Incheon International Airport Corporation

SOCIAL RESPONSIBILITY REPORT 2015

THE INITIATIVES FOR OUR BETTER FUTURE

Incheon airport, Loved by the World
Airport Corporation, Trusted by the People
Social Responsibility Report 2015

Reporting Standards
This report has been written in accordance with the globally-recognized reporting framework of the GRI (Global Reporting Initiative) G4 Guidelines and the Airport Operators Sector Disclosures.

Core Option: ‘Core Option’ means that this report has been planned and organized around information that is deemed critical to the IIAC and its stakeholders.

Report Period
The contents of this report are based on the company’s performance from Jan. 1 to Dec. 31, 2014. However, certain aspects of the company’s performance up until March 2015 are included in the report as required by the materiality of the relevant information.

Scopes of the Report
This report concerns the corporate social responsibility (CSR) activities of IIAC in all the areas in which it is engaged. To enable stakeholders to see the underlying trends, most of the quantitative performance includes the figures for the three years between 2012 and 2014.

External Assurance
To improve the accuracy and credibility of the contents of this report, IIAC underwent third-party verification by DNV GL, an independent external institution, and has reflected the agency’s requests for an upgrade and improvement that need to be made in the report.

Additional Information and Feedback
Further information regarding this report can be viewed on the IIAC website. This report is available in both Korean and English.

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Having enjoyed continuous growth since its opening, IIAC has established itself as the main gateway to Korea and as a hub of international trade, and now handles three quarters of the country’s international traffic and a quarter of its cross-border trade. IIAC has been ranked No. 1 in Airport Service Quality (ASQ) by Airports Council International (ACI) for the ninth consecutive year (as of 2015), a first in the industry. IIAC also ranked second and eighth in worldwide cargo volume and passenger transportation, respectively - the company’s best performance ever.

To develop into a leader in the global airport industry, IIAC will continue to pursue its dream of leading social responsibility in Korea on the basis of its stakeholders’ utmost trust combined with its exceptional commitment and enthusiasm. Under its master plan entitled ‘Outstanding Target by 2017 – 0 to 5’, IIAC has established four strategic directions to achieve its vision of becoming ‘Incheon airport, Loved by the World - Airport Corporation, Trusted by the People’.

First, we will create a Safe and Convenient Airport.

Airport safety and convenience is both a pledge and a basic responsibility toward our customers, something that must be pursued earnestly. In 2014, the IIAC secured 2.9 million accident-free flights and zero aviation security incidents, thereby maintaining its defect-free safety and security record. Furthermore, following its introduction of the self-check-in procedure, the IIAC launched the self-bag drop service in 2014, completing its automated arrival and departure processes. With the adoption of one-stop check-in and smart airport operations, IIAC now provides its customers with superior services they can use quickly and conveniently.

Second, we are enhancing our Hub Network.

To open up the era of 10 million transit passengers and 50 million total passengers, IIAC aims to further expand passenger demand by adopting diverse approaches such as implementing strategic marketing customized for targeted air carriers, opening new air routes, stimulating demand for merchandise, and expanding its IEC services. Through the continuous attraction of new air carriers and the expansion of its aviation network, IIAC is now directly connected to 184 cities in 54 countries via 88 air carriers, enhancing its status as one of the most popular hub airports in Northeast Asia. IIAC handled 45 million international passengers and 2.56 million tons of international cargo in 2014, setting new records in both areas.

Third, we will continue to build New Infrastructure.

Launched with the goal of becoming a hub airport in Northeast Asia, Incheon Airport's 3rd phase construction project is underway and scheduled for completion in 2017. The work is progressing smoothly with the interim progress rate surpassing the planned rate by 111% (end of 2014). IIAC has incorporated the concept of sustainability into its 3rd phase construction project and is building Eco-Green-Smart airport facilities equipped with cutting-edge information and communications technologies, thereby setting the standard for next-generation airports.

Fourth, we aim at becoming a Trusted, Respected Corporation.

Incheon Airport is run on the basis of collaboration between more than 550 entities including its business partners, government agencies, and resident businesses. As such, IIAC has worked hard to instill a corporate DNA of integrity by streamlining the systems related to integrity and building up strong culture of integrity among its employees. As a result, it has won the highest rating (AAA) in the KoBEX-SM (Korean Business Ethics Index - Sustainability Management) for six consecutive years, and has consolidated its position in one of the most ethical companies in Korea.

In addition, IIAC has obtained the ISO 50001 Energy Management certification and the Airport Carbon Accreditation (Level 3) from the ACI (Airports Council International) for the first time in Korea. It is developing IIAC into an energy-independent, low-carbon, eco-friendly airport that minimizes its carbon emissions. IIAC has launched the ‘Runway Teacher’ education program, one of its representative social contribution programs designed to achieve shared growth with local communities, to help children in Incheon area to prepare for their future with confidence. Meanwhile, to contribute to the development of the country’s sports culture, IIAC has also launched a professional badminton team called ‘Skymones’ whose members inspire the local community with vitality and kindness in their own right.

Building upon its achievements to date, Incheon Airport has taken on a number of new challenges with passion and sincerity in a bid to develop into a genuinely global hub airport and a top-tier public company that is trusted by the Korean people. IIAC will continue to work hard to enable more Koreans and Korean enterprises to reach any part of the world easily and conveniently, and to make IIAC’s magnificent dreams of opportunity and promise for global citizens who travel to Northeast Asia and help to shape its future. IIAC will strive to make IIAC the center of air transport across the world as well as a hub of hope for all.

I look forward to your continued interest and support for IIAC.

Thank you.
In 2014, IIAC attracted six new airlines for a total of 22 routes, and handled 44.95 million international passengers and 2.56 million tons of international cargo – thereby ranking 6th and 2nd in the world in terms of international passengers and international cargo, respectively. While the world’s top ten airports achieved an average increase of 3.8% in the transportation of international passengers in 2014, IIAC recorded a 10.1% increase, an outstanding outcome in the industry.

IIAC surpassed the planned progress rate of the 3rd phase construction project by 31% as of the end of 2014. The realization of a hub airport is now on the horizon. In 2014, IIAC increased the share of local contractors by around 350% realization of a hub airport is now on the horizon. In 2014, IIAC introduced the Service Performance Agreement (SPA) for its business partner at the airport to share the results of its business performance. In 2014, IIAC executed a Service Performance Agreement with 41 business partners and distributed KRW 6 billion to them according to a performance evaluation based on the profit sharing system.

In 2014, IIAC achieved the highest level of safety ever with only 0.35 ground accidents and 0.69 airport certification safety inspections, while operating a total of 2.0 million accident-free flights and running navigational aid and power supply facilities without interruptions for 120,000 and 130,000 hours, respectively. IIAC also achieved the highest ranking in the National Disaster Management Evaluation, Korea, for the 5th consecutive year, and was selected as the best agency in the National Disaster Management Evaluation, Korea for the fifth consecutive year; and was selected as the best agency in the Pan-National Disaster Response Safety Drill of Korea.

In 2014, IIAC revitalized the Air City Project through the launch of a resort complex construction in November 2014. The company attracted investment worth KRW 386.1 billion for the construction of a BMW driving center and the Grand Hyatt Incheon Hotel.

For the first time ever among the world’s airports, IIAC achieved KRW 2 trillion in Duty-Free sales in 2014. Most notably, foreign exchange (KRW 1.1 trillion) exceeded Kosang’s for the first time. IIAC’s Duty-Free sales per capita maintained the top position in 2014 as well. In addition, the sales of domestic products rose by 27% –largely due to the space reserved for domestic products increased during the year.

IIAC has earned the world’s most renowned Airport Carbon Accreditation and the ISO 50001 Energy Management System Certification for the first time in the domestic airport industry. In addition, it was selected by the Ministry of Trade, Industry and Energy, Korea as an exemplary institution in terms of GHG emission target management by exceeding its GHG emission reduction target by 3%. IIAC won the Presidential Prize in the National Convention on the Implementation of Low-Carbon Life in 2014, as well as the grand prizes at the Korea Green Management Awards 2014 and the Green Logistics Awards 2014.

IIAC was selected as the Most Respected Company in Korea for the eighth consecutive year; and as one of the 100 Great Places to Work in Korea by GWP Korea for the fourth straight year in 2014. Its prominence in the area of organizational culture, including working conditions, has been highly recognized externally, while its organizational integrity has made great progress. IIAC was evaluated as "Very Good" by the Anti-Corruption & Civil Rights Commission of Korea in the agency’s evaluation of anti-corruption policies and practices in 2014 for the third year running.
IIAC is directly connected to 184 cities in 54 countries around the world via 88 airlines. The airport operated 2.9 million flights, and carried 2.56 million tons of cargo and 45.51 million passengers, in 2014.
OUR APPROACH TO CSR

Company Overview
Vision & Strategy
Corporate Governance
Ethical Management
Stakeholder Engagement
SR Stakeholder Committee
Materiality Assessment

COMING TO SHARE YOUR DREAMS. JOIN US ON A JOURNEY TO A BETTER TOMORROW

To evolve into a global leader in the airport industry, IAC will strive to become one of the country's leaders in Corporate Social Responsibility on the basis of its stakeholders' deep trust and its employees' extraordinary passion and competence.
Under its new vision of "Incheon airport, Loved by the World - Airport Corporation, Trusted by the People", IIAC has set "Outstanding Target by 2017 - 0 to 5" as its specific vision target and established the following four strategic directions: ensure safety and convenience; strengthen hub network; expand new infrastructure; and gain trust and respect as public corporation – in order to make another great leap forward. IIAC is committed to becoming an international hub that serves the entire world as well as playing the role of a gateway to Korea.

Purpose and Roles of Incorporation
IIAC was incorporated in February 1999 under the IIAC Act. IIAC aims to build, manage, and operate Incheon International Airport efficiently, and is now developing itself into a world-class airport corporation while contributing to the development of the country's air transportation industry and the nation's economic growth.

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### Companywide Strategies and Detail Targets in Major Business Areas

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<thead>
<tr>
<th>New Strategic Tasks</th>
<th>Strategic Tasks KPI</th>
<th>Performance</th>
<th>Departments in Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. Enhancing Security &amp; Safety</td>
<td>No. of safety/security accidents</td>
<td>0</td>
<td>Planning &amp; Coordination Group and 3 other groups</td>
</tr>
<tr>
<td>18. Boosting海外业务 competitiveness</td>
<td>International cargo volume (10K tons)</td>
<td>5,164</td>
<td>Administration Group</td>
</tr>
<tr>
<td>19. Strengthening Hub Network</td>
<td>No. of late-night passengers</td>
<td>30</td>
<td>Airport Safety Group</td>
</tr>
<tr>
<td>20. In-sourcing Key Sector and Perfect</td>
<td>No. of safety/security accidents</td>
<td>0</td>
<td>Planning &amp; Coordination Group and 3 other groups</td>
</tr>
</tbody>
</table>

### Strategic CSR Directions

#### CSR Vision

- **Creation of one of the world's leading public companies:** To achieve the highest level of achievement of one of the world's leading public companies.
- **Creating a low-carbon, eco-friendly airport:** To achieve a low-carbon, eco-friendly airport.
- **Establishing a respected world-class public corporation:** To achieve an internationally respected world-class public corporation.

#### CSR Management System

The IAC runs the SR Committee, which is composed of the company's President and high-ranking executives, as its top-tier CSR decision-making body to address all the matters related to its CSR including policies, directions, and major achievements. The committee's resolutions are acted upon by the Working Level SR Committee, which is composed of officials from the Sustainability Management Team, Outsourcing Management Team, Contracts Team, and General Affairs Team, according to the committee's action plans, which are checked by the relevant stakeholders for any loopholes and then distributed by IIAC to all the relevant departments. The company spares no efforts to spread the culture of CSR throughout the entire organization.
BOD Operation Strategies

The BOD has set the following operational goal of "reinforcing the BOD’s roles and functions to enhance responsible corporate management," and the four strategic tasks of securing independence, enhancing specialization, revitalizing the BOD, and disclosing information. It has also established twelve implementation tasks. The BOD is in charge of decision-making on matters related to the major strategies and policies as well as overall control over and support for compelling management issues of IIAC. For more efficient operations, it has enhanced its performance management, resulting in highly productive BOD meetings. The BOD has three committees, namely, the Planning and Budget Committee, Evaluation Committee and Executive Recommendation Committee, which review matters relegated to them under the corporation’s rules and regulations or issues requiring in-depth analysis, and report the results thereof to the BOD. IIAC has clearly defined the different roles of the committees and the BOD in order to prevent conflicts of interest and ensure efficient BOD operations.

BOD Composition and Roles

As the company’s top-tier decision-making body, the Board of Directors (BOD) makes decisions concerning its strategies and policies on major economic, social and environmental issues, and plays a supervisory and counterbalancing role with regard to the company’s management activities. The BOD consists of six Executive Directors and seven Non-executive Directors. The Charterperson of the BOD is elected from among the Non-executive Directors to ensure its independence, enhancing specialization, and also helped establish a BOD-centered decision-making structure. As such, they actively engaged themselves in the responsible management of the company by providing advice and guidance based on their knowledge and expertise in their respective fields.

Efficient BOD Operations

The BOD runs three sub-committees including the Planning & Budget Committee, Evaluation Committee, and Executive Recommendation Committee to ensure the efficiency of its operations and enhance its management functions. The Board shares its responsibilities with its Sub-committees in a reasonable way. Thus, the Planning & Budget Committee carries out in-depth reviews of the company’s major business plans and prepares management plans, the Evaluation Committee conducts audits on the company’s accounting results and overall business practices as required for its counterbalancing and deliberation activities, and the Executive Recommendation Committee selects all the company’s executives, including the President, with complete independence and transparency as guaranteed by law.

BOD Operational Outcome

Based on the plan to revitalize its operations, the BOD reinforced its review and deliberation functions about major agenda items in 2014. To improve the BOD’s operational efficiency, the BOD set clear-cut quantitative objectives and devised annual schedules. As for major management issues, the BOD received briefings in advance, too, which resulted in an increase in the number of BOD meetings, the number of resolution/reporting cases, and the proportion of Non-executive Directors’ speeches in 2014. The BOD enhanced its role of management supervision and counterbalancing, and also helped established a BOD-centered decision-making structure.

IIAC pursues responsible management based on BOD-centered corporate governance and the enhancement of non-executive directors’ counterbalancing role. The organization also strives to maintain transparency in its management practices by carrying out continuous checking and monitoring.

Performance Goal

To reinforce the BOD’s roles and functions for the purpose of enhancing the company’s responsible business management.

Strategic Tasks

Secure Independence

• A majority holding non-executive directors
• Compliance with the related laws (Corporate Act)
• Enhanced management decisional roles

Enhance Specialization

• Better understanding of IIAC and Aviation industry
• Vision/Strategy orientations
• Professional leadership on issues

Revitalize the BOD

• Regular BOD meetings
• Field Visitation for new directors
• Enhancement of deliberation functions

Disclosure Information

• Disclosure of BOD activities
• Disclosure of the outcomes of Executive Recommendation Committee meetings
• Full disclosure of Progress Reports to the BOD

Implementation Tasks

• To reinforce the BOD’s roles and functions for the purpose of enhancing the company’s responsible business management.

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In its pursuit of sustainable business growth based on ethical management, IIAC has established an ethical management vision that reflects its core values. It is also striving to create a global ethical corporate culture appropriate to its status and reputation as a global airport company by transmitting its ethical culture to its internal and external stakeholders.

**Ethical Management System**

Promotion of Ethical Management

IIAC runs its Ethical Management system with the goal of “Creating a global ethical corporate culture by promoting the pursuit of integrity throughout IIAC.” It has established both an internal organization and a system designed to support business partners’ efforts to reinforce their ethical management infrastructure and to promote the adoption of an ethical management culture. With such an improvement in its capacity to implement ethical management, IIAC is actively engaged in ethical management activities.

**Prevention of Ethical Risks**

IIAC focuses on preventing ethical risks through various measures including the enhancement of its Code of Ethics. By thoroughly reforming its Code of Conduct, it has clarified the criteria concerning its employees’ unlawful acts while reinforcing the reporting standards for job-related crimes and the regulations relating to compensation and penalization in its HR rules, in a bid to establish a clean corporate culture. It has also introduced a punitive damage system to crack down on the use of company vehicles for personal purposes; expanded the scope of information disclosure with regard to expense accounts and sole-source contracts; and enhanced the transparency of its administrative procedures by expanding the scope of disclosure of information in vulnerable areas.

**Efforts to Establish an Ethical Culture**

Employee Engagement Programs

IIAC has organized various employee engagement programs including an Anti-corruption Content Contest and a quiz contest to help employees understand its ethical culture and implement it in more interesting ways. Notably, the UCC entitled “Your Genuine Integrity,” the grand prize winner at the 2014 Anti-corruption Content Contest, won an excellence award at a national UCC contest, and a quiz contest to help employees understand its ethical culture and implement it has also been introduced. IIAC has established an Ethical Management Index that reflects its ethical culture, and its overall level of integrity dropped in the commission’s evaluation due to media reports about corruption charges against former IIAC executives. The number of integrity points accorded to its high-ranking officials also declined. However, the new CEO has declared his strong commitment to ethical management internally and externally, and to that end has organized a task force to crack down on unreasonable business practices. The team came up with ten implementation tasks, all of which have been carried out by IIAC. On account of these aggressive anti-corruption and integrity activities, IIAC’s Ethical Management Index rose in 2014 over the previous year, and it won the “high” level from the Anti-corruption & Civil Rights Commission for the third year in a row in the latter’s evaluation of its anti-corruption policies.

**Sharing Ethical Management with Subsidiaries, Business Partners and Other Agencies**

As an agency that has earned considerable recognition for its anti-corruption policies from the Anti-corruption & Civil Rights Commission, IIAC shares the knowledge how it has accumulated over the years as part of its leadership in the promotion of ethical management in both the public and private sectors of South Korea. Internally, IIAC holds the CEO Integrity Meeting with contractors (business partners/3rd phase contractors), shares information on ethical management, offers incentives on ethical activities, and shares its anti-corruption system with its subsidiaries in an effort to spread its ethical culture, whereas, externally, it shares its exemplary anti-corruption cases with other public agencies through integrity mentoring and one-on-one coaching. It also promotes its ethical management activities in the private sector, fulfilling its role as a trailblazer in the field of integrity-based business performance.

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**Evaluation and Spread of Ethical Management**

IIAC has established a monitoring system for its ethical management. The system covers the entire range of ethical management from planning to evaluation to learning. IIAC identifies improvements to be made by evaluating employees’ awareness of the Code of Ethics, Integrity Call, Field Integrity Clinic and Integrity Mileage. By taking corrective measures proactively, IIAC reinforces the effectiveness of its ethical management. Based on its CEO’s strong commitment to ethical management, IIAC has selected the internalization of an “Integrity DNA” which includes improvements in its ethical management system - as one of its key companywide strategies. IIAC promotes ethical management strategically. Specifically, IIAC has identified ten priority tasks to act on, including the elimination of perks for management, prohibition of requests for favors, prevention of the abuse of budgets for other purposes, prohibition of the abuse of public property for personal purposes, and rejection of so-called ‘kinye’ work. It has also taken various corrective measures.

**System Improvement based on Evaluation Results**

IIAC is accelerating its system upgrade according to the results of the integrity evaluation conducted the previous year. To improve the transparency and accountability of its lease contracts, IIAC has simplified its services and standardized its procedures by integrating the Resident Support Centers and launching the relevant portal site. IIAC has also made immediate improvements in areas where it failed to obtain favorable evaluation results in 2014. For instance, it has expanded the mandatory use of the Dignity Guest Book to prevent contact with stakeholders in advance, prepared standards for the judgment of unlawfulness in superiors’ instructions, and regulated the prohibition of discrimination on the grounds of failure to comply with such standards.IIAC has also prepared standards for the judgment of unlawfulness in superiors’ instructions, and regulated the prohibition of discrimination on the grounds of failure to comply with such standards.

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**Three-Dimensional Ethical Educational Programs**

In 2014, in accordance with its mid-to long-term ethical education plan, IIAC prepared its own ethical education program and implemented it on a regular basis, with the assistance of many in-house instructors. It extended ethical education for high-ranking officials, and those engaged in the 3rd phase construction project, and offered customized education to those working in ethically vulnerable areas. IIAC used both online and offline channels to provide three-dimensional ethical education and thereby raised awareness of ethics among its employees. IIAC requested all its employees to complete online ethics education. To enhance the quality of its ethics education, IIAC offered educational programs reflecting the life cycle of each rank as well as the characteristics of IIAC employees.

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**Performance in Ethics Training**

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<thead>
<tr>
<th>UT-1</th>
<th>UT-2</th>
<th>UT-3</th>
<th>UT-4</th>
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<tbody>
<tr>
<td>100</td>
<td>100</td>
<td>100</td>
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</tbody>
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**Results of the Integrity Evaluation by the Anti-corruption & Civil Rights Commission (on a scale of 10 points)**

<table>
<thead>
<tr>
<th>Classification</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Overall Integrity</td>
<td>8.81</td>
<td>8.96</td>
<td>9.00</td>
</tr>
<tr>
<td>Overall Integrity</td>
<td>7.00</td>
<td>6.50</td>
<td>7.00</td>
</tr>
<tr>
<td>Internal Integrity</td>
<td>8.24</td>
<td>8.00</td>
<td>7.95</td>
</tr>
</tbody>
</table>

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**Internal/External Review**

IIAC evaluates its integrity through both its own inspection and external monitoring by the Anti-corruption & Civil Rights Commission. Korea. In 2014, its overall level of integrity dropped in the commission’s evaluation due to media reports about corruption charges against former IIAC executives. The number of integrity points accorded to its high-ranking officials also declined. However, the new CEO has declared his strong commitment to ethical management internally and externally, and to that end has organized a task force to crack down on unreasonable business practices. The team came up with ten implementation tasks, all of which have been carried out by IIAC. On account of these aggressive anti-corruption and integrity activities, IIAC’s Ethical Management Index rose in 2014 over the previous year, and it won the “high” level from the Anti-corruption & Civil Rights Commission for the third year in a row in the latter’s evaluation of its anti-corruption policies.

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**Sharing Ethical Management with Subsidiaries, Business Partners and Other Agencies**

As an agency that has earned considerable recognition for its anti-corruption policies from the Anti-corruption & Civil Rights Commission, IIAC shares the knowledge how it has accumulated over the years as part of its leadership in the promotion of ethical management in both the public and private sectors of South Korea. Internally, IIAC holds the CEO Integrity Meeting with contractors (business partners/3rd phase contractors), shares information on ethical management, offers incentives on ethical activities, and shares its anti-corruption system with its subsidiaries in an effort to spread its ethical culture, whereas, externally, it shares its exemplary anti-corruption cases with other public agencies through integrity mentoring and one-on-one coaching. It also promotes its ethical management activities in the private sector, fulfilling its role as a trailblazer in the field of integrity-based business performance.
STAKEHOLDER ENGAGEMENT

To promote effective engagement with its stakeholders, IIAC maintains open communication with them, carefully listens to their voices, and responds to their opinions immediately. It has conducted an in-depth analysis of its stakeholders in order to identify the common core values it shares with its stakeholders, and has also built diverse communication channels customized to the characteristics of each of its stakeholder groups so as to engage in more efficient communication with them. IIAC will continue working hard to promote communication and unity with its stakeholders, by always trying to see things from their perspective and to understand their points of view.

Harmony between Public and Corporate Interest

Airport competitiveness

Shared growth

Win-Win / Shared Growth

Safety / Convenience

Organizational Competence

A Safe, Fast and Convenient Airport

Building Trust-based Partnerships

Corporate Competitiveness

Win-Win / Shared Growth

Win-Win / Shared Growth in Airport Competitiveness

Value Creation through Efficient/Effective Airport Operations

Value Creation Alone and through Collaboration

Utilization of the Outcomes of Value Creation and Payment for the Value

Presentation of Directions for Business Management / Airport Operations

Utilization of the Outcome of Value Creation and Payment for the Value

Value Creation through Efficient/Effective Airport Operations • Value Creation Alone and through Collaboration

Implementation of government policy tasks (%)

Positive cases of media coverage

Most respected companies in Korea

Customer satisfaction (point)

VALUE PARTICIPATION

VALUE CREATION

VALUE CONSUMPTION

Stakeholder's Interest

Safety & convenience

Airport growth

Win-Win & shared growth

Common Core Values

Transparent disclosure, expanded disclosure, permanent/regular discussion channels, enhanced preemptive publicity

Joint research on Aviation (Policies/Technologies)

Expanded sharing of Airport Operations BP

Corporate community involvement and job creation

Communication Channels

Website, Newsletters, Business Reports, Corporate Orientations, and Public Agency ALIO

Joint Researches, Advisory Committee

Forums, HR exchanges, Annual Reports

Shared-growth Council, Volunteer groups, Local School Specialization Committee

Stakeholders

People/Media

Government/ National Assembly

Academia

International Aviation Agencies

Local Communities

Stakeholders’ Interest

High / Weekend / Low

Win-Win & shared growth

Harmony between Public and Corporate Interest

Airport competitiveness

Shared growth

Direction for Sharing and Communication

Corporate Social Responsibility Report 2015

Index

Department in Charge

Planning & Coordination Group / Public Relations Group

Planning & Coordination Group

Public Relations Group

Administrative Group

Company Overview

- Vision and Strategies

- Corporate Governance

- Ethical Management

- Stakeholder Engagement

- SR Stakeholder Committee

- Materiality Assessment

20 ~ 21

20 < 21

87.7

76.4

AAA

Average

Customer satisfaction (point)

IIAC grade in shared growth evaluation

VALUE PARTICIPATION

VALUE CREATION

VALUE CONSUMPTION

87.7

76.4

AAA

Average

97.2

1

Harmony between Public and Corporate Interest

Airport competitiveness

Shared growth

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To fulfill its Corporate Social Responsibility (CSR) and earn the full respect of its stakeholders, IIAC holds the SR Stakeholder Committee meeting each year to share its CSR activities with them and listen to their voices about directions for improvement of its CSR activities. IIAC has hosted the committee meeting since 2012, enabling it to view its CSR activities in various areas more objectively and enhance mutual trust with its stakeholders.

Composition and Operation
IIAC’s SR Stakeholder Committee is composed of external experts in various fields of CSR to ensure its fairness and neutrality. The 2015 committee was composed of seven external experts in seven areas: Environment, Human Resource (HR), Growth & Development, Customer Convenience, Stakeholders, IIAC’s corporate governance, and Ethical Management. These experts were brought together at the meeting where they were able to express their opinions freely. As such, the meeting represented an important opportunity for IIAC and its stakeholders to promote cooperation among different fields of IIAC operations and deepen their understanding of the entire IIAC operation. The major opportunities expressed at the meeting have already been reflected in the company’s CSR activities, while the results have been shared among the stakeholders in the form of an SR report.

Major Outcomes of the SR Stakeholder Committee 2015
Experts in various fields were brought together at the meeting where they were able to express their opinions freely. As such, the meeting represented an important opportunity for IIAC and its stakeholders to promote cooperation among different fields of IIAC operations and deepen their understanding of the entire IIAC operation. The major opportunities expressed at the meeting have already been reflected in the company’s CSR activities, while the results have been shared among the stakeholders in the form of an SR report.

Issues Raised at the SR Stakeholder Committee Meeting 2014 and IIAC’s Management Activities

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<th>Category</th>
<th>Stakeholder Expectations 2014</th>
<th>IIAC’s Management Activities</th>
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<td>Safety &amp; Security</td>
<td>Increase of efficiency through the allocation of integrated check-in counters for Korean LLC.</td>
<td></td>
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<tr>
<td>Growth &amp; Development</td>
<td>Improvement of Airport Safety and Security</td>
<td>- Installation of U-signage and U-boards along passenger pathways.</td>
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<tr>
<td>Local Communities</td>
<td>Improvement of Services</td>
<td>- Installation of signage and U-boards along passenger pathways.</td>
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<td>Improvements in convenience via the relocation of ticketing counters and the installation of FIDS.</td>
<td></td>
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<tr>
<td>Stakeholder Engagement</td>
<td>Contribution to the educational development of Incheon through the construction and operation of Incheon Haneul High School.</td>
<td></td>
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</tbody>
</table>

Following the opening of IIAC, Incheon has become an outstanding local government in the country in terms of financial self-reliance. Yet, residents’ happiness and livelihood is still suffering from airborne noises, while the residents of Oseongsan Island complain about half-demolished Oseongsan hill over from the 2nd phase construction project. Aircraft noise remains an issue for local community. IIAC carries on diverse forms of social contribution including the creation of Toresse Park and the construction of social welfare facilities. However, if IIAC needs to continue working hard to grow together with the residents of not only the neighboring area but also the nation’s entire region.

In conclusion, IIAC is striving to become a hub airport in Asia. It needs to expand the scope of its local communities to include the entire nation’s community. IIAC has to analyze its roles and extend its social contribution activities, and needs to diversify its social contribution activities as well, so that it would be helpful for its long-term growth and development.

IIAC is a public company located in Incheon. It endeavors to faithfully fulfill all of its objectives including developing the country’s aviation transport and contributing to the national economic development. As such, IIAC has to be a voice of the IIAC community in Incheon and meet their expectations actively. Yet it is itself in need of a balanced perspective to fulfill its role as an airport company trusted by the nation and develop IIAC into an airport favored by global citizens. Therefore, IIAC is concentrating its CSR resources on the Incheon area, while concurrently expanding the scope of its social contribution to the global community thus promoting education for technicians in the developing world as an example of its CSR actions.
IAC conducted a materiality assessment to select the topics to be included in its SR report. The materiality assessment was conducted with the aim of identifying diverse expectations and matters of concern on the part of its internal and external stakeholders, responding to its CSR issues effectively, and reflecting the outcome in its management policies and practices. The assessment was conducted in compliance with the principles of completeness and stakeholder inclusiveness. Core issues were identified according to the materiality of each Aspect. ‘Materiality’ served as a major criterion for decisions on reporting the contents.

**MATERIALITY ASSESSMENT**

**STEP 1: Identification of CSR Issues**

IAC conducted a survey on its stakeholders about the Aspects presented in the GRI G4 Guidelines.

**STEP 2: Prioritization of Material Issues**

IAC identified various topics related to its material Aspects on the basis of the influence that all of its activities, services and relations have on the stakeholders’ evaluation and decision-making. The GRI G4 Airport Operators Sector Disclosures were used in the identification process.

IAC conducted benchmarking among local and international airport companies that publish SR and annual reports.

**STEP 3: Validation and Review**

IAC checked whether the selected material Aspects reflected IAC's major economic, environmental and social impacts in a balanced way.

IAC conducted an online survey of its stakeholders with the title of Analysis of IAC CSR Activities and Proposal for Development Directions.

**MATERIALITY ASSESSMENT**

**STEP 1: Identification of CSR Issues**

IAC conducted a survey on its stakeholders about the Aspects presented in the GRI G4 Guidelines.

**STEP 2: Prioritization of Material Issues**

IAC measured the materiality of the Aspects from the perspectives of business significance and stakeholder influence in order to prioritize them.

IAC conducted an online survey on its stakeholders with the title of Analysis of IAC CSR Activities and Proposal for Development Directions.

**STEP 3: Validation and Review**

IAC reviewed the Aspects that were material in the previous process, collect stakeholders’ feedback, and reflect the outcome in Step 1 of the next reporting cycle.

IAC conducted an online survey of its stakeholders with the title of Analysis of IAC CSR Activities and Proposal for Development Directions.

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KEY ISSUES

BIGGER DREAMS: THE RESULTS OF OUR "INITIATIVES FOR A BETTER FUTURE"

IIAC strives to fulfill ever bigger dreams - helping people and nations around the world to move closer together - through its "air routes of hope." Like continuously moving clouds, IIAC will continue to open new air routes to bring the world closer.

BIGGER DREAMS:
THE RESULTS OF OUR "INITIATIVES FOR A BETTER FUTURE"

ISSUE 1. Convenient airport
ISSUE 2. Safe airport
ISSUE 3. Developing Airport
ISSUE 4. Low-carbon, Eco-friendly Airport
ISSUE 5. Win-Win Growth with Partners
ISSUE 6. Community Involvement & Development
ISSUE 1.

CONVENIENT AIRPORT

Why Is It Important?

The number of passengers has increased by an annual average of 6% at Incheon International Airport, further intensifying congestion at both arrival and departure halls. IAC has met the challenge of improving the passenger flow situation at the airport by upgrading its existing facilities and introducing the latest ICT-based systems. Thus, IAC has taken diverse innovative measures such as establishing an automated airport service system and minimizing passengers’ travel distance within the airport premises, while significantly improving the level of convenience for its patrons.

Our Strategy

- To make airport operations sophisticated
- To maximize airport operational efficiency
- To upgrade airport services
- To accomplish a “creative culture-and-arts airport”

2014 Highlight

- To make airport operations sophisticated
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IIAC handled 888 flights and 165,884 passengers—establishing yet another new record in its history. Despite a 13% increase in the targeted departure processing time (38 minutes and 26 seconds), IIAC has achieved against forecast congestion, thereby rendering the company's congestion control more efficient. By introducing flexible airport operations to alleviate congestion in its terminal building, IIAC has achieved 3-stage warnings: Caution! Congestion! Serious! This system enables it to take preemptive measures against forecast congestion, thereby rendering the company's congestion control more efficient. More importantly, IIAC expects more carriers to start flight service to IIAC. AirCUS has been installed at check-in counters and boarding gates, enabling IIAC to dramatically enhance the risks of delays in repair services. IIAC localized the system and launched it under the name of AirCUS (Airport Common User System) in the first quarter of 2015. As of June 2015, 607 AirCUS systems have been installed at check-in counters and boarding gates, enabling IIAC to dramatically enhance the stability of its check-in service. The introduction of the new system has also allowed IIAC to charge new air carriers less than before. As such, IIAC expects more carriers to start flight service to IIAC. AirCUS meets international standards. IIAC's development of the system has boosted international recognition of IIAC's ability to run IIAC in the safest way. The imported check-in systems at IIAC were run by the Airlines Operations Committee, and often ran into trouble. In an effort to standardize the on-site services provided by resident businesses and business partners, IIAC has also presented year-round landscaping at major POCs, and planted a 'flower street' along the access road to the terminal building, thereby creating a unique atmosphere at IIAC. Such seemingly minor efforts combined to help IIAC win the highest ranking in ASQ for ten straight years.

Complex of Incheon Airport

Launch of IIAC's Own Check-in System

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Complex of Incheon Airport

Flexible Airport Operations

In 2014, the number of users of the IIAC terminal building jumped by 9.7% over the previous year to 45 million, surpassing the capacity of the facility (44 million). Just as serious a problem is the fact that passenger congestion during peak seasons has continued to intensify. However, IIAC has coped with the situation by flexibly assigning its manpower according to a special operations plan. During peak hours, IIAC increases the service personnel at the check-in, departure hall, and information desks. More importantly, IIAC runs a highly reliable congestion forecast system, which issues the following 3-stage warnings: Caution! Congestion! Serious! This system enables it to take preemptive measures against forecast congestion, thereby rendering the company's congestion control more efficient. By introducing flexible airport operations to alleviate congestion in its terminal building, IIAC has achieved its targeted departure processing time (38 minutes and 26 seconds) despite a 13% increase in the targeted departure processing time (38 minutes and 26 seconds) despite a 13% increase in the number of passengers during peak periods compared to the previous year. On August 3, 2014, IIAC handled 888 flights and 165,884 passengers—establishing yet another new record in its history.
Enhancement of the ICT Information Service

IIAC has concentrated on improving its current Information Service in terms of its accessibility to patrons and the quality of its contents. It has switched the focus of its overall design from the presentation of general information to user-centered menus and screens, which has led to a significant improvement in the readability, convenience, and accessibility of the service. Furthermore, IIAC has integrated its multiple websites into one in order to offer visitors more sophisticated information on IIAC, and a new smartphone app offers multilingual services.

Protection of Customers’ Personal Information

IIAC is a key national IT security facility. To maximize its protection of customers’ personal information, IIAC minimizes the collection and custody of the airport patrons’ personal information. It has prohibited the collection of customers’ resident registration numbers for six types of tasks such as application for entrance passes and payment of facility utilization fees; reduced the period of personal information custody for four types of deals such as electronic bidding and voice of the customer (VOC); and expanded the scope of customers’ optional information so that patrons can exercise more discretionary authority in decisions on which information to disclose. On the 15th of each month, IIAC discloses the status of its customers’ personal information disposal. So far, it has deleted personal information for a total of 112,000 customers from its database, while the number of customers’ resident registration numbers in its possession has dropped from 600,000 to 6,000 at present. Through such efforts to protect its customers’ personal information, IIAC has earned its customers’ trust.

Exquisite Culture and Arts Contents

IIAC aims to become a “cultural airport” that actively incorporates cultural elements into its operations. To that end, it plans and stages diverse forms of cultural performances throughout its entire space, and supports the government’s advocacy of cultural renaissance. It also strives to create demand for Korean culture among its transit passengers and foreign visitors to the country during their stay at the airport. IIAC stages cultural performances all year round. In 2014, the number of cultural performances reached 8,500, or a 15% increase over 2013. It has continued to expand the scope of its cultural performances to include diverse genres in addition to traditional Korean music, and now features Western music including popera (pop + opera), as well as playing host to acaPELLA contests and presenting special performances by invited international artists, too. Most notably, IIAC stages the “Sky Festival,” a large-scale annual outdoor concert that is enjoyed by many people from all around the world.

Expansion of Cultural Facilities

As a major gateway to Korea, IIAC has reserved plenty of its space for diverse forms of cultural performances and events. The 4th-floor of the passenger terminal is home to Korean Cultural Street, which features exact replicas of some of the great masterpieces of traditional Korean architecture. In addition, IIAC offers a total of eleven free cultural experience/display facilities including the Traditional Culture Center, the Korean Cultural Museum, and the Traditional Craft Gallery. Meanwhile, more than 50% of the walls along the airport’s arrival pathway support a media wall that projects dynamic videos, while both sides of the passenger terminal building house modern sculptures symbolizing the daily life of the Korean people. Most notably, Korean Cultural Street displays a variety of traditional Korean cultural assets worthy of careful observation, besides the aforementioned traditional Korean architecture.

Our Strategy

- To implement preventive measures against ground accidents and other hazards
- To make system improvements in height restriction enforcement around the airport
- To enhance the disaster response system
- To plan climate-change responses for airport facilities
- To improve the security screening procedures

2014 Highlight

No. 1 ranking in the disaster and crisis management evaluation conducted by the Ministry of Public Safety and Security for the cooperative period

IIAC’s Safety & Security Business Partners

- Airline Passenger Accident
- Violation
- Accident-Free

Zero

No accidents in flight operations

Airport Security Accidents (No. of cases) 0.69

Non-compliance points in the Airport Certification Safety

TOTAL 290

1

ACI APEX (Airport Excellence - Safety) Award

No. 1 ranking in the disaster and crisis management evaluation conducted by the Ministry of Public Safety and Security for the cooperative period

The world’s highest level in TSA’s assessments

Airport passenger satisfaction with IIAC is 87.4, which is the highest level! (2012-2013: absolute evaluation)

As IQAC Overall Evaluation (2005-2014)
Pre-emptive Action on Safety Hazards for Ground Accidents

IIAC’s flight operations have kept on increasing, bringing with it a greater probability of accidents. Therefore, IIAC has continued to reinforce its safety management. Whenever a safety risk is identified, IIAC first shares information about it with all the relevant parties including government agencies, airlines and ground service providers in order to carry out immediate joint safety inspections. IIAC strongly urges all the personnel working at the airport to comply with its safety rules and guidelines. IIAC has optimized the working environment for diverse types of operators at the airport. For instance, it has secured additional work spaces for heavy equipment and made improvements in the allocation of apron areas. It has also upgraded its training programs for a variety of operators at the airport, by fine-tuning the education programs to the trainers’ particular needs and making the contents easier to follow. Such efforts on the part of IIAC have led to the successful prevention of ground accidents, with only 0.58 ground accidents registered at IIAC in 2014, the lowest figure ever recorded.

Enhancement of the Disaster Response System

The areas surrounding the airport are continuing to develop rapidly. The 3rd phase construction project is in full swing, and structure height control inevitably poses a greater challenge to IIAC, leading it to develop a system that enables the rapid and accurate identification of flight obstacles. Since 2009, IIAC has developed and upgraded the obstacle measurement system, while in 2014 it succeeded in developing an obstacle monitoring system for its five runways through precise ground surveys and modeling based on aviation/GIS. The sophisticated height restriction system can conduct precise analysis at 100 square points at a time, and then produce a 3D model based on the applicable height limit in the area. Through such measures, IIAC has secured flight safety while also achieving zero complaints from residents and businesses in the surrounding areas. Improvements in efficiency and precision have led to a reduction of 390 working hours at the relevant departments in 2014.

Pre-emptive Action on Safety Hazards for Ground Accidents

IIAC has developed an electronic airport map for the first time in the world, laying the foundations for normal aircraft operations even during inclement weather conditions. It has come up with a 3D database that enables the management of all the airport’s facilities with up to 11cm resolution. Aircraft can now operate at IIAC under any weather conditions including low visibility. IIAC has also developed a map management system that collects information on all the airport facilities in a database, and has completed the digitization of all its information related to flight operations at the airport. How aircraft move at the airport faster and more safely in inclement weather. IIAC has won global recognition for its know-how on the production of state-of-the-art maps according to international standards, a first among global airports.

Systematic Enforcement of Height Restriction Rules

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Reforms of the Anti-terrorism and Threat Response System

The need to respond immediately to emergency situations at public facilities has increased dramatically, while the command system of IIAC has become increasingly linear in line with the increasing number of its stakeholders. Consequently, IIAC has reinforced its counter-terrorism response system. To enhance its cooperation with the relevant agencies, IIAC has launched joint exercises - including tabletop exercises, partial exercises and comprehensive exercises - with them. It has published an Aviation Terrorism Response Manual to establish a complete aviation security system throughout the entire airport. In 2014, IIAC hosted more than ten comprehensive joint exercises - including anti-terrorism exercises and bomb disposal exercises - with the relevant agencies. It has also equipped itself with a complete system for taking appropriate action in the event of a national emergency. As a result of such efforts, IIAC registered zero cases of non-compliance in ‘The Inspection of Compliance with Aviation ‘Seremoni Response Manuals’ conducted by the Ministry of Land, Infrastructure and Transport in 2014. Overall, IIAC has greatly enhanced its ability to counter terrorist action in the initial stage through major counter-terrorism exercises.

Improvements in Screening Security Procedures

In recognition of its high level of security screening for departing passengers, IIAC passengers heading to and from the United States ask all international flights heading to the country to carry out a secondary security screening for their passengers at boarding gates in addition to the primary screening that is carried out before passengers enter the departure hall. IIAC was exempted from the obligation due to its outstanding aviation security screening system and practices (IIAC received Appropriate/Excellent in all of its 203 security areas in the TSA evaluation 2013). Now, in addition to exemptions for its passengers and baggage, IIAC is striving to secure exemption for its taxi fleet. IIAC has promoted exemption through various channels including the Korea-U.S. Aviation Security Conference. IIAC expects its Japan to go on a line of the U.S. for its three consecutive years in 2013. This achievement was recently chosen by the population as one of ‘Top 10 Policies of the Ministry of Land, Infrastructure and Transport (MOLT) for a Happy Nation’.
Facility Condition Index (Unit: point)

Evaluation of Disaster Management Level

A

Facilities

Weather

Lightning

Heat wave

Cold wave

Eco-friendly

Impact Analysis and Improvements

- Improvement of lightning protection system
- Establishment of a heat wave management system
- Improvement of cold wave protection system
- Protection of eco-friendly facilities from abnormal weather

Continuous Prevention Tasks

- Enhanced performance and repair techniques that will protect facilities from climate change
- Comprehensive review of airport drainage structures

Enhancement of Countermeasures against Heavy Snowfall

Due to the frequent abnormal weather patterns between November and March, anxiety about flight safety increases during that period. IIAC has worked on a mid- to long-term snow removal plan to cope with the increasing impact of climate change. For the first time in Korea, IIAC has purchased four high-capacity haulage-type snow ploughs; and has increased the use of multi-functional high-speed blowers and eco-friendly de-icing agents as a means of coping with the impact of climate change preemptively.

Systematic Diagnosis of Airport Facilities

IIAC has established a thorough facility inspection system instead of implementing the customary facility inspection plan. In 2014, IIAC reassured all the runways and ramps whose ten-year service life had elapsed, irrespective of their actual condition, in order to enhance the safety of its flight operations. It also repaired its outer ring road and GSE (ground support equipment road) and made improvements to a total of 96 facilities throughout the year. IIAC evaluates and manages its facilities quantitatively. In 2014, its facility status index rose by 3.2 points compared to the facility deterioration level.

Improvement of Aviation Facilities

IIAC strives to provide the world’s safest aviation services by maintaining its aviation safety facilities in the best operational state possible and promoting the uninterrupted operation of its aviation/power supply facilities. Most notably, it works in close collaboration with the relevant government agencies to secure the stability of its flight control tower operations. To back up its radar operations, IIAC has signed an agreement with the military for the sharing of radar information from military radar facilities in the event of an interruption at IIAC. IIAC has also developed a GPS jamming warning and location tracking system, and has also arranged for Sensor Approach Control and the Air Traffic Control to share information via a mutually connected aircraft flight control system whenever a disturbance occurs at the airport. Based on such efforts, IIAC established Asia’s first CAT-3 b*5 for next-generation aircraft departure/arrival control system and achieved a total of 120,000 hours of uninterrupted operation of its aviation safety facilities.

Why Is It Important?

IIAC aims to increase its aviation demand and enhance its hub network competitiveness. To that end, IIAC is striving to expand its current business portfolio largely based on passenger and logistics business, and will continue to boost its economic performance through a variety of new revenue sources. IIAC is working hard to expand its business base not only in Korea but overseas as well. Through a wider window of business opportunities, IIAC aims to grow and develop continually while making significant contributions to enhancing the nation’s overall competitiveness on the global stage.

Our Strategy

- Establishment of Mid- to Long-term Aviation Marketing Strategies
- Development of New Growth Drivers for the Transport Business
- Successful Completion of the 3rd Phase Construction Project
- Successful Development of Air City
- Construction of the World’s Best Commercial Facilities
- Advance into Overseas Airport Construction Operations

2014 Highlight

Successful Operation of Air City

Chung-woo Kim, Manager, Korea Air
Increasing Passenger Demand

Establishment of Mid- to Long-Term Aviation Marketing Strategies

In line with the liberalization of air transportation and the expansion of IUC business, competition is on the rise among airports. The establishment of a balanced hub network based on proper marketing strategies has become more important than ever. IIA has analyzed market demand, growth potential, and air routes for each continent, and has selected 40 airports and 53 air routes as its mid- to long-term targets accordingly. In addition, it has conducted a systematic analysis of global aviation trends, route demand and profitability to generate its mid- to long-term strategies and enhance its aviation marketing and hub network.

Increasing Transit Demand

IIA is striving to expand its core markets by carrying out transit marketing campaigns tailored to changes in the airport environment. It is concentrating on attracting new air carriers and expanding the current air routes by conducting customized marketing efforts for its major markets and engaging in closer cooperation with the governments and airlines. Most notably, IIA has made joint efforts with the government to expand its traffic right in the Chinese market. For instance, Spring Airlines launched its Beijing-Incheon service as a result of these efforts, while IIA expanded its flight service to major Chinese cities in 2014. In addition, IIA has joined forces with various airlines and travel agencies to develop programs designed to explore new transit routes from China and Southeast Asia and attract more transit passengers from those areas. As a result of joint marketing efforts including air ticket discounts, transit tour packages and transit guide services, the number of transit passengers on the Incheon-Fuji line increased by 94% in 2014 over the previous year.

Increasing Cargo Demand

Development of New Growth Engine Transport Business

Export cargoes consisting of electrical and electronic products and machinery have been decreasing at IIA, whereas imports of agricultural and fishery goods from North America and Europe have been increasing considerably in line with the rapid economic growth of Asian countries. IIA has analyzed the global trends of air cargoes and developed an air transport model whereby American and European agricultural and fishery goods are exported to China, Japan and other Asian countries via Thailand through Incheon Airport. IIA has also collaborated with domestic airlines and IATA (International Air Transport Association) to expand the exports of agricultural and fishery products to those areas by air. Meanwhile, domestic airlines offered lower transportation fees; aT took charge of exporter marketing; and IIA through Incheon Airport. IIAC has also collaborated with domestic airlines and aT (Korea Agro-Fisheries Trade Corp.) to expand the exports of agricultural and fishery products to China, Japan and other Asian countries like Thailand increasing considerably in line with the rapid economic growth of Asian countries. IIAC has analyzed trade items and volumes along with the status of investments in global production bases and IIAC analyzed the targeted areas IIAC analyzed trade items and volumes along with the status of investments in global production bases and IIAC analyzed trade items and volumes along with the status of investments in global production bases and IIAC analyzed the targeted areas. IIAC analyzed trade items and volumes along with the status of investments in global production bases and IIAC analyzed trade items and volumes along with the status of investments in global production bases and

3rd Phase Construction Project of Incheon Airport

The economy of Northeast Asia is expected to account for 26.0% of the global economy by 2020 in terms of GDP, while the growth potential of Asia is anticipated to continue growing. In keeping with the economy, growth of Northeast Asia, aviation demand has continued to grow in the area. The major facilities of IIA including the passenger terminal and airport aprons are predicted to reach a saturation point sometime in 2017 or early 2018. To cope with the increasing demand for aviation services and enhance its competitiveness as a hub airport in the region, IIA is expanding its infrastructure. It is now building the second passenger terminal and airport aprons under the 3rd phase construction project (2010-2017) with a total budget of KRW 4.05 trillion. Following the completion of the 3rd phase project in 2017, Incheon Airport will be able to handle 50 million international passengers per year, thereby joining the ranks of the world’s mega airports.

Overview of the 3rd Phase Construction Project
Green-Eco-Smart Airport
To actively address the pressing issues of energy conservation and GHG emissions, IAC maximizes the use of high-efficiency materials, natural light and renewable energy sources in all the facilities of the 3rd phase project. In addition, it will create a smart airport capable of delivering quick and convenient services to airport patrons in the smartest way by incorporating cutting-edge information and communication technologies into airport operations. IAC is striving to set a new standard for future-oriented airports through the 3rd phase project. The specific goals for the 3rd phase construction project are to create 1) a Green Airport where architecture and nature coexist in harmony; 2) an Eco Airport that generates low carbon emissions while promoting a high degree of energy conservation; and 3) a Smart Airport equipped with sophisticated information and communications technologies to ensure the smoothest operations. IAC will prove the compatibility of state-of-the-art technologies and eco-friendliness through the project.

Successful Development of Air City
Promotion of Air City
Incheon Airport is gradually becoming a huge industry in its own right as it creates high value added in a range of fields including logistics, culture, tourism and commerce. IAC is promoting the development of Air City with the aim of emerging as a representative tourism and business hub in Northeast Asia. So far, IAC has developed the 1st phase of International Business Center (IBC-I) and a golf course (the 5th runway area that is now in operation. Currently, IAC is promoting investments in the 2nd stage of IBC-I, IBC-II, and to air-park (Water Park). IAC is striving to develop the surrounding area not only to enhance the diverse support features for its airport operations including accommodation but also to create new aviation demand and contribute to the economic growth of the local community.

Launch of a Comprehensive Resort Development Project

Launch of Incheon International Airport as a representative tourism and business hub in Northeast Asia: To take all measures to help develop Incheon International Airport as a leading tourism and business hub in Northeast Asia, IAC plans to continue its comprehensive resort development project consisting of the IBC-I project and the IBC-II project. After the completion of the IBC-II project in the first half of 2015, IAC plans to develop a second passenger terminal building and to construct a hotel. The new passenger terminal is expected to help create further aviation demand and add a new role to the development of Incheon International Airport as the regional logistic hub in the process.

Other

Boosting Investments in Air City
IAC has driven to develop tourist-friendly facilities in keeping with the increasing numbers of tourists and transit passengers from China and to attract foreign investments in its comprehensive resort complex. As a result, it has increased the Ministry of Trade, Industry and Energy and the Incheon Free Economic Zone Authority to grant an exception to the Incheon Free Economic Zone and allow the zone to maintain its special status. In cooperation with KOTRA (Korea Trade-Investment Promotion Agency), IAC has held investment promotion sessions for Australian and Chinese investors (including those in Hong Kong) as well as five companies that have expressed an interest in the project. It continues to seek high-quality and foreign investments as well as investments by local companies in the relevant industries. IAC has succeeded in securing high-quality and foreign investors to participate in the project. The operation of the second passenger building will start in 2016, thus necessitating additional accommodation and support facilities. IAC is now promoting the development of the BIC-III project. According to its master plan for BIC-III, IAC began the design of the basic infrastructure for the project in July 2014, and obtained all the necessary permits from the relevant government agencies in June 2015.

Building the World’s Best Commercial Facilities
Focused Marketing Efforts for Targets
IAC has reinforced its mid- to long-term marketing strategies for its commercial facilities by placing greater emphasis on the increasing number of Chinese tourists. It has also launched diverse marketing promotions customized for airport facilities. In 2014, IAC created a shopping environment customized for Chinese shoppers, including the introduction of elements of the Korean Wave (Hallyu), while purchases by Chinese visitors increased by 27% over the previous year. IAC also introduced a guided shopping tour program based on a one-on-one translation service. IAC featured special promotional events during the Golden Week of China.

Creation of a New Smart Shopping Environment
In keeping with the popularity of the Korean Wave (Hallyu), IAC helps foreign tourists to experience traditional Korean culture and heritage. Furthermore, it offers them smart shopping experiences including mobile app searches and the issuance of discount coupons through QR codes. It has transformed a previously crowded commercial space into a new commercial model equipped with customer convenience facilities, stylish shops, premium business lounges, and pop-up stores selling food and beverages, and has expanded and upgraded the children’s play facilities in the area, as well as developing media contents for the facilities. Through such efforts, IAC has boosted customers’ convenience and increased its revenues.

Overseas Business Expansion
Efforts to Diversify Its Overseas Business
To secure new growth engines, IAC is promoting the strategic expansion of its overseas business including overseas airport concession operations and equity investments in overseas airports beyond the level of short-term consulting-centered overseas business. To accumulate know-how about the operation of overseas airports, IAC has provided a consulting service including operational support in target markets like the Philippines, Indonesia and Laos. In 2014, IAC won a contract for a consulting service in the field of passport control automation in the Dominican Republic, securing a foothold in the Latin American market. The contract was also the first of the company’s commitment outside Asia. Based on its know-how about overseas business as well as its core competencies, IAC plans to participate in overseas airport concession operations more extensively and to continue generating profits starting in 2017. In the long run, it will shift its focus to large-scale investments such as the acquisition of overseas airports and the development of new airports to further diversify its revenue structure.

Status of Overseas Business Profit

<table>
<thead>
<tr>
<th>Project Name</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honam Airports (Para Aviation Co., Ltd.)</td>
<td>KRW 900M</td>
<td>KRW 2.7B</td>
<td>KRW 2.3B</td>
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<tr>
<td>Project Management for the construction of Beijing International Airport</td>
<td>KRW 1.4B</td>
<td>KRW 1.1B</td>
<td>KRW 7.4B</td>
</tr>
<tr>
<td>Consulting &amp; Designing of Hong Kong International Airport</td>
<td>KRW 1.4B</td>
<td>KRW 7.4B</td>
<td>KRW 1.4B</td>
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<tr>
<td>Construction of the Manchester Airport (UK)</td>
<td>KRW 1.4B</td>
<td>KRW 7.4B</td>
<td>KRW 1.4B</td>
</tr>
<tr>
<td>Establishment of a new satellite for the National Airport in the Philippines</td>
<td>KRW 1.4B</td>
<td>KRW 7.4B</td>
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<table>
<thead>
<tr>
<th>Status of Overseas Business Profit</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>KRW 800M</td>
<td>KRW 9.3B</td>
<td>KRW 1.1B</td>
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</table>
ISSUE 4.  
LOW-CARBON, ECO-FRIENDLY AIRPORT

Why Is It Important?
The impact of climate change and energy issues on companies’ business environment continues to grow. The environment is emerging as a key business management issue around the world. Under the circumstances, companies can ensure differentiated competitiveness if they cope with the issue of climate change proactively and set eco-friendly policies including energy conservation and take appropriate action.

Our Strategy
- To enhance Eco-friendly Management
- To improve Energy Efficiency
- To expand Low-carbon Operations
- To enhance Environmental Resource Management

2014 Highlight

ACI Airport Carbon Accreditation Level 3: 1
ISO 50001 Certification: 2
Meeting its GHG Target by 103%: 3
Winner of the Grand Prize at the Republic of Korea Green Management Awards: 4

Performance

168,827
GHG Emissions (tCO2)

3,136
Energy Consumption (kW)

Pursuit of a Low-carbon Green Airport Through Customer Engagement
In cooperation with Forest for Life and the lung-ju district of Incheon City, IIAC is creating the World Peace Forest in Air City (scheduled for completion in 2016) over an area of 477,013m². Based on continuous communication with local communities and joint efforts to create a forest, the World Peace Forest Project deserves recognition that since it is a very special and outstanding example of community engagement. To become an environmental leader in the airport industry, IIAC needs to expand its low-carbon eco-friendly management practices to the level of the customer and actively encourage its customers to practice eco-friendliness in their daily lives. IIAC also needs to continue to reflect its eco-friendliness in the design of all of its airport facilities, and to strongly motivate airport patrons to practice sustainable consumption in their use of the airport facilities. In this way, IIAC could become the leading model of a culturally advanced airport. If it succeeds, foreign travelers will recognize the prominence of Incheon Airport and love its facilities. In this way, IIAC could become the leading model of a culturally advanced airport.

Goals and Strategies

Implementation Tasks

Accreditation of the Energy Management System
To reduce its energy consumption and GHG emissions, IIAC adopted ISO 50001 (Energy Management System), an international standard for energy management, and received the accreditation in June 2014. IIAC runs the GHG Reduction and Energy Conservation Committee to fulfill its obligations under the relevant ministry’s “Regulations on the Promotion of Reasonable Energy Consumption by Public Institutions,” and the Energy Management Subcommittee, which is composed of working level officials, under the aforementioned committee. The committee and subcommittee hold meetings quarterly, gather information on each department’s energy consumption and conservation efforts, monitor the progress of each department’s efforts to meet its target for GHG emissions and energy conservation, analyze IIAC’s total energy consumption by energy source, and discuss how to boost energy conservation in the future.

Disclosure of Environmental Information
IIAC issues its annual Green Report on its environmental performances so as to disclose its environmental information to its internal and external stakeholders and secure transparency in its environmental management. It won the AGG (Airports Going Green) Award of the USA from the AAAE (American Association of Airport Executives) and Chicago O’Hare International Airport in 2014 for its green growth strategies and efforts to promote eco-friendly management.

BEST PRACTICE

IIAC receiving the ACI Airport Carbon Certificate
IIAC issues its annual Green Report on its environmental performances so as to disclose its environmental information to its internal and external stakeholders and secure transparency in its environmental management. It won the AGG (Airports Going Green) Award of the USA from the AAAE (American Association of Airport Executives) and Chicago O’Hare International Airport in 2014 for its green growth strategies and efforts to promote eco-friendly management.

Mid- to Long-term Strategies for a Low-carbon Eco-friendly Airport
IIAC strives to implement its environmental management systematically on the basis of its environmental vision of “The World’s Leading Low-carbon Eco-friendly Airport.” More specifically, it will work to achieve five goals including the following: ACI Airport Carbon Accreditation, 100% installation of LED lighting, and 3% energy self-reliance by 2020. To achieve these goals, IIAC has set four strategies including the enhancement of its eco-friendly management, improvement of its energy efficiency, expansion of its low-carbon operations, and enhancement of its environmental resource management.
Comprehensive Management of Energy and GHG

To effectively cope with the expansion of the carbon emissions trading scheme and increasing requests for action to be taken on the energy crisis and climate change, IAC is pushing strongly for an energy self-reliant low-carbon eco-friendly airport that maximizes the use of new and renewable energy sources and minimizes its carbon emissions. To manage its energy consumption systematically, IAC has devised a 'Comprehensive Energy Management Plan' that presents specific means of reducing energy consumption and offers policy directions for reasonable energy consumption and management. In a bid to realize its goal of becoming an eco-friendly airport that emits the lowest possible volume of carbon into the atmosphere, IAC has adopted a wide variety of measures including the following: efforts to reduce carbon emissions based on voluntary agreements with resident businesses and agencies to reduce energy consumption and GHG emissions; the expansion of LED lighting and increased use of new and renewable energies including solar and geothermal energy; the operation of low-carbon green airports through the operation of hydrogen fuel cell buses and the minimization of airport ground movements; the establishment of eco-friendly transport facilities for EVs, bicycles and Maglev trains; and the comprehensive management of carbon emissions generated by aircraft, ground handling agents' vehicles, and aircraft passenger buses and trains.

Response to the Carbon Emissions Trading System

To help the carbon emissions trading system succeed, IAC has taken the following actions to actively respond to the trading system, including a careful analysis of its GHG emissions by source. As a result of such efforts, IAC’s GHG emissions remained at their 2010 level throughout 2014 despite increases in the numbers of passengers and flights between 2010 and 2014.

Expansion of High-efficiency LED Lighting

As part of the government’s campaign to promote the use of LED lighting in public facilities, IAC has replaced the lamps in the passenger terminal, Transportation Center, and subsidiary buildings with LED lighting. As of the end of 2014, IAC had exceeded the government target (50%) by 5%. It plans to complete the replacement of conventional lighting with LED lighting by 2020.

Collaboration with Resident Businesses and Business Partners for Energy Conservation

GHG emissions generated by resident agencies and businesses have continued to rise on a consistent basis. IAC tries to control the increase through collaboration with all the relevant parties. IAC has published its energy management guidelines, and has made it mandatory to maximize the use of high-efficiency devices and materials as well as LED lights at all facilities. It has signed a partnership agreement with its twenty resident organizations for energy conservation and the regular monitoring of its progress. IAC tracks the electricity consumption of each of the outsourcing companies involved in the operation and maintenance of its facilities and systems, and jointly identifies obstacles to their efforts to conserve energy and takes appropriate actions. Such endeavors led to an energy saving equivalent to KRW 410 million in 2014.

Response to the Carbon Emissions Trading System

IIAC’s GHG emissions are monitored on a monthly basis, including a careful analysis of its self-reliance (GHG) emissions by source. As a result of such efforts, IIAC’s GHG emissions remained at their 2010 level throughout 2014 despite increases in the numbers of passengers and flights between 2010 and 2014.

Minimization of Aircraft Movements

As part of its efforts to minimize fuel consumption and GHG emissions at the airport, IAC has designed its apron area to be as close to the runway as possible. Most notably, IAC expanded the main apron to accommodate twelve flights in January 2014 so as to reduce fuel consumption and cut down aircraft turn-around time and aircraft ground running. IAC reduced GHG emissions by 134,541 tCO2, and jet fuel consumption by 30,476t, which is equivalent to about KRW 44 million, in 2014.

Expansion of the Use of New and Renewable Energy

IAC is expanding its use of new and renewable energy sources in a bid to meet its target of energy self-sufficiency of three percent by 2020. Currently, it runs solar parks, hybrid solar-geothermal power plants and wind farms in the Incheon Airport Free trade Zone, Incheon Airport Academy, Waterer Reclamation System, and airport access roads. IAC is taking a proactive approach to the expansion of its solar power plants as a means of increasing its proportion of renewable energy. In 2014, IAC worked out a plan to install solar power stations at the North Sea Dyke, Long-term Parking Lot, Cargo Terminal and Privately Financed Facilities, laying the foundations for promotion of the solar power business in the area. IAC generated about 1,236MWh of solar power which is equivalent to a 60 MTCO2, reduction of GHG emissions in the first half of 2014. In addition, IAC uses geothermal energy to reduce its dependence on fossil fuels for heating and cooling in particular. IAC has also installed its geothermal system in the Aviation Training Center, Winter Equipment Facility and Incheon Airport Academy. In the first half of 2014, the system generated about 4,750MWh of energy, reducing GHG emissions from Incheon Airport by 2,250 tCO2.

Renewable Energy Production (including the 3Phase)

- Geothermal Power: 3,609 MWh/year, 1,682 tCO2/year

Operation of the ESS (Energy Storage System)

IAC stores its electrical power in 2-MW Energy Storage Systems (ESS) for use during peak hours. IAC has carried out a plan to increase energy storage capacity in 2015 to prepare for a national power crisis and to achieve energy independence. The stored power will be used largely during the summer and winter peak periods. The program is expected to reduce IAC’s electricity bills by KRW 106 million per year.

Fuel Cell Bus Demonstration Project

To support the government’s eco-friendly vehicle policy and meet the trend in the local automotive industry, IAC has joined forces with the government to conduct a hydrogen fuel cell demonstration project. Since 2012, IAC has used two fuel cell buses - manufactured by Hyundai Motor Company and run on hydrogen fuel supplied by Korea Gas Corporation - as its airport shuttle buses. In 2014, the buses exceeded their demonstration operation goals for the year by registering an operation rate of 48%, a travel distance of 46,112km, and hydrogen charging amounting to 3,646kg. In executing this demonstration project, IAC has contributed to the country’s technical development in the field, as well as to boosting IAC’s image as a ‘green airport’; given that IAC was actually using buses that run on alternative energy (hydrogen) and emit no greenhouse gases during their operation at all.

Fuel Cell Bus Demonstration Project

- K-Star Park: 4,910 tCO2/year, 3,609 MWh/year
- Incheon Airport: 1,682 tCO2/year, 1,682 MWh/year

Power Generation

IAC reduces its GHG emissions through energy-saving activities. IIAC tracks the electricity consumption of each of the outsourcing companies involved in the operation and maintenance of its facilities and systems, and jointly identifies obstacles to their efforts to conserve energy and takes appropriate actions. Such endeavors led to an energy saving equivalent to KRW 410 million in 2014.
Water Quality Control

IAC runs its own wastewater reclamation system to reduce its water consumption and promote water recycling. The system treats wastewater from sand at its subsidiary facilities and recycles the reclaimed water back to the airport so that it can be used for diverse purposes. Through such systematic water recycling, IAC maximizes its discharge of polluted materials. It also operates a water quality measuring system around the site dikes placed at the south retaining basin for 24/7 monitoring of water quality. The system produces precise data on the total volume of wastewater, recycled water, and discharge. As a result of this systematic control, IAC received the ‘Good’ grade in all categories in the water quality tests carried out by the local government. The ‘Good’ grade enables IAC to exempt from the government’s environmental impact assessment.

Air Quality Control

To identify the impact of airport operations on air quality in the surrounding areas, IAC runs three air quality monitoring stations in these areas. In 2014, emissions of SO2, CO, NO2, O3 and PM10 from the areas were monitored. The results showed that, except for PM10, the air quality in the areas met the standard of the Ministry of Environment. IAC has also run three particle measuring stations around the 3rd phase construction site since 2014 in order to minimize the impact on the surrounding environment - particularly dust particles emanating from the construction site of the 2nd passenger terminal, the construction of which began in 2013. When the volume of particles exceeds IAC’s threshold level, it issues a dust particle warning so that immediate action can be taken to reduce the production of particles at source.

Indoor Air Quality Control

To provide airport patrons and resident employees with a pleasant indoor work environment, IAC controls indoor air quality by applying standards that are stricter than those of the Ministry of Environment of Korea. To track indoor air quality, IAC runs indoor air quality monitoring systems at three locations inside the passenger terminal building, and shares the information with its HVAC facilities, thereby controlling indoor air quality more effectively. On top of that, IAC has the indoor air quality-researched by a professional external agency every quarter to obtain a more objective outcome. In 2014, IAC measured the quantity of nine control items including PM10-30 to thirty-two locations including the passenger terminal, concourse, and Transportation Center. The results showed that all the control items were below the thresholds presented by the Ministry of Environment. The quarterly inspection results are fully disclosed to the stakeholders on the IAC website.

Aircraft Noise Control

IAC implements low noise operation procedures to minimize the impact of aircraft noise on the surrounding area. For the residents of Bokdado-myeon who are affected by aircraft noise, IAC installs soundproof walls and air conditioning facilities in their homes free of charge, and also provides sports and recreational facilities. It also holds Aircraft Noise Countermass Measure Committee meetings on a regular basis to gather the opinions of residents, local governments, and experts with the purpose of actively communicating with the stakeholders and finding solutions to compelling issues, and does its best to resolve noise problems to the satisfaction of all the parties concerned. To measure the impact of noise emitted by airport operations more accurately, IAC runs eighteen real-time noise measuring stations in and around the airport. The results are fully disclosed on the IAC website and the National Noise Information System. In addition, the analysis results are shared with airlines serving IAC so as to encourage them to minimize their noise production. The results of the aircraft noise analyses conducted in 2014 showed that the number of flights in IAC increased by 0.8% over the previous year, yet the level of aircraft noise in 2014 remained at a similar level to that of 2013.

Waste Control

To ensure comprehensive waste control, IAC operates the Waste Classification & Treatment Facilities. It tracks the quantities of waste produced and treated through its careful waste management - ranging from waste input to waste treatment and/or output. IAC maximizes the recycling of its waste according to its procedures for the classification and handling of waste pursuant to the characteristics of different types of waste. Waste that can be incinerated internally is done so in its own resource recovery facility (incinerator), while waste heat generated by incineration is recovered and sold or is used to run the IAC incineration facilities. In 2014, about 42,000 tons of waste generated in the course of airport facility operations and maintenance/repair work was treated at Incheon Airport. The figure is about 197% of the level achieved in the previous year. This rise can largely be attributed to the increase in construction waste produced by new building and remodeling repair work in the airport area.

Why Is It Important?

Incheon Airport is run by more than 40,000 people who are employed not only by IAC but also by a number of its partners including forty-one service providers and eighty-six airports. IAC considers all of them equally important in its campaign to offer its customers the most creative airport services ever. Therefore, it is important that IAC maintain win-win cooperation with its partners and strive to achieve shared growth with them as a very important part of its CSR.

Our Strategy

- To Promote a Win-Win Shared Growth Culture
- To Enhance Institutional Support for the Expansion of SMEs’ Participation
- To Support the Enhancement of SMEs’ Competitiveness
- To Prevent Unfair Business Transactions and improve Practices and Systems

2014 Highlight

- Introduction of the SPA (Service Performance Agreement)
- Guarantee of SMEs’ Fairness in Tenders for Supply of Goods and Services
- Expansion of Local Contractor Participation in the 3rd Phase

Business Partner Satisfaction with IAC’s Win-Win Program (Scorecard)

More Communication and Training Opportunities for Business Partners

I have worked for Incheon Airport as a member of its business partner DiMS ever since the opening of the airport. Now I am the company’s GM for Data Management at the airport. I communicate with IAC through a variety of channels including the meetings of the Airport Business Partner Council and the Division/Team Council. However, I wish I could have more contact and opportunity for communication with IAC’s working level employees for more efficient cooperation with IAC. IAC has business partners in a wide range of areas such as machinery and systems, cleaning, and many other kinds of services. Therefore, the employees of the partner companies are qualified to participate in IAC’s diverse talent donation campaigns. I would like to propose that IAC join forces with its partner companies for such social contribution programs, through which IAC partner companies can fulfill their CSR while enhancing their cooperation with IAC and other partner companies at the working level. I am glad that IAC adopted the SAP last year and that the program is progressing as planned. I personally think that the time has come for IAC to increase its support for its business partners’ efforts to enhance their employees’ education and training. I also believe that it would be the best way to reinforce the competitiveness of Incheon Airport as a vehicle.
Shared Growth Strategies

In line with the company-wide strategy, IIAC has chosen the ‘Growth of Incheon Airport through Communication with Business Partners’ as its goal for shared growth. As its four strategic directions, it has selected the fostering of a culture of win-win and shared growth, the establishment of a specialized performance sharing model, the expansion of SME participation, and the enhancement of SME competencies. It has also worked out eight implementation tasks to carry out the strategies.

Shared Growth Goal: Growth of Incheon Airport through Communication with Business Partners

Creation of a culture of win-win and shared growth

IIAC will establish a culture of win-win and shared growth. Implementation of win-win cooperation programs

Establishment of a specialized profit-sharing model

IIAC will establish a specialized profit-sharing model. Implementation of technological innovations by cooperating with SMEs

Expansion of SME participation

IIAC will expand the participation of SMEs in its projects for bidding procedures. Improvement of SMEs’ technological competitiveness

Enhancement of SME competencies

IIAC will enhance the competencies of SMEs. Expansion of services by adopting innovative technologies

Creation of a Win-Win Shared Growth Culture

IIAC is striving to create a culture of shared growth through internal and external collaboration. Based on the CEO’s strong commitment, IIAC reflects employees’ efforts to promote shared growth in their performance evaluation. As part of its efforts to spread the culture of shared growth across the board, it publicizes its commitment to shared growth visibly. In 2014, IIAC increased its budget for SME support to KRW 87.6 billion. It conducted a survey on 120 SMEs’ satisfaction with IIAC’s business transactions with them, and has worked hard to reflect their feedback in its business practices while raising their satisfaction with IIAC’s services.

The Results of the Evaluation of Public Agencies’ Shared Growth Performance


Customized Win-Win Cooperation Program

To improve the job security and working conditions of its business partners’ employees, IIAC has introduced customized win-win cooperation programs and enhanced its fulfillment of its social responsibility as an indirect employer through the following measures: It has increased the basic pay for its business partners’ employees; improved the welfare of the companies’ irregular workers by systematically barring the businesses’ intermediary exploitation; enhanced their job security by making their employment benefits mandatory; and improved their welfare by implementing a win-win program that includes financial support for their family events. For the first time among Korean public companies, IIAC has begun to subsidize its employees’ general physical examinations and influenza shots. It also runs the Health and Counseling Center to promote their health on a daily basis.

Through such efforts, IIAC scored 91.6 points in 2014 in the survey of its business partners’ satisfaction with IIAC’s win-win cooperation programs, maintaining its score above the 90 point mark for the last four consecutive years. Meanwhile, its business partners’ employee turnover rates continue to drop.

Enhancement of SME’s Technological Competitiveness

IIAC invests to offer SMEs diverse opportunities for growth by expanding its joint R&D with SMEs and supporting their efforts to enhance their technological competitiveness. IIAC has identified six R&D tasks to promote by holding a public contest in which its employees, academics, and the employees of its business partners participated. It is running a one-stop system to support SMEs’ efforts for commercialization and marketing. IIAC has completed 16 tasks through joint R&D efforts with its business partners to localize core airport operation technologies, and shares the technological results with them. For instance, IIAC has applied ground heat energy, aircraft ground power supply (AC-GPS), and aircraft ground heating and cooling systems in IIAC. With the application of such new technologies, IIAC has saved KRW 61.2 billion in Korean currency.

Expansion of SMECo Participation in Airport Duty-Free Shops

IIAC has its very best to help SMEs to grow by creating a platform where they can eventually prosper on their own. IIAC has allocated four types of duty-free business rights to SMEs, and has increased their presence in Incheon Airport duty-free business by expanding its duty-free store space reserved for local products and traditional Korean handicrafts. In addition, IIAC has held purchase meetings between purchase managers and officials of SMEs so as to increase IIAC’s purchases from SMEs. IIAC has also provided SMEs with opportunities to advance into its overseas business together with it.

Expansion of SMEs Participation

To expand business opportunities for SMEs, IIAC has changed its regulations on bidding and contract execution and actively supported their advance into new markets by creating an environment conducive to SMEs’ self-reliance. To increase the purchases of SMEs’ goods for the 3rd phase construction project that is currently in progress, IIAC has modified its bidding rules largely to lower the barriers for SMEs. It has mandated the purchase of SME goods by subcontractors for the 3rd phase project, and has also revised its bidding rules so that SMEs have priority in small-scale contracts. In addition, IIAC has made it compulsory to fully disclose subcontract information. It requires its prime contractors to use standard subcontract forms at all times to protect SMEs from signing unfair subcontracts. Aided by such efforts, IIAC recorded a 28% increase—equivalent to KRW 373.3 billion—in the volume of its purchases from SMEs in 2014 compared with 2013. The number of SMEs participating in the 3rd phase construction project has also increased. In 2014, IIAC was recognized by the Minister of Trade, Industry and Energy for its contribution to expanding the market for local NEPs (New Excellent Products). Furthermore, IIAC has established a system whereby IIAC can purchase SMEs’ construction materials directly, ensuring that both IIAC and SMEs win via smaller subcontracts. In 2014, IIAC purchased KRW 431.2 billion worth of construction materials directly from SMEs through the direct purchase plan, which encourages IIAC to purchase from SMEs, except for items that SMEs would have difficulty supplying. As a result, IIAC increased SMEs’ profits while reducing its own project management risks and improving the quality of the 3rd phase construction.

Creation of a Business Environment Conducive to SMEs’ Self-Reliance

IIAC strives to help SMEs to grow by creating a business environment conducive to their eventual self-reliance in business management. It has allocated four types of airport duty-free business exclusively to SMEs, and has expanded the store space for local products and traditional Korean handicrafts, thereby helping them to increase their presence in Incheon Airport duty-free businesses, too. IIAC has also increased the opportunity for SMEs to get in touch with IIAC, purchase department officials by increasing the number of its purchase meetings with SMEs. IIAC has also offered SMEs opportunities to take part in its overseas projects.
Companywide Strategy
A Trusted and Respected Company

Implementation of Fair and Transparent Contract Execution

Prevention of Unfair Acts
1. Operation of a voluntary fair trade compliance program
2. Preparation of a model fair trade contract

Improvement of Unfair Practices and Systems
3. Enhancement of fairness in bidding and evaluation procedures
4. Introduction of a Joint-Contract System by a prime contractor and its subcontractor
5. Use of the model contract

Guarantee of Fair Compensation
6. Tighter supervision of prime contractors’ payments to subcontractors

Fair and Equal Opportunities
7. Equal participation opportunity for socially disadvantaged enterprises
8. Implementation of customer-aware services

Purchasing Contracts Team
Construction & Service Contracts Team
Outsourcing Management Team
Legal Affairs Team

Fair Trade Voluntary Compliance Council

Voluntary Fair Trade Compliance Program
IAC runs its Fair Trade Voluntary Compliance Program for the purposes of complying with Fair Trade rules and preventing unfair trade practices. It has formulated a model contract to ensure that IAC does not abuse its superior position in the execution of contracts with its contractors. IAC has checked all of its 165 contracts worth more than KRW 1 billion each to determine whether there is any hint of unfairness in them, and has taken all the necessary corrective action. IAC has made it mandatory for its officials to review contracts carefully in terms of compliance with its Fair Trade obligations prior to contract execution. Through such efforts, IAC was awarded the BBB grade - the highest among local public companies - in the government’s evaluation of Public Companies’ Voluntary Compliance with Fair Trade rules in 2014, despite the fact that IAC only began to implement the system in 2014.

Purchasing System Improvement Committee
To make immediate improvements in any of its unfair practices and systems, IAC has actively sought opinions internally and externally. It runs the Purchasing System Improvement Committee, which is composed of four internal officials working in the areas of law, procurement, and auditing, and two external experts.

Improvement of Bidding Standards
IAC has enacted its own bidding standards to maximize fairness and transparency in its bidding procedures. It has lowered the minimum amount of a negotiated contract from KRW 10 million to KRW 5 million. Bidders for projects estimated to be worth more than KRW 5 million are required to disclose the details of their quotations to create a fairer competition environment among bidders. Bidders were also requested to submit various certificates of accreditation to prove their qualifications. IAC has reduced the number of documents. It has also rationalized its scoring policy concerning the certificates of accreditation, and reduced the onus on bidders to acquire diverse certificates of accreditation. To raise the objectivity of its evaluation process, IAC has drafted a new rule in which the number of external experts on the evaluation panel must be proportional to the project size. It has also regulated local contractors’ mandatory participation in its bids depending on the project size.

Joint Main Contract System
IAC has introduced a ‘Joint Main Contract System’ whereby the contractual status of SME specialist contractors is upgraded to that of a deputy contractor, appropriate unit prices are guaranteed for them, and the horizontal cooperative relationship between prime contractors and subcontractors is enhanced. For instance, in the contract for the construction of four buildings including the 2nd passenger terminal, IAC arranged for a mechanical subcontractor to sign its contract with the same legal status as a prime contractor. This measure has contributed to alleviating specialist subcontractors’ burden with regard to the fulfillment of their contractual obligations. Also, IAC has prepared a model contract for each engineering branch, and has introduced an electronic bidding system, too. The terms and conditions for all bids are disclosed online. IAC has stepped up its recommendation of the use of a standard subcontract form to prevent unfair business practices between prime contractors and subcontractors and to establish a fair order in subcontracting transactions.

Prevention of Equal Opportunities
Subcontracts have increased due to the 3rd phase construction project. Issues have been raised about a shortage of information channels for the details of the subcontracts. IAC now discloses all the information on new contracts, payment status, and design changes in the prime contracts on a monthly basis. It has built a separate online bulletin board that is reserved exclusively for information on negotiated contracts. The board discloses all key information on negotiated contracts including project names and construction periods. IAC has also extended the term of validity of SMEs’ construction experience or product delivery records to prevent SMEs from being disqualified from bids on the grounds that they lack experience. In this way, more SMEs are able to participate in IAC bids. IAC has also modified its rules on duty-free bids, allocating four types of duty-free business rights to SMEs and thereby enabling more of them to advance into IAC duty-free business.

Guarantee of Fair Compensation
IAC runs a monitoring system to ensure that prime contractors make payments to their subcontractors on time, thus ensuring that subcontractors are paid for their services in a timely fashion at Incheon Airport. For the 3rd phase construction project, IAC has made it obligatory for prime contractors to use its subcontractor payment system. It conducts real-time monitoring to check that all due payments are made to subcontractors immediately following IAC’s payment of its prime contracts. IAC offers training on the use of the system to employees of the relevant IAC divisions as well as its prime contractors and their subcontractors.

Competency Enhancement of Service-centered SMEs
To step up the competency of its business partners, IAC has analyzed their productivity and offered them HR consulting as required.

Enhancement of the Competency of Service-centered SMEs

Productivity Improvement
1. Operation of a voluntary fair trade compliance program
2. Preparation of a model fair trade contract

Calibration of Aviation HR
3. Enhancement of fairness in bidding and evaluation procedures
4. Introduction of a Joint-Contract System by a prime contractor and its subcontractor

Sustainable Management Support
5. Use of the model contract

Prevention of Unfair Acts
6. Tighter supervision of prime contractors’ payments to subcontractors

Fair and Equal Opportunities
7. Equal participation opportunity for socially disadvantaged enterprises
8. Implementation of customer-aware services

Fair Trade Implementation Strategies and Systems
To promote fair trade with SMEs, IAC has set the ‘Implementation of Fair and Transparent Contract Execution’ as a companywide task. It has designated the prevention of unfair acts, improvement of unfair practices and systems, fair and equal opportunities, and guarantee of fair compensation as its four implementation tasks. To promote the implementation of the tasks effectively, IAC formed the Fair Trade Voluntary Compliance Council composed of members from the Purchasing Contracts Team, Construction & Service Contracts Team, Outsourcing Management Team, and Legal Affairs Team. IAC has also overlaid on its Fair Trade Implementation and Public Purchase Monitoring System in order to monitor whether the company’s fair trade implementation strategies are being implemented properly.

Expansion of Local Contractors’ Participation
Due to sluggish market conditions, local construction companies asked IAC to increase opportunities for their participation in the 3rd phase project. In response, IAC expanded their participation by extending the scope of the construction work for which they are eligible and modified the bid evaluation criteria. In 2014, the proportion of contracts that IAC signed with local contractors based in Incheon rose by 35% over the previous year. The increase in contract amounts for local contractors during the year amounted to KRW 127.0 billion. Furthermore, IAC revised its bid evaluation rules in such a way that contractors that fail to participate in IAC bids will be disadvantaged in future bids, thereby helping the bid participation rate of local contractors to increase by 28%.

Implementation of Equal Participation
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Social Responsibility Report 2015
ISSUE 6.
COMMUNITY INVOLVEMENT AND DEVELOPMENT

Why Is It Important?

Airports generally buy up huge tracts of land from local communities to build runways and huge structural facilities such as passenger terminals. They continually produce aircraft noise, which affects local communities in a significant way both directly and indirectly. By carrying out social contribution activities that directly reflect the needs of local communities, IIAC will continue to develop its relationship with them based on coexistence, harmony and cooperation.

Our Strategy

- To Implement Social Contribution based on Companywide Strategies
- To Build Trust with Local Communities
- To Increase Empathy with the Public
- To Conduct Global Social Contribution Initiatives

2014 Highlight

| Experience of School Specialization and Subsidy Programs | 1 |
| Matches Donation for Children with Rare Diseases according to Passenger Increases | 2 |
| Publication of Runway Teacher Educational Materials and Expanded Volunteer Services | 3 |
| Support for Reconversion of Unpopular Local Sports | 4 |

2014 Performance

- 9,070 Volunteer Hours (Total: 9,070)
- 4,223 Social Contribution Donations (Total: KRW 4,223,000,000)

IDENTIFY QUANTITATIVE AND QUALITATIVE SOCIAL CONTRIBUTION NEEDS

The district of Jang-gu, Incheon can boast about being one of the districts with the highest levels of financial self-sufficiency in Korea ever since the opening of Incheon International Airport. IIAC carries out diverse social contribution activities including the operation of the Sky Culture Center, the establishment of social enterprises, and the donation of talent through its Runway Teacher program. Yet there are people who still harbor resentment towards IIAC, including fishermen who are affected by the altered sea currents in the area and residents in neighboring areas who are struggling with aircraft noise on a daily basis. IIAC will need to conduct regular surveys of residents in the neighboring areas just as it does to measure its patrons’ satisfaction with its airport services. IIAC will have to identify the residents’ needs accurately and take corrective actions immediately. IIAC must determine the exact levels of quantification and qualitative demand for its social contribution. Only then can it come up with the most appropriate social contribution programs, based on consultation with experts. If IIAC focuses on implementing carefully crafted social contribution programs in a persistent manner, it will achieve positive results in its social contribution.

Social Contribution Strategies

After considering the company’s new management strategies and its stakeholders’ input, IIAC has set “A Global Airport Company Respected by Koreans for its Fulfillment of CSR” as its vision. IIAC selected “Building trust with local communities,” “Promoting empathy with the public,” “Implementing global social contribution,” and “Promoting a culture of sharing” as its main strategic goals, leading to the achievement of its vision. IIAC focuses its resources on strategic social contribution activities customized for its unique business characteristics and environment.
Incheon Airports Corporation (Incheon, South Korea)

Contributions to Education

In 2014, Incheon Airports Corporation (Incheon) launched the ‘Make-A-Wish’ program at Incheon Airport, a skill-based interpretation support service package. With the participation of volunteers who are fluent in various foreign languages, Incheon Airport offers a free interpretation service via mobile phone. Incheon Airport supports multicultural or underprivileged families with culture and arts activities. Incheon Airports Corporation has been involved in social contribution activities tailored to local communities since the very beginning of the airport’s construction, and has engaged in communication with local residents through diverse channels. In 2014, based on frequent communication with local people, Incheon Airports Corporation expanded the camp into a national event and doubled the number of annual participants. In 2014, Incheon Airports Corporation contributed to improving the quality of life for the residents of its neighboring areas while enhancing its prestige as a successful airport company by achieving stable business performance results.

Contributions to Education

Incheon Airports Corporation has involved in educational support has not only helped the education of creative talent and raised the quality of educational opportunities. In 2014, Incheon Airports Corporation continued to expand the Incheon Airport Scholarship by providing KRW 1.3 trillion to a total of forty-seven outstanding talented students. The program met with an enthusiastic reception from residents of the local communities and helped bring them closer together. Incheon Airports Corporation will continue to support residents’ efforts to enrich the forest in a bid to create a forest in an urban village. Incheon Airports Corporation is creating the World Peace Forest in Incheon Airport New Town over an area of 477.91ha with a total budget of KRW 2.2 billion. The project is scheduled for completion by 2017. The forest will provide residents with eco-friendly relaxation spaces while contributing to the creation of a low-carbon eco-friendly airport for Incheon, as it will serve as a buffer zone between the airport and residential areas in the immediate vicinity. Meanwhile, in 2014, Incheon Airports Corporation expanded its World Peace Forest programs to include tree planting and forest festivals in spring and autumn. Incheon Airports Corporation also implemented education programs designed to cultivate forest-friendly people. The programs met with an enthusiastic reception from residents of the local communities and helped bring them closer together. Incheon Airports Corporation will continue to support residents’ efforts to enrich the forest in a bid to create a forest in an urban village.

Contributions to Welfare

Incheon Airports Corporation is committed to improving the social welfare environment in its neighboring communities. In 2014, Incheon Airports Corporation has been involved in social contribution activities tailored to local communities since the very beginning of the airport’s construction, and has engaged in communication with local residents through diverse channels. In 2014, based on frequent communication with local people, Incheon Airports Corporation expanded the camp into a national event and doubled the number of annual participants. In 2014, Incheon Airports Corporation contributed to improving the quality of life for the residents of its neighboring areas while enhancing its prestige as a successful airport company by achieving stable business performance results.

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Contributions to Welfare

Incheon Airports Corporation is committed to improving the social welfare environment in its neighboring communities. To that end, it extends its social welfare assistance to many people in the communities as possible, including children and the elderly. Residents in Yeongjong and Incheon lacked cultural facilities. Incheon Airports Corporation built the Sky Culture Center in Airport New Town, which is equipped with a grand auditorium capable of accommodating diverse performances, in addition to a variety of sports and cultural facilities such as an indoor basketball court, swimming pool, and book cafe. Residents engage in the diverse cultural and athletic programs that the Center offers, as well as using the facility as a space of mutual interaction among other things. Incheon Airports Corporation supports the Yeongjong, Incheon, and Bukdo to promote harmony among residents and promote the development of the communities.
As a global airport corporation, IAC seeks to contribute to international communities. It participates in overseas volunteer services, makes donations to international relief efforts, and engages in diverse global social contribution based on its core competencies. IAC will continue to expand its global social contribution activities as befits its status as a leading airport in the global community.

Free Education for Aviation Personnel
Since 2006, IAC has provided free education to aviation personnel from the developing world, training a total of 119 people in 2014 under its world-class aviation training systems. Having accumulated a wealth of know-how as a global airport company, it offers free training and consulting services to aviation professionals currently working in developing countries. IAC also trains experts to enhance their proficiency and contributes to the development of the world aviation industry in the process, too.

Overseas Services
To assist with the development of the global community, IAC participates in overseas volunteer services and makes charitable donations to disaster relief efforts; has signed an agreement with Copion, an international aid agency, for international relief activities, and has launched the Incheon Airport Overseas Volunteer Corps. IAC has so far donated KRW 150 million to Copion’s Global Social Contribution Fund. IAC launched the Incheon Airport Overseas Volunteer Service Corp in 2014, drawing its 56 members from the Incheon Airport Facility Volunteer Service Corps, which was composed of employees of IAC and its business partners, and the Incheon Airport College Student Volunteer Service Corps, which was composed of college students from across the country. Following a month of education and preparation, the volunteers were dispatched to Indonesia and the Philippines where IAC was engaged in consulting business. The volunteers worked hard to improve the conditions of local orphanages and elementary schools, offered educational services, and labored for the communities, too. The program provided the volunteer college students with excellent opportunities to take part in overseas volunteer services and experience different cultures firsthand.

Volunteer Service Operation System
IAC takes the lead in promoting the culture of sharing through social contribution activities based on collaboration between labor and management. The IAC Voluntary Corps is headed by the CEO and the union chairman. Each department of IAC has a coordinator who is assisted by IAC to run the system largely by him or herself as early as possible. The volunteer services of the organization include not only monetary assistance but also volunteering on the ground. The services include Neighbor Love, Culture Love, and Environment Love as well as disaster relief. The volunteer service corps is subdivided into four groups: Companywide Organization, Headquarters Units, New Employee Unit, and Tech Service Unit.

Promotion of the Culture of Sharing
IAC has run the ‘Runway Teacher’ program since 2013 for the purpose of helping children in the neighboring communities to benefit from employees’ knowledge and talents. In association with ChildFund Korea, the Runway Teacher program supports new childcare centers in need of more manpower and financial resources. IAC has also delivered basic necessities to social welfare facilities in the Incheon area on a regular basis. The labor and management of IAC joined hands to buy a vehicle customized for the transportation of people with disabilities and donated it to a local community, enabling disadvantaged people living in the area to move around much more easily. As a result of such efforts, IAC has so far won plenty of external recognition, including the Highest grade in the category of CSR and the ‘Most Respected Public Company in Korea’, No. 1 in the category of SDC for eight years in a row; No. 1 in the Sustainability Index for five consecutive years, and the Grand Prize at the Nest Society CSR Summit 2014 hosted by Nest Society Foundation in the category of market-based public company.

Why Is It Important?
To overcome an increasingly competitive management environment, companies concentrate on hiring outstanding people and training them into highly qualified human resources. In the meantime, companies meet the increasing demand of employees for a better work-life balance and a higher quality of life.

Our Strategy
- To enhance the quality of its training systems through domestic and international HRD accreditation
- To build public-friendly labor relations
- To improve employees’ work-life balance
- To employ people from diverse backgrounds through open-door employment policies

2014 Highlight

The Best Company to Work For in Korea for successive years
A Seven Time Workforce in Korea (GMW) four years in a row
Accreditation of an Excellent Family-friendly Company by the Ministry of Gender Equality & Family
Recognition as an Excellent HRD Institution in the Public Sector

Performance

Why Is It Important?

Our Strategy

2014 Highlight

The Best Company to Work For in Korea for successive years
A Seven Time Workforce in Korea (GMW) four years in a row
Accreditation of an Excellent Family-friendly Company by the Ministry of Gender Equality & Family
Recognition as an Excellent HRD Institution in the Public Sector

Performance
IAC aims to continuously develop and improve the competency of its employees. In line with the launch of the company’s new management strategies, it has upgraded its mid- to long-term HRD master plan. The new HRD mission is ‘Cultivation of Value-creating Human Resources equipped with international competitiveness.’ The new strategic directions are: organizational revitalization based on changes and innovations; enhancement of job expertise; establishment of its position as a specialized global Aviation Training Institute; enhancement of HRD infrastructure.

The Desired IAC Employee

Based on a companywide consensus, IAC has presented its new ideal type of IAC employee who will be essential in the company’s efforts to accomplish its new management goals under its new corporate vision and HRD strategies. The new desired IAC employee is someone armed with three virtues - ACTIVE that challenges one to run through a huge runway at full force for a takeoff; INNOVATIVE that continuously drive one to run for a new world with boundless curiosity and dreams; RESPECTFUL that motivates one to treasure the company and its customers as a proud official of a Public Company. IAC applies these concepts to its hiring and training decisions.

Cultivation of Professional Core Human Resources

IAC has worked out a HR cultivation plan based on competency-centered career management. IAC supports its employees’ competency improvement through diverse educational programs. It runs eight job proficiency courses in its core business including CM (Construction Management) and PM (Project Management). IAC has provided customized training for its personnel to be assigned to overseas posts. It currently has 300 professional level employees. In 2014, IAC increased its in-house faculty by 33% over the previous year to 100. It reformed its in-house instructor management system in terms of hiring, operation and compensation. Instructors are now able to increase their expertise while fulfilling their instructional missions. In addition, IAC hires its core personnel through job competency assessment. It currently has 200 professional level employees. In 2014, IIAC increased its in-house faculty by 33% over the previous year to 100. It reformed its in-house instructor management system in terms of hiring, operation and compensation. Instructors are now able to increase their expertise while fulfilling their instructional missions. In addition, IAC hires its core personnel through job competency assessment. It currently has 200 professional level employees. In 2014, IIAC increased its in-house faculty by 33% over the previous year to 100. It reformed its in-house instructor management system in terms of hiring, operation and compensation. Instructors are now able to increase their expertise while fulfilling their instructional missions.

Enhancement of Online Training Courses

IAC analyzed its existing online courses in 2014. Through in-depth analysis and reviews, IAC made improvements in its foreign language, general management, and certification courses. IAC expanded its online programs including foreign language and culture courses. To step up the efficiency of its in-house training programs, it changed the proportion of offline to online training from 10% to 90% respectively in 2014. The number of employees who enrolled in its in-house training programs jumped by 242% over 2013. The programs received positive evaluation results in employees’ satisfaction, applicability to current jobs, and efficiency for self-development.

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Best Practice

Designed as Top-4 Global Aviation Educational Institutions: IAC was designated as an STCE (Regional Training Centre of Excellence) by ICAGI (International Civil Aviation Organization) in 2014. This recognition reinforced the status of IAC as one of the top-4 aviation educational institutions in the world, leading the global standardization of aviation education. The other three top-4 class institutions are: Singapore Aviation Academy(SAA); Joint Aviation Authorities Training Organisation(JAA TQ) in the Netherlands; Gulf Center for Aviation Studies(GCAS) in the UAE. Incheon Airport Aviation Academy is now working hard to contribute to the establishment of global standards for the future of the aviation industry as an educational facility comparable to any other in the world. As such, IAC has reported the ICAO-certified training course to Dublin Airport. Indeed, IAC’s aviation HRD system has been recognized domestically and internationally.

Enhancement of the Status of HRD Education System

IAC carried out careful competency analysis for those involved in its HRD tasks. In line with the enhanced status, authority and competency of its HRD functions, IAC took corresponding measures. IAC re-launched Incheon Airport Aviation Academy as an independent unit with stronger authority for budget planning and allocation. IAC has linked the mandatory grade-point system, companywide KPI, as well as its overall performance in education and training to HR management. To further enhance the efficiencies of its training programs, IAC has also overhauled its K-step training evaluation system.

Efforts to Cultivate Female HR

IAC has prepared a female HR utilization plan in order to meet the government’s policies. It strives to cultivate female HR in line with these policies. It offers reemployment opportunities to female workers whose employment has been discontinued. As a result, IAC has prepared a plan to expand the proportion of female managers to 5.3% by 2017 and has carried out Global Lead Overseas Training Program for Class-I female Managers. In addition, it provided 55 female Managers with training on leadership, career management, and communication in 2014.

Status of the Labor Unions

The labor union of Incheon Airport was registered in 1995 under the umbrella of the Federation of Korean Public Industry Trade Unions. IAC employees of class-3 or below are eligible to join the union. Out of 88 eligible employees, 81 (92%) have joined the union, whose leadership consists of full-time union leaders including the chairman and five regular union officials. IAC therefore complies with domestic and international labor laws. It consults with the labor union about matters that involve significant changes in IAC business or organization before proceeding with them.

Strategies for Advanced Labor Relations

In 2014, IIAC revised its strategy to achieve advanced labor relations through agreement between management and labor. This was designed to cope with changes in its internal and external business management environment including the government’s push for the normalization of public institutions. Based on the input of a specialist group composed of internal and external experts, IAC set ‘building public-friendly labor relations’ as its goal and chose the following as its four major strategic tasks: advanced labor relations; reasonable labor relations; active labor-management communication; reasonable labor-management communication.

Active Labor-Management Communication

To stimulate continuous communication between labor and management, IAC has taken a multifaceted approach to labor-management communication. It has built official channels like Labor-Management Council meetings and labor-management representative meetings. IAC has also constructed bottom-up, interactive and online communication channels. In relation to the government’s push for the normalization of public institutions, IAC holds labor-management council meetings twice a week and enhances hotline (SNS) communication between management and the union to minimize conflicts arising from normalization efforts. IAC opened an online communication channel ‘One-on-One Dialogue with the CEO’ a bottom-up communication channel. It holds workshops for its female workers, new recruits, as well as new employees who have served less than a year in an effort to increase face-to-face communication opportunities with female and junior staff members.
Minimization of Side Effects of the Reform of Labor Management

IAC strives to prevent conflicts through consensus between management and labor and create a happy workplace. In 2014, in accordance with the government’s policy, IAC had to cut down on its welfare benefits for employees. As a result, employees’ welfare satisfaction rate dropped below the level of 2013. However, IAC built a consensus with the union on the necessity of belt-tightening measures. It continues to improve working conditions in 2014. As a result, IAC was chosen as the ‘Best Company to work for in Korea’ for six years running (by KOWA) and as the ‘Great Place to Work for in Korea’ for four straight years (by GWF Korea). IAC was accredited by the Ministry of Gender Equality and Family as a family-friendly company.

Improvement in the Culture of Customary Long Working Hours

IAC expands its family-friendly management so that its employees can achieve a better Work-life balance and improve their quality of life. To break the country’s customary long working hours culture, IAC analyzed its internal and external circumstances, worked out improvement directions, and strongly urged employees to leave work on time. It introduced the family-friendly management index and began to implement ‘ ROTHE’ vacations. IAC is run on an advanced shift schedule (4-3 ten hour rotating shift schedule) as a result of its efforts to rationalize its employees’ work schedule. In addition to the introduction of new systems, IAC does its very best to improve its employees’ work environment through management’s keen interest in the matter as expressed at various meetings. The company is also recognized for its excellent cases made at individual or departmental levels as well as the sharing of the cases across the company.

Systematic Improvements in Work-life Balance and the Quality of Life

IAC continues to upgrade its personnel policies related to Work-life balance and improvements in the quality of life. In line with the government’s ‘Work-life Balance’ campaign, IAC has introduced ‘Smart Conferences’ and ‘Refresh Vacations’, helping the company improve its work efficiency. IAC has also presented its criteria about the Korean style company dinner and excessive overtime work. It also provides childcare support. Additionally, through an employee assistance program (EAP), IAC strives to solve employees’ diverse issues ranging from family relations to finances to health and self-development.

Fair Personnel Regulations

IAC respects diversity and human rights. It pursues employment free of discrimination on the grounds of gender, age or religion. It completes with labor laws including the Labor Standards Act. It opposes child labor and unlawful employment of aliens. IAC guarantees fair evaluation and equal opportunities to all of its employees according to its rules on employment and personnel management. It applies the same wages and welfare benefits to all employees of the same rank irrespective of its employees’ gender.

Open-door Employment and Advanced Verification of Recruiting Qualifications

IAC has developed tools and processes required for the application of open-door employment. Now it tries to verify applicants’ competency instead of sifting out applicants on the basis of their academic backgrounds or credentials on paper. To that end, IAC has simplified its resume screening process including the reduction of evaluating credentials on paper. IAC has increased the number of candidates eligible for written tests – from 30 to 423 times as many as IAC will eventually hire. IAC has also put more emphasis on situational interviews and ‘character interviews’. IAC now even has team members participate in interviews as part of interviewer teams for more practical observation of candidates’ qualifications in the area the company would like to hire the candidates for.

Expansion of Socially Equitable Employment

IAC fulfills its CSR as a Public Company. It continues to expand the employment of the underprivileged. It reflects the government’s socially equitable employment target in its recruitment plan. For the first time in its history, IAC has launched ‘employment-type’ internship (61 persons), with 13 of them hired full-time employees.

For the first time among public companies, it has introduced a ‘Return to Work Program’ for women with a career interrupted due to childbirth or childrearing. It has hired five women so far under the program. To accommodate the underprivileged, IAC has given the disabled and those from multicultural backgrounds special chances for job application. IAC gives extra points to low-income or war veteran families (currently 3% for disabled people and 3% for war veteran families).

To improve compensation for high school graduates, IAC has worked out a plan that is particularly focused on their promotion and career management.
## Financial Indicators

### Summary of Consolidated Balance Sheet

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<tr>
<th>Classification</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<td><strong>Total Equity</strong></td>
<td>3,172,174</td>
<td>5,122,079</td>
<td>5,061,419</td>
</tr>
</tbody>
</table>

*Includes Incheon International Airport Corporation (IIAC) and its subsidiary Incheon Airport Energy Co., Ltd.*

### Summary of Income Statement

<table>
<thead>
<tr>
<th>Classification</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,668,341</td>
<td>1,686,088</td>
<td>1,754,590</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>730,635</td>
<td>749,904</td>
<td>750,234</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>101,441</td>
<td>115,841</td>
<td>106,289</td>
</tr>
<tr>
<td><strong>Other Operating Income</strong></td>
<td>489,245</td>
<td>620,663</td>
<td>690,847</td>
</tr>
<tr>
<td><strong>Other Operating Expenses</strong></td>
<td>140</td>
<td>1,879</td>
<td>2,548</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>21,647</td>
<td>13,486</td>
<td>19,680</td>
</tr>
<tr>
<td><strong>Interest Income</strong></td>
<td>12,290</td>
<td>10,450</td>
<td>7,861</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>20,195</td>
<td>78,861</td>
<td>57,223</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>22,486</td>
<td>1,038</td>
<td>4,038</td>
</tr>
<tr>
<td><strong>Finance Income</strong></td>
<td>693,048</td>
<td>755,799</td>
<td>682,906</td>
</tr>
<tr>
<td><strong>Finance Costs</strong></td>
<td>167,764</td>
<td>233,676</td>
<td>210,414</td>
</tr>
<tr>
<td><strong>Interest Income</strong></td>
<td>235,127</td>
<td>235,127</td>
<td>235,127</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>525,049</td>
<td>658,492</td>
<td>658,492</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income</strong></td>
<td>986</td>
<td>2,624</td>
<td>1,270</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td>526,685</td>
<td>474,747</td>
<td>425,782</td>
</tr>
</tbody>
</table>

*Includes Incheon International Airport Corporation (IIAC) and its subsidiary Incheon Airport Energy Co., Ltd.*

### Status of Revenues and Expenses

<table>
<thead>
<tr>
<th>Classification</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,331,094</td>
<td>1,690,682</td>
<td>1,662,628</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>70,260</td>
<td>15,745</td>
<td>863,507</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>1,260,834</td>
<td>1,674,937</td>
<td>979,121</td>
</tr>
<tr>
<td><strong>Non-operating Income</strong></td>
<td>417,033</td>
<td>92,000</td>
<td>1,174</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>601,333</td>
<td>13,995</td>
<td>15,444</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>2,319,721</td>
<td>1,717,336</td>
<td>1,301,846</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>78,771</td>
<td>76,897</td>
<td>75,359</td>
</tr>
<tr>
<td><strong>Non-tax Expenses</strong></td>
<td>1,174,252</td>
<td>667,421</td>
<td>675,008</td>
</tr>
<tr>
<td><strong>Total Non-tax Expenses</strong></td>
<td>367,374</td>
<td>232,646</td>
<td>627,312</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>576,345</td>
<td>544,792</td>
<td>162,046</td>
</tr>
<tr>
<td><strong>Profit for the Year</strong></td>
<td>517,058</td>
<td>395,328</td>
<td>419,035</td>
</tr>
</tbody>
</table>

*Includes Incheon International Airport Corporation (IIAC) and its subsidiary Incheon Airport Energy Co., Ltd.*

### Corporate Tax Payment

<table>
<thead>
<tr>
<th>Classification</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Tax Amount</strong></td>
<td>735,322</td>
<td>804,214</td>
<td>800,604</td>
</tr>
<tr>
<td><strong>Tax deduction</strong></td>
<td>210,311</td>
<td>176,307</td>
<td>195,073</td>
</tr>
<tr>
<td><strong>Corporate Tax Payment</strong></td>
<td>525,011</td>
<td>627,907</td>
<td>605,531</td>
</tr>
</tbody>
</table>
### Safe Airport

**2012**  | **2013** | **2014**
--- | --- | ---
Accident Incidents | 0 | 0 | 0
Crisis Incidents | 0 | 0 | 0
Environmental Compensation due to Airport Operation Frequency | 1.1 | 1.1 | 0.69
Total Compensation due to Airport Operation Frequency | 1.1 | 1.1 | 0.69
Disaster Management Training | A | A | A

### Convenient Airport

**2012**  | **2013** | **2014**
--- | --- | ---
Air Quality (PM-10) | 0.015 | 0.036 | 0.036
Air Quality (SO2) | 0.005 | 0.006 | 0.005
Air Quality (PM-2.5) | 0.001 | 0.001 | 0.001
Air Quality (CO) | 0.4 | 0.4 | 0.4
Air Quality (NOx) | 0.03 | 0.03 | 0.03

### Developing Airport

**2012**  | **2013** | **2014**
--- | --- | ---
Waste by Type (Unit: ton) | 960 | 960 | 960
Wastewater Discharge (Unit: K ton) | 42,000 | 42,000 | 42,000
Reclaimed Water (Unit: K ton) | 20,510 | 20,510 | 20,510
Environmental Standards | | | }

---

### Low-carbon, Eco-friendly Airport

**2012**  | **2013** | **2014**
--- | --- | ---
Environmental Standards | | | }

---

### CSR Indicators

- **Low-carbon, Eco-friendly Airport**
- **Convenient Airport**
- **Developing Airport**
- **Air Pollutants**
- **Waste**
- **Environmental Standards**
- **Performance Indicators**
Social Responsibility Report 2015

### Low-carbon Eco-Friendly Airport
- **Value**
  1. The total volume and loan-utilization of the passenger terminal, concourse and transportation center due to increases in the use of reclaimed water.
  2. The water basic unit refers to the quantity of water consumption directly annual sales.

### Low-carbon Eco-Friendly Airport - Energy Consumption

#### Water Consumption by Facility (Unit: 1,000 tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Terminal</th>
<th>Other buildings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>807</td>
<td>1,334</td>
<td>2,141</td>
</tr>
<tr>
<td>2014</td>
<td>763</td>
<td>1,419</td>
<td>2,182</td>
</tr>
</tbody>
</table>

#### Water Basic Unit by Year

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Basic Unit</td>
<td>5.55</td>
<td>5.72</td>
</tr>
<tr>
<td>Other buildings</td>
<td>1.49</td>
<td></td>
</tr>
</tbody>
</table>

#### Electrical Energy Consumption by User (Unit: MWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>Passenger terminal</th>
<th>Other buildings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>287,558</td>
<td>306,300</td>
<td>593,858</td>
</tr>
<tr>
<td>2014</td>
<td>286,211</td>
<td>306,515</td>
<td>592,726</td>
</tr>
</tbody>
</table>

#### Electrical Energy Basic Unit by Year (Unit: MWh/m²)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWh/m²</td>
<td>0.365</td>
<td>0.293</td>
</tr>
</tbody>
</table>

### Human Resource Management - Employment Status

#### Full-time employees

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>304</td>
<td>175</td>
<td>8</td>
</tr>
</tbody>
</table>

#### Interns

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering majors</td>
<td>216</td>
<td>216</td>
<td>216</td>
</tr>
<tr>
<td>Vocational school graduates</td>
<td>118</td>
<td>118</td>
<td>118</td>
</tr>
<tr>
<td>High school graduates</td>
<td>984</td>
<td>984</td>
<td>984</td>
</tr>
<tr>
<td>Local HR (people from outside the Seoul Metropolitan area)</td>
<td>5,990</td>
<td>5,990</td>
<td>5,990</td>
</tr>
<tr>
<td>People with disabilities</td>
<td>57</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Females</td>
<td>1,015</td>
<td>1,015</td>
<td>1,015</td>
</tr>
<tr>
<td>Average age</td>
<td>37.5</td>
<td>37.5</td>
<td>37.5</td>
</tr>
</tbody>
</table>

### Human Resource Management - Education

#### Non-salary employees

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time employees</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>People with disabilities</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Average age</td>
<td>37.5</td>
<td>37.5</td>
<td>37.5</td>
</tr>
</tbody>
</table>

### Human Resource Management - Employee Training

#### SLA Evaluation Results (Points)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of local products in duty-free shops (%)</td>
<td>4,186 (21%)</td>
<td>4,679 (24%)</td>
<td>5,970 (28%)</td>
</tr>
<tr>
<td>Business partners' employee turnover (%)</td>
<td>455</td>
<td>511</td>
<td>769</td>
</tr>
</tbody>
</table>
ISO 26000 Implementation Assessment

(Assessment Overview)

IIAC fulfilled its social responsibility in all of its business operations in accordance with ISO 26000, and international standards on social responsibility. IIAC carried out the diagnosis of its ISO 26000 compliance each year to check its performance in social responsibility and to continue to make improvements in the area. In 2015, IIAC evaluated its performance in the seven core subjects of ISO 26000 with the diagnostic checklist developed by Korea Productivity Center. It plans to reflect the outcome in its future plan for social responsibility.

(Assessment Results)

IIAC evaluated its compliance with ISO 26000 in terms of processes and core subjects. Process composed of two areas marked 9.1 points and 7 core subjects were given 9.0 points. To obtain implications for future improvement, IIAC divided the evaluation results into positive outcome and things to be worked on for improvements.
## General Standard Disclosure

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-1</td>
<td>Statement from the most senior decision-makers of the organization</td>
<td>6-10</td>
<td>Y</td>
</tr>
<tr>
<td>G4-2</td>
<td>Name of the organization</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-3</td>
<td>Head office, major facilities, and service centers</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-4</td>
<td>Contacts of the organization’s headquarters</td>
<td>12-13</td>
<td>Y</td>
</tr>
<tr>
<td>G4-5</td>
<td>Number of countries where the organization operates and names of countries where either the organization has significant operations or that are specifically impacted by the sustainability topics covered in the report</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-6</td>
<td>Nature of ownership and location</td>
<td>12-13</td>
<td>Y</td>
</tr>
<tr>
<td>G4-7</td>
<td>Size of the workforce</td>
<td>12-13</td>
<td>Y</td>
</tr>
<tr>
<td>G4-8</td>
<td>Markets served (including geographic location, sectors served, and types of customers and beneficiaries)</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-9</td>
<td>The purpose of the organization</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-10</td>
<td>Date of establishment, type, contact, and region</td>
<td>67</td>
<td>Y</td>
</tr>
<tr>
<td>G4-11</td>
<td>Percentage of total employees covered by collective bargaining agreements</td>
<td>67</td>
<td>Y</td>
</tr>
<tr>
<td>G4-12</td>
<td>Governance committee(s)</td>
<td>20-21, 40</td>
<td>Y</td>
</tr>
<tr>
<td>G4-13</td>
<td>Significant changes during the reporting period regarding the organization size, structure, ownership, or its supply chain</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-14</td>
<td>Indication of whether any of the engagement was undertaken specifically as part of the report preparation process</td>
<td>83</td>
<td>Y</td>
</tr>
<tr>
<td>G4-15</td>
<td>Geographically developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses</td>
<td>77</td>
<td>Y</td>
</tr>
<tr>
<td>G4-16</td>
<td>Memberships of associations (such as industry associations) and bilateral or international advocacy organizations in which the organization participates</td>
<td>77</td>
<td>Y</td>
</tr>
</tbody>
</table>

## Identified Material Aspects and Boundaries

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-17</td>
<td>List of metrics included in the organization consolidated financial statements or equivalent documents</td>
<td>52</td>
<td>Y</td>
</tr>
<tr>
<td>G4-18</td>
<td>Process for defining the report content and the Aspects Boundaries</td>
<td>58-60</td>
<td>Y</td>
</tr>
<tr>
<td>G4-19</td>
<td>Aspects identified in the process for defining the report content</td>
<td>58-60</td>
<td>Y</td>
</tr>
<tr>
<td>G4-20</td>
<td>Aspects Boundary outside the organization</td>
<td>58</td>
<td>Y</td>
</tr>
<tr>
<td>G4-21</td>
<td>Aspects Boundary within the organization</td>
<td>58</td>
<td>Y</td>
</tr>
<tr>
<td>G4-22</td>
<td>Effect of key performance indicators previously provided in previous reports on the current report</td>
<td>12</td>
<td>Y</td>
</tr>
<tr>
<td>G4-23</td>
<td>Significant changes from previous reporting periods in the Scope and Aspect Boundaries</td>
<td>26</td>
<td>Y</td>
</tr>
</tbody>
</table>

## Identified Material Aspects and Boundaries

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-24</td>
<td>List of stakeholder groups engaged by the organization</td>
<td>28-30, 32-33</td>
<td>Y</td>
</tr>
<tr>
<td>G4-25</td>
<td>Aspects identified and selection of stakeholders with whom to engage</td>
<td>28-30, 32-33</td>
<td>Y</td>
</tr>
<tr>
<td>G4-26</td>
<td>Organizational approach for stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process</td>
<td>28-30, 32-33</td>
<td>Y</td>
</tr>
<tr>
<td>G4-27</td>
<td>Key topics and concerns that were identified during stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting</td>
<td>28-30, 32-33</td>
<td>Y</td>
</tr>
</tbody>
</table>

## Stakeholder Engagement

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-28</td>
<td>Reporting process for information provided</td>
<td>6-10</td>
<td>Y</td>
</tr>
<tr>
<td>G4-29</td>
<td>Date of most recent engagement report</td>
<td>6-10</td>
<td>Y</td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting guidelines</td>
<td>6-10</td>
<td>Y</td>
</tr>
<tr>
<td>G4-31</td>
<td>Number of questions received through engagement</td>
<td>6-10</td>
<td>Y</td>
</tr>
<tr>
<td>G4-32</td>
<td>QR Codes</td>
<td>59-60</td>
<td>Y</td>
</tr>
<tr>
<td>G4-33</td>
<td>Organizational policy and current practice with regard to seeking external assurance for the report</td>
<td>59-60</td>
<td>Y</td>
</tr>
</tbody>
</table>

## Governance

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-34</td>
<td>Governance structure of the organization, including committees of the highest governance body</td>
<td>16-17</td>
<td>Y</td>
</tr>
</tbody>
</table>

## Ethics and Integrity

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-35</td>
<td>Organizational values, principles, standards and codes of conduct and codes of ethics</td>
<td>18-19</td>
<td>Y</td>
</tr>
</tbody>
</table>
## Specific Standard Disclosures

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Page</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### CATEGORY: SOCIAL

#### LABOR PRACTICES AND DECENT WORK

| GA-LA1 | Summary of layoffs, number of temporary employees hired and employee turnover | 92 | Y |
| GA-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 92 | Y |

#### Training and Education

| GA-LA9 | Activities of professional development per employee | 97 | Y |
| GA-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and avoid them to engaging career ending | 58-69 | Y |

#### Labor/Management Relations

| GA-LA11 | Minimum notice periods regarding personnel changes, excluding whether these are specified in collective agreements | 97 | Y |

#### Supplier Assessment for Labor Practices

| GA-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | 97 | Y |

### SOCIETY

#### Local Community

| GA-LA5 | Operations with significant actual and potential negative impacts on local communities | 52 | Y |
| GA-LA20 | Number of persons physically or economically displaced by the airport operator on its behalf by governmental or other | 28 | Y |

| AS6 | Number of persons physically or economically displaced by the airport operator on its behalf by governmental or other | 28 | Y |

| AS6 | Number of persons physically or economically displaced by the airport operator on its behalf by governmental or other | 28 | Y |

#### Anti-Corruption

| GA-LA16 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | 57 | Y |
| GA-LA17 | Communication on anti-corruption policies and procedures | 57 | Y |

### PRODUCT RESPONSIBILITY

#### Customer and Safety

| GA-LA19 | Total number of accidents and violations of regulations and voluntary codes concerning the health, safety, and environment | 57 | Y |

| GA-LA21 | Communication on anti-corruption policies and procedures | 57 | Y |

#### Business Continuity and Emergency Preparedness

| Sector specific: Guidance for DMA | 57 | Y |
| BM certification and emergency continuity at the event of an emergency | 57 | Y |

#### Product and Service Labelling

| GA-PR1 | Number of products and services categorized for which health and safety impacts are assessed for improvement | 57 | Y |
| GA-PR2 | Total number of accidents and violations of regulations and voluntary codes concerning the health, safety, and environment | 57 | Y |

#### Service Quality

| Sector specific: Guidance for DMA | 57 | Y |
| BM certification and emergency continuity at the event of an emergency | 57 | Y |

#### Provision of Services or Facilities for Persons with Special Needs

| Sector specific: Guidance for DMA | 57 | Y |
| BM certification and emergency continuity at the event of an emergency | 57 | Y |
Introduction

DNV GL Business Assurance Korea Ltd. (hereinafter “DNV GL”) is commissioned to carry out the assurance engagement of Social Responsibility Report 2015 (hereinafter “the Report”) of Incheon International Airport Corporation (IIAC). This engagement focused on the information provided in the Report and the underlying management and reporting processes. IIAC is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL’s responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us are complete, sufficient and authentic. IIAC’s stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data and information presented only in the Report. The scope of DNV GL’s Assurance Engagement includes the review and assessment of followings:

- Evaluation of the reporting principles for defining the report content and the quality in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS)2008 with a moderate level of assurance and Type 1
- Check of GRI 4.0 Disclosure level against GRI 4.0 Disclosure option

Limitation

The engagement excludes the sustainability management, performance and reporting practices of IIAC’s suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Any financial information from IIAC’s annual report and company reporting on operations in 2014 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for the verification. The qualitative statements addressed in the GRI Content Index are not verified but the audit team has just confirmed that the indicator is reported in the GRI Content Index. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the DNV GL Verification Protocol for Sustainability Reporting (VeriSustain® V.4.1) and AA1000AS(2008). As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In accordance with the VeriSustain, the Report was evaluated with regard to the following criteria. DNV GL has examined and reviewed documents, data and other information made available by IIAC. We performed sample-based audits of:

- The process for determining the materiality of the contents to be included in the Report
- The process for generating, gathering and managing the quantitative and qualitative data in the Report
- The accuracy of data
- Visit to Headquarter in Korea

Conclusion

In DNV GL’s opinion, and based on the scope of this Assurance Engagement, the report provides a reliable and fair representation of IIAC’s sustainability strategy, policy, practices and performance in 2014. The report is prepared “In accordance with Core option” of GRI G4.0. Standard disclosure items assured are indicated in the verification report submitted to IIAC. Further opinions with accountability principles are made below:

- Inclusivity: IIAC has engaged with a wide range of stakeholders which are Korean people/mass media, government/national assembly, employees/labour union, business partners/construction companies, airline/ground support companies, shop owners/logistics companies, government agencies, passengers, international airports. The report includes a process to derive expectations and interests of internal and external stakeholders. Main issues were clearly represented in the report.

- Materiality: IIAC has formed a sustainability issue pool by analyzing international standards, benchmarking and media coverage for its sustainability and reviewing the material issues reported by peer groups. The material issues are determined by combining the issues which are important for stakeholder and the issues which are relevant for IIAC in terms of sustainability. The output of the process clearly brings out material issues.

- Responsiveness: IIAC monitors and reports performances of material issues drawn by the materiality assessment process in the report. The report includes financial (economical) and non-financial (social and environmental) performances. IIAC states its vision and business strategies with the performances in the report.

Statement of Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

Note: Assurance engagement was conducted based on the Report written in Korean. In the event of ambiguity or contradiction in the Report between English version and Korean version, Korean one shall be given precedent.