billion won	1.58 billion won	2.5 billion won

Scale of Voluntary Service (Manpower and hours)

Items	Year	Loverly human		Loverly nature	Loverly culture			Total
		Social welfare	Disaster relief	Environment preservation	Culture & Art	Academic education	Promotion of sports	
Times of accumulated activities	2007	538	7	83	47	19	13	707
	2006	668	4	55	42	44	19	832
Number of persons involved in the activities	2007	2.749	199	1,895	86	12	0	4,941
	2006	3,265	67	1,155	109	137	28	4,761
Accumulated service hours	2007	14,307	1,515	6,873	114	1	0	22,810
	2006	15,355	238	2,738	353	154	8	18,846

Appendix

- Verification Statements Prepared by the 3rd Party
- GRI Index Chart
- Definition of Words
- Major Awards and Certificates
- Reader's Questionnaire
- Report Preparation and Epilogue

Verification Statements Prepared by the 3rd Party

Introduction

We, Korean Foundation for Quality (hereinafter referred to as the "KFQ), are requested to verify the Korea Western Power's 2008 Sustainability Report. However, the CEO of Korea Western Power Co., Ltd., shall bear all liabilities on this report and report preparation standards. We, KFQ, shall bear liability to provide our verification statements on this report.

Independence of Verification

We, KFQ, are not engaged in any business operated by Korea Western Power for the purpose of making profit other than service providing the 3rd party verification statements. Also, we do not have any deflected opinion on Korea Western Power's stakeholders.

Verification Standards

We, KFQ, have prepared and performed the verification based on AA 1000 Standard published by Accountability Company in 2003. This standard stipulates to verify the sustainability report based on the principle of importance, completeness and adaptability.

Also, we have applied other standards such as Sustainability Reporting Guidelines (GS, 2006) of GRI (Global Reporting Initiative) and Electric Utility Sector Supplement (Version Pilot, 20070 when preparing this statement.

Verification Scope and Procedures

The verification was conducted against the effort and accomplishments of head office and 6 business places of Korea Western Power for the sustainable management.

This verification was appropriately planned so that KWP may confirm whether this report contains any critical error or incorrect information. We checked the reliability of reported information, reported data, process and system used for preparing this verification statement through the following procedures.

Review of Documents

We have evaluated if the sustainability is appropriately considered by the KWP by comparing the data surveyed through the guideline of GRI, news media and internet with report prepared by KWP. We have planned the site verification to check the sustainable management activities and reliability of data. We have verified if the financial information accords to information stated in the audited 2007 financial statements.

Site Verification

We have performed the site verification against Seoul head office, Taean business place and Seoincheon business place to check if the information stated in the report is correct and information management system and report preparing procedures are effective.

We have collected the written evidences about sustainable management activities and accomplishments through the documents prepared by KWP and interview with information handling staff based on the sampling principle in consideration of importance of information and then inspected and analyzed the system designed to manage these information and report preparing process.

Checking Examination

We have verified that some errors found in above steps, incorrect information and distorted information are appropriately corrected and then corrected information are reflected in the final report. Also, we have performed the GAP Analysis against the final report according to GRI Guideline again.

Considerations and Limitations

The correctness and completeness of accomplishment data stated in this report are dependent on the characteristics of data and method of calculating and presuming the numbers, so this report is somewhat limited in terms of correctness and completeness.

Conclusion

We have secured the reasonable basis to present the following conclusion regarding this report through above verification procedures, No seriously distorted information is found in this report.

Level of Application

This report is evaluated as A+ in the level of applying the 2006 Sustainability Reporting Guidelines (G3).

Importance

Our client, KWP, operates the importance evaluating process used for evaluating his or her activities, accomplishments, effect and interests of his or her stakeholder in order to include the sustainable accomplishment information, required for his or her stakeholder's decision making, in this report. Our client, KWP, preferentially reports the accomplishment of checked issues.

Completeness

Our client, KWP, completely checks and understands the importance of sustainable accomplishment related to its activities, products and services. However, our client is recommended to comprehensively and deeply analyze the efforts and accomplishment of your contractors and organization.

Adaptability

Our client, KWP, appropriately opens his or her stakeholder's interests, his or her policies and organization's efforts and accomplishments to apply the applicable standards in this report. In the future, our client is expected to appropriately select the indexes so that his or her organization's accomplishments may be easily understood in terms of time series.

Our Suggestion for the Improvements

- Our client is recommended to classify the information, acquired through the communication with his or her stakeholder, and evaluate the importance of analysis system and checked his or her stakeholder's requirements and then reflect the information and evaluated results to his or her management activities. Also, our client is recommended to systematically operate overall systems used for reporting the accomplishments.
- Our client is recommended to manage overall accomplishment indexes in the level of environment, health and safety relevant accomplishment data by effectively operating the system on data collection range and skill.

October 20, 2008

Korean Foundation for Quality
Kim, Jae Ryong, CEO

kfq Korean Foundation for Quality

GRI Index Chart

: Included in the core indexes

Report level ● : Disclosed ◐ : Partially disclosed ○ : Not disclosed N/A : Not applicable

Names and No. of Indexes			Descriptions of indexes	Page	Report level	UNGC
1. Strategy and analysis		1.1	Statement disclosed by CEO		●	
		1.2	Descriptions of important effect, risk factor and chance	5	●	
2. Organization profile		2.1	Name of organization	7, 15	●	
		2.2	Representative brand, product and service	11	●	
		2.3	Operational structure of organization	11~12	●	
		2.4	Location of head office	12	●	
		2.5	Number of countries where the organization is operated	12	◐	
		2.6	Characteristics and legal position of ownership	11	●	
		2.7	Targeting markets	15~16	●	
		2.8	Scale of organization	15	●	
		2.9	significant changes in scale and structure or ownership during the reporting period	–	N/A	
		2.10	Awards received during the reporting period	76	●	
3. Report parameter	Report profile	3.1	Reporting period (Fiscal year and calendar year	2	●	
		3.2	Date when the latest report is published	2	●	
		3.3	Reporting cycle (annual and biennial)	2	◐	
		3.4	Agency to ask about report and reported contents	2	●	
	Report and alert	3.5	Process to define the contents of report	7	●	
		3.6	Boundary of report	6	●	
		3.7	Limitation in scope and boundary of report	2	◐	
		3.8	Standard to report the legal entities such as joint venture, subsidiary, leased facilities and contractors	–	N/A	
		3.9	Data measurement techniques and bases of calculation, including assumption and technique underlying estimation applied to compilation of indicator and other information	3	●	
		3.10	Explanation on effect of any re-statements of information provided in previous report and reasons for re-statement	–	N/A	
		3.11	Significant scope, boundary, or measurement changes from previous reporting period	2	●	
	GRI	3.12	Table showing the location of standard disclosures in report	70~73	●	
	Verification	3.13	Policy and current practice with regard to seeking external assurance for report	2	●	
4. governance structure	Report profile	4.1	Governance structure of organization	16	●	1~10
		4.2	Whether the chairman of board holds the position of director concurrently	16	●	1~10
		4.3	Independence of board of directors	16	●	1~10
		4.4	Mechanism to provide the recommendation or direction to the board of directors.	16~17	●	1~10
		4.5	Linkage between compensation for members of highest governance body, senior manager, executive arrangement and organization's performance	17	●	1~10
		4.6	Process to prevent the conflict in the board of directors	16	●	1~10
		4.7	Process to determine the qualifications and expertise of board members	17	●	1~10
		4.8	Internally developed statements of mission or values, codes of conduct and principles	13~14	●	1~10
		4.9	Board-level process for identifying and managing risks and opportunities	16~17	●	1~10
		4.10	Process to evaluate the accomplishments acquired by the board of directors.	17	●	1~10
	Liability on external initiative	4.11	How the precautionary approach or principle is addressed	18~19	●	7
		4.12	Externally developed economic, environmental and social charters	5, 76	◐	1~10
		4.13	Memberships in association	76	●	1~10
	Stakeholder's participation	4.14	List of participated stakeholders	6	●	
		4.15	Standard to identify and appoint the stakeholder	6~7	●	
		4.16	Approaches to stakeholder engagement	6~7	●	1~10
		4.17	Key topics and concerns that have been raised through stakeholder engagement	6~7	●	1~10

Names and No. of Indexes			Descriptions of indexes	Page	Report level	UNGC
5. Management method and accomplishment indexes (economy)	**Economic accomplishments indexes**					
	Management method notice			24	●	
	Economic accomplishments	EC1	Generation and distribution of direct economic value	33	●	
		EC2	Financial implications and other risks and opportunities due to climatic change	37	●	7
		EC3	Coverage range of pension	58	●	
		EC4	Financial assistance received from the government	33	●	
	Market position	EC5	Difference between standard entry level wage and legal minimum wage	–	○	1
		EC6	Policy, practises, and proportion of spending on locally based suppliers	61	◐	
		EC7	Procedures for local hiring and proportion of senior management hired from the local community	63	◐	6
	Indirect economic effects	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	63~65	●	
		EC9	Understanding and describing significant indirect economic impacts	63	●	
	Environmental accomplishments indexes					
	Management method notice			36	●	7~9
	Raw materials	EN1	Materials used by weight or volume	41	●	8
		EN2	Percentage of materials used that are recycled input materials	37	●	8
	Energy	EN3	Direct energy consumption by primary energy source	38	●	8
		EN4	Indirect energy consumption by primary source	38	●	8
		EN5	Energy saved due to conservation and efficiency improvements	38	●	8, 9
		EN6	Initiatives to provide energy efficient of renewable products and services	39	●	8, 9
		EN7	Initiatives to reduce indirect energy consumption and reduction achieved	38	◐	8
	Water	EN8	Total water withdrawal by source	43	●	8
		EN9	Water source significantly affected by withdrawal of water	43	●	8
		EN10	Percentage and total volume of water recycled and reused	44	●	8
	Biological diversity	EN11	Location and size of land owned, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area	46	◐	
		EN12	Description of significant impact of activities, products, and services on biodiversity	46	◐	7, 8
		EN13	Habitats protected or restored	46	●	
		EN14	Strategies for managing impacts on biodiversity	46	●	
		EN15	Number of IUCN Red list species and national conservation list species with habitats I areas affected by operations, by level of extinction risk	46	●	
	Air discharge, wastewater and wastes	EN16	Total direct and indirect greenhouse gas emissions by weight	38	●	8
		EN17	Other relevant indirect greenhouse gas emissions by weight	38	●	8
		EN18	Initiatives to reduce the greenhouse gas emissions and reductions achieved	39	●	8, 9
		EN19	Emission of ozone-depleting substances by weight	47	●	8
		EN20	NOx, XOx and other significant air emissions by type and weight	43	●	8
		EN21	Total water discharge by quality and destination	43	●	8
		EN22	Waste volume by type and disposal method	45	●	8
		EN23	Total number and volume of significant spills	45	●	8
		EN24	Weight of transported, imported, or treated waste deemed hazardous	43	◐	8
		EN25	Water bodies and related habitats significantly affected by discharges of water and runoff	43	◐	8
	Product and service	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	36	●	8
		EN27	Products sold and their packaging materials that are reclaimed by category	–	N/A	
	Observing the laws	EN28	Fines for non-compliance with environment laws and regulations	42	●	8

Names and No. of Indexes			Descriptions of indexes	Page	Report level	UNGC
5. Management method and accomplishment indexes (environment)	**Environmental accomplishments indexes**					
	Transportation	EN29	Environmental impact of transporting product, materials and members	47	◐	8
	Whole	EN30	Total environmental protection expenditures and investments by type	43	●	8,9
	Labor conditions and accomplishment indexes					
	Management method notice			52	●	1, 3, 6
	Employment	LA1	Total work forces by employment type, employment contract and region	56	◐	
		LA2	Total number and rate of employees turnover by age group, sex and region	56-57	●	
		LA3	Benefits provided to full-time employees versus temporary or part-time employees	56	◐	6
	Labor-management relation	LA4	Percentage of employees covered by collective bargaining agreement	55	●	1, 3
		LA5	Minimum notice periods regarding operational changes	55	●	3
	Health and safety	LA6	Total workforce represented in formal joint management - worker health and safety committee	54	●	1
		LA7	Rate of injury, occupational disease, lost days, absence, and number of fatalities by region	54	●	
		LA8	Program to assist workforce members, their family, or community member regarding serious disease	54	●	
		LA9	Health and safety topics covered in formal agreement with labor union	54	◐	1
	Education and training	LA10	Average hours of training per year and employee by category	58	◐	
		LA11	Program for skills management and lifelong learning	58	●	
		LA12	Percentage of employees receiving regular performance and career development review	58	●	
	Diversity and equal chance	LA13	Composition of governance bodies and breakdown of employees per category	55-57	◐	
		LA14	Ratio of basic salary of men to women by category	56	●	6
	Human right accomplishments indexes					
	Management method notice			55, 62	●	1~6
	Investment and procurement practice	HR1	Investment agreement that include human rights clauses or that have undergone human rights screening	61	◐	
		HR2	Suppliers and contractors that have undergone screening on human rights and acton taken	61	◐	
		HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	20-21	◐	1~6
	No discrimination	HR4	Total number of incidents of discrimination and action taken	56	●	1, 2, 6
	Freedom of collective bargaining	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	●	1~3
	Child labor	HR6	Measures taken to contribute to the elimination of child labor	–	N/A	5
	Enforced labor	HR7	Measures to contribute to the elimination of forced labor	–	N/A	1, 2, 4
	Security practice	HR8	Security personnel trained in the organization's policies or procedures concerning aspects of human rights	–	○	
	Local resident management	HR9	Total number of incidents of violations involving rights of local people and actions taken	63	◐	
	Social accomplishments index					
	Management method notice			62-63	●	7, 10
	Local society	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations of communities	46	●	7
	Corruption	SO2	Business units analyzed for risks related to corruption	20-21	◐	
		SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	20	●	10
		SO4	Actions taken in response to incidents of corruption	21	◐	10
	Public policy	SO5	Public policy position	9	◐	
	Disturbed competition	SO6	Total value of contributions to political parties	–	○	
	Action	SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	21	●	
	Observing the laws	SO8	Value of significant fines and total number of non-monetary sanctions for non-compliance	21	●	

Names and No. of Indexes			Descriptions of indexes	Page	Report level	UNGC
5. Management method and accomplishment indexes (Social)	**Product liability accomplishments indexes**					
	Management method notice			36	●	8
	Customer's health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvements and percentage of significant products and services category subject to such procedures	47	◐	1
		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 outcome	21	●	
	Product and service labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information	21	◐	8
		PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning products and service information and labeling	21	◐	9
		PR5	Practice related to customer satisfaction	21	◐	
	Marketing communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communication	21	●	
		PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communication	21	●	
	Protection of customer's personal information	PR8	Total number of substantiated complaints regarding breaches of customer privacy	21	●	1
	Observance of laws	PR9	Total number of incidents of violations involving rights of local people and actions taken	21	●	
6. Additional indexes of power utilities	Organization profile	EU1	Facilities capacity of each energy source	12	●	
		EU2	Number of home, industrial and commercial customers	–	N/A	
		EU3	Length of transmission and distribution lines	–	N/A	
		EU4	Amount authorized to emit CO2 for each nation and controlled area	–	N/A	
	Economic efficiency	EU5	Plan to guarantee the long-term and short-term power availability and reliability	26	●	
		EU6	Demand control program including the program targeting the home, commercial and industrial uses.	–	N/A	
		EU7	R&D targeting the supply of reliable power and sustainable power generation	30	●	
		EU8	Regulation to stop the operation of nuclear power plant	–	N/A	
		EU9	Planned capacity against the forecasted power demand	25	●	
		EU10	Expected capacity saved through the demand control program	–	N/A	
		EU11	Expected power amount saved through the demand control program	–	N/A	
		EU12	Average power generation efficiency	26	●	
		EU13	Power transmission and distribution efficiency	–	N/A	
	Environment	EU14	Biological diversity shown in existing area against the one shown in the area to move	–	N/A	
	Labor (social)	EU15	Process to guarantee the retention of competent employees and development	56-57	●	8
		EU16	Total number of employees hired by contractors	–	N/A	
		EU17	Percentage of contractors trained about health and safety	53	●	
	Social (social)	EU18	Decision making process joined by stakeholder and accomplishment through this process	9	◐	
		EU19	Approach method to control the environment resulted from the enforced moving	63	●	7
		EU20	Disaster control plan, training program and recovery plans	54	●	7
		EU21	Number of persons moved by the construction or expansion of power plant, power transmission line and distribution line	–	N/A	
	Product (social)	EU22	Partnership program prepared by government to improve and keep the access to power service	28	●	
		EU23	Practice to cover the linguistic disorder, cultural difference and handicap for the easy access to power and safe use of power	–	N/A	
		EU24	Number of lawsuits resulted from the assets owned by company	–	N/A	
		EU25	Percentage of person not receiving the power service in service area	–	N/A	
		EU26	Number of unpaid households	–	N/A	
		EU27	Power failure frequency	26	◐	
		EU28	Power failure period	–	N/A	
		EU29	Average plant use rate	–	N/A	

※ The companies and civic groups, joined the UNGC (UN Global Compact) as a member, do their best efforts to actualize 10 principles related to the human right, labor, environment and anti-corruption.

Definition of Words

6 Sigma

6 sigma means that the quality level of product or service produced or provided by the company is almost perfect because the probability of generating the error or miss is below 3.4 times per 1 million opportunities. This quality level may be acquired only when the diffusion of product is decreased within the specification asked by the customer and average of product characteristics is adjusted to be positioned in the middle of specification.

BSC (Balanced Score Card)

The BSC, a frame used for changing the existing measuring index into the comprehensive one enabling the company to measure and control its mission and strategy, is new system designed to control the strategy and evaluate the accomplishments.

CAP (Change Acceleration Program)

The CAP, a change acceleration program developed by the KWP to foster the employees as the change leader guaranteeing the effective innovation of company, generating the change needs, creating the vision and promoting the change according to strategies of company, is designed through the benchmarking of CAP, management innovation technique of GE.

CCM (Clean Cooperator Monitoring)

The CCM means the phone survey conducted against the contract handling staff of contractor, project manager and visiting customer.

CDM (Clean Development Mechanism)

The CDM means the system designed to enable the developed country to make the financial and technical investment in developing country for the decrease of greenhouse gas emission and then reflect the decreased greenhouse gas emission to its decrease accomplishments according to Kyoto Protocol.

GWP (Great Work Place)

The GWP means the best work place where all employees trust their supervisors and directors or executive officers, are proud of their works and enjoy working with their coworkers. The great work place is made only when each employee has the humanity, integrity, principle and standard. The fair procedures must be guaranteed. Each employee must be proud of his or her jobs for making the GWP. Also, each employee must enjoy his or her jobs.

CDP (Career Development Program)

The CDP means the career development plans and work plans. The company realizing the importance of fostering the competent employee has performed the manpower policy focused on the training programs such as OJT or off JT. In addition, the CDP means the comprehensive competent employee fostering program developed by introducing the personnel changes, management by objectives and pre-evaluation.

CEM (Customer Experience Management)

The CEM means that the company comprehensively understands its customers by analyzing and consolidating all circumstance experienced by customers and mental conditions of customer. The CEM is a concept of customer satisfaction focused on the process and action instead of results.

CSR (Corporate Social Responsibilities)

The CSR means that the company shall have the Responsibility on impact to society and environment resulted by its business operation, and company must be comprehensively evaluated in terms of profit, social liability and environment.

IGCC (Integrated Gasification Combined Cycle)

The IGCC means the integrated gasification power generation system designed to convert the low-level solid and liquid samples such as coal, heavy oil and petroleum coke into the gas consisting of carbon monoxide and hydrogen through the incomplete combustion and gasification reaction at high temperature and pressure and then complete the 1st power generation process and 2nd power generation process in gas turbine and steam turbine respectively through the purification process.

GRI (Global Reporting Initiative)

The GRI, organization annexed to the UNEP (UN Environmental Program), presents the guidelines of sustainability reports.

IPCC (Intergovernmental Panel on Climate Change)

The IPCC is the organization established in 1988 for the purpose of reviewing the comprehensive counterplan against the global warming. This organization consists of experts from many different countries. Its 3 working-level groups review the

scientific evaluation of global warming, impact of global warming to environment or society and counterplan against the global warming. However, the final goal of this organization is to sign the Global Warming Prevention Treaty.

IR (Investor Relation)

The IR means that the company publicizes its image and accomplishments against its stock and bond investors for acquiring the fair evaluation in the capital market. While the PR (Public Relation) is performed to publicize the overall company's activities against the common people, IR is performed to provide the information on company's management activities to the investors for securing the superior position in the capital market.

K-OHSMS (Occupational Health & Safety Management System)

The K-OHSMS means the management system designed to manage the organization by effectively distributing the physical and human resources of company after deciding the goals, intended to keep and improve the safety and health of employees, and stipulating the organization, responsibilities and procedures required for accomplishing the decided goals.

P-CRM (Policy Customer Relationship Management)

The P-CRM, system designed to provide the policy information differentiated and customized for each customer, means the publicity media positively adopted by the government agencies for the purpose of forming the consensus with the people and improving the reliability and effectiveness of works.

PCBs (Polychlorinated Biphenyis)

The PCBs, general name of substance remaining when the hydric atom of biphenyl (C12H10) is substituted with chlorine, means the residual organic pollutant causing the damage to skin for a long because of its strong toxicity and slow dissolution speed.

PMP (Project Management Professional)

The PMP means the project management professional or project management professional engineer. Because the interest in and demand for project management are rapidly increased, interest in PM is increased accordingly. The qualification certification system was started by the PMI (Project Management Institute) in 1984.

PSMS (Product Safety Management System)

The PSMS, management activities performed by the company to be ready for the Product Liability Act, means new management system model of quality management activities designed to improve the safety of product during the total product life cycles such as development, design, manufacturing, shipping and disposal of product.

ROIC (Return on Invested Capital)

The ROIC means the profit index showing the profit acquired through the capital invested for the production and business operation. The ROIC of power generation company is evaluated or calculated based on (after tax operating profit + depreciation) / average ROIC. The company tries to improve the ROIC by increasing the sales, decreasing the cost and effectively operating the invested capital.

SCR (Selective Catalytic Reduction)

The SCR means the system designed to discharge the NOx after separating the NOx contained in the exhaust gas into N2 and O2 by passing the NOx through the catalytic layer.

TPH (Total Petroleum Hydrocarbon)

The TPH means total petroleum hydrocarbon used for checking if any sample is contaminated by the kerosene, diesel oil and jet oil and bunker C Oil.

UN Global Compact

The UN Global Compact means the international agreement proposed by Kofi Annan, the former UN Secretary-General, in 2000 for the purpose of combining the corporate social responsibility (CSR) with business. Currently, 4,000 organizations, organized in 116 countries, including 3,000 companies join this agreement. This agreement recommends each organization or company to voluntarily reflect 10 principles in 4 areas such as human right, labor, environment and anti-corruption to its management activities.

Electric Precipitator

The electric precipitator means the system designed to collect the dust by turning the dust particle contained in the gas to have the electric characteristics.

Wet Limestone Desulfurization Facility

This facility is used for removing the sulfur oxides by letting the SOx, contained in the gas, react to limestone by means of passing the exhaust gas through the limestone aqueous solution and producing the gypsum used as the construction material.

Major Awards & Certificates

Year	Month/ day	Names of awards and certificates	Awarding intention	Organized and supported by
'08	5.20	2008 social contribution grand prize	– Support activities for the local society is acknowledged	Kyunghyang Ilbo
	5.15	2008 quality innovation grand prize	– Accomplishment of achieving the government innovation level checkup and 3 innovative activities is acknowledged (Accomplishments of 6 sigma/quality work group and proposal system are acknowledged)	New quality forum, Korea Economic Daily and KFQ
	1.31	Excellent business place for securing the safe space	– Fire fighting facilities furnished in the business place are acknowledged as safe.	Fire fighting prevention agency and KSC
	1.16	2008 technological innovation grand prize in the area of public corporation	– Nominated as the company progressing the technological innovation effectively	Korea Economic Daily and Open Management Institute
'07	12.21	Sustainable management grand prize	– Excellence of sustainable management accomplishment is acknowledged	Ministry of Industry & Energy, KCCI and IPI
	12.15	Corporate communication grand prize	– Management activities and accomplishment are opened to investors and visitors	FKI, Ministry of Culture & Tour, Chosun Ilbo
	12.13	New technology commercialization prize awarded by government	– Nominated as the company finding the new markets	Ministry of Industry & Energy and ATS
	12.04	Certified as the excellent company for the voluntary agreement	– Nominated as the excellent energy saving company and eco-friendly company.	EMC and Ministry of Industry & Energy
	11.27	Korea safety grand prize	– Settle the voluntary safety and health management system and prevent the industrial accident.	Fire fighting prevention agency, Kyunghyang Ilbo
	11.21	23rd energy grand prize	– Nominated as the advanced company in the area of efficiency and energy.	Kyunghyang Ilbo, KEPCO
	11.20	Korea idea management grand prize	– Settle the participating culture by activating the proposal	KPAA
	10.15	Korea productivity grand prize	– Settle the productivity improvement system through the diverse improvement and innovation activities.	Korea Management Association
	6.21	Nominated as top power company	– Nominated as the top power company based on the comprehensive accomplishment evaluation	KEPCO
	1.17	Korea technological innovation grand prize	– Nominated as the company effectively progressing the technological innovation and maximizing the effects	Korea Economic Daily
'06	12.28	Prime minster award, corporation award	– Nominated as the top company for the close cooperation between big and small companies	FKI, KFSB
	12.20	Acknowledgment of achieving 10-fold figure of no disaster	– Nominated as the excellent company accomplishing the goals of no accident.	Korea Industrial Safety Corporation
	12.13	Certified as the excellent business place for the voluntary agreement	– Nominated as the excellent company actively performing the climatic change agreement by saving the energy and decreasing the exhaust gas.	Energy Management Corp.
	12.9	Environment minister award	– Nominated as an excellent company for contribution to making a eco-friendly business place and growth of local society.	Ministry of Environment
	11.8	Prime minster award, 22nd Kyunghyang-electricity award	– Nominated as the company showing the best energy saving record.	Kyunghyang Ilbo and KEPCO
	6.29	Environment award	– Nominated as a company making a contribution to environment	Chosun Ilbo
	6.7	Prime minister award, 1st beautiful companion award	– Nominated as an excellent company making a contribution to growth of small companies	Small Business Administration
	5.19	Korea standards system management award	– Nominated as an excellent company in terms of quality, environment, safety and health.	Korea Standard Association
	2.8	2nd prize, clear management award	– Nominated as a clean company.	Top 5 economic associations
	1.11	2005 Korea construction award (industrial facility sector)	– Nominated as an eco-friendly company.	Korea Construction Ilbo

Associations and Organizations Joined by Our Company as a Membership Member

Names of organizations	Activities	Names of organizations	Activities
KMAC	Participate the benchmarking training and exchange the information.	Korea Electric Academic Association	Exchange the technology, participate the education and training. Collect the research paper.
KEF	Train the labor-management relation provide the legal advisory service.	EPRI	Introduce the advanced technology on power generation facilities
Korea CFO Association	Participate the seminar and discuss the works.	Korea Electric Association	Exchange the technical information and participate the seminar.
KSSA	Benchmarking of proposal activities and exchange the information and participate the seminar.	Korea Compressor Engineering Association	Exchange the technology, participate the education and training. Collect the research paper.
KSA	Participate the regular meeting and seminar.	Korea Plant Industry Association	Collect the new project information.
KMAC	Exchange the information and participate the seminar.	Korea Construction Consulting Engineers Association	Provide the work support related to construction superintendence and exchange the technical information
EEI	Acquire the research data	Korea Red Cross	Perform the activities linked to social contribution.
FKI (Federation of Korean Industries)	Check the economic trend and exchange the information.	Korea Industrial Safety Corp.	Exchange the safety, health and technical information.
KMA Korea Management Association	Utilize the economic education.	Korea Fire Safety Association	Perform the fire safety education. Participate the environmental education.
The Korea Society for New and Renewable Energy	Collect the information on new renewable energy technology trend and utilize the collected information when introducing the renewable energy facilities.	Environment Preservation Association	Collect the environment preservation data. Participate the environmental education.
The Korean Society of Mechanical Engineers	Exchange the technology, participate the education and training. Collect the research paper.	Korea PM Association	Exchange the project technology and information. Participate the education.
AESIEAP	Participate the CESPI Conference and CEO conference and exchange the information between members	Korea Energy Foundation	Perform the energy welfare project. Perform the activities to induce the 2013 WEC General meeting.

Voice of Customer

Associations and Organizations Joined by Our company as a Membership Member Reader's Questionnaire
Please share your ideas on "WP 2008 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 when preparing reports to be published in the future.

1. How did you know this report?

☐ Website ☐ Media ☐ WP ☐ Seminar and lecture ☐ Others

2. Select one of the following items as your job or organization

☐ Director and employee ☐ Investor/Shareholder ☐ Customer ☐ Industry
☐ Contractors and supplier ☐ Local resident/NGO ☐ CSR Specialist ☐ Press
☐ Academia ☐ Government
☐ Others :

3. How do you like this report?

☐ Easy to understand ☐ Approximately understood
☐ Approximately not understood ☐ Difficult to understand

4. Which part of this report is appealed to you?

☐ Corporate information ☐ Social accomplishments
☐ Environmental accomplishments ☐ Economic accomplishments

5. Which part of this report needs to be supplemented?

☐ Corporate information ☐ Social accomplishments
☐ Environmental accomplishments ☐ Economic accomplishments
☐ Others :

6. Which part of this report needs to be improved for upgrading the quality of this report ?

7. Please feel free to write down your frank opinion if you have anything to suggest about our sustainable management.

Name : Sex : ☐ Male ☐ Female
Address :
E-mail address : Tel :
Occupation : HP :

Thank you for your response.

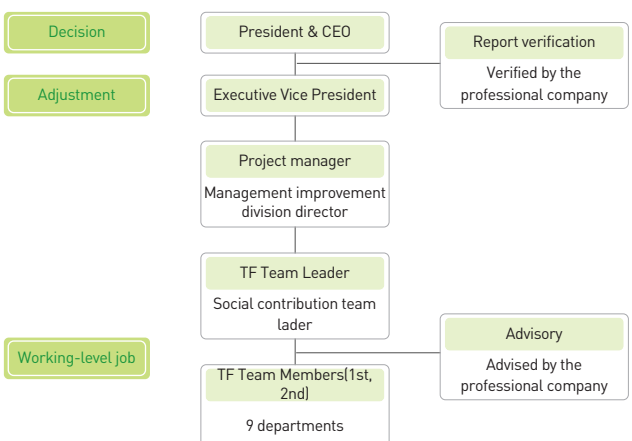
접는선

Mailing address :
Strategy & planning team, Korea Western Power Co., Ltd.
411 Yeongdongdaero(Samseong-dong), Gangnam-gu, Seoul 135-791, Korea
Tel : 02-3456-7613
Fax : 02-3456-7752

Report Preparation and Epilogue

We deeply realize the importance of sustainable management. We do our best efforts to actualize the clear management by considering our stakeholder as the top priority. We organize the TF Team by making use of handling staffs serviced in our head office for guaranteeing the substantiality and reliability.

The 1st TF Team consisting of 22 staffs arrange the activities and accomplishments based on the data provided by each department. The 2nd TF Team increase the completeness of report by comprehensively classifying and arranging the data. We start the preparation of this report under the goal of making the best report. However, we feel some insufficiency resulted from limited manpower and time. If you find any errors or defect in our report, please remind us errors or defects through the reader's questionnaire. we will supplement our report based on your comments or opinions.

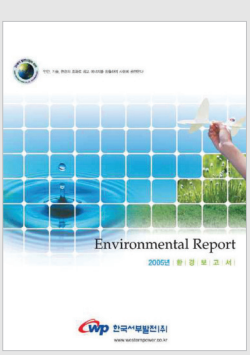


T/F Team Members

Items		T/F
Project Manager		Su Keun Yang, MD, Management Improvement Dept.
T/F Team leader		Chun Su Kim, Social contribution team leader, Management Improvement Dept.
T/F Team members	Analyze the stakeholder and supervise the overall report preparing process.	Sun Bin Im, Deputy General Manager, Social Contribution Team
	Carefully prepare and review the challenge & make a difference section.	Jeong Lae Im, Manager, Publicity Team
	Carefully prepare and review the creative energy section.	Jeong Su Lee, Manager, Financial Team
	Carefully prepare and review the clean energy section.	Jae Chul Lee, Manager, Environmental & Chemical Team
	Carefully prepare and review the happy energy section.	Rae Hyun Jeong, Manager, Construction Team
	Arrange the accomplishments of important issues.	21 staffs including Sang Hak Lee, Planning Dept.

Sustainable Management Progressing Trace

2005 Environment Report (2005.5)

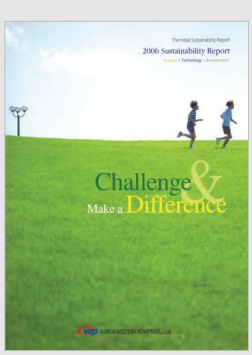


- Our first environment report
- We have arranged the environmental management activities and accomplishments since 2002.
- Revise and declare the environment policy and environment management plans.
- Decide the long-term environmental goals of each area

2006 Environment Report (2006.11)

- Our second environment report
- Build the environment management system and arrange the environmental accomplishments.
- Ecosystem preservation and stakeholder partnership
- Nominated as the top ESH Value management company.
- Strategy to be ready for the climatic change protocol and sustainable management.

2006 Sustainability Report (2007.9)



- Our first sustainability report
- Prepare this report focused on strategies, systems and accomplishments.
- Nominated as the top company by the Hankyoreh Economic Institute.
  -Nominated as the top 4 clean company in East Asia.
- Nominated as the top sustainable management company.
- Nominated as the top company for the excellent communication.

2007 Community Relations White Book (2007.10)

- Our first community relations report
- Arrange the social contribution strategy, organization, system.
- Arrange the social contribution accomplishments acquired after being separated from KEPCO.
- Arrange our strategic social contribution program.
- Nominated as the 2008 top social contribution company.

KOREA WESTERN POWER CO., Ltd.
www.westernpower.co.kr
411 Yeongdongdaero, Gangnam-gu, Seoul 135-791, Korea
Tel. 02-3456-7711 Fax. 02-3456-7759