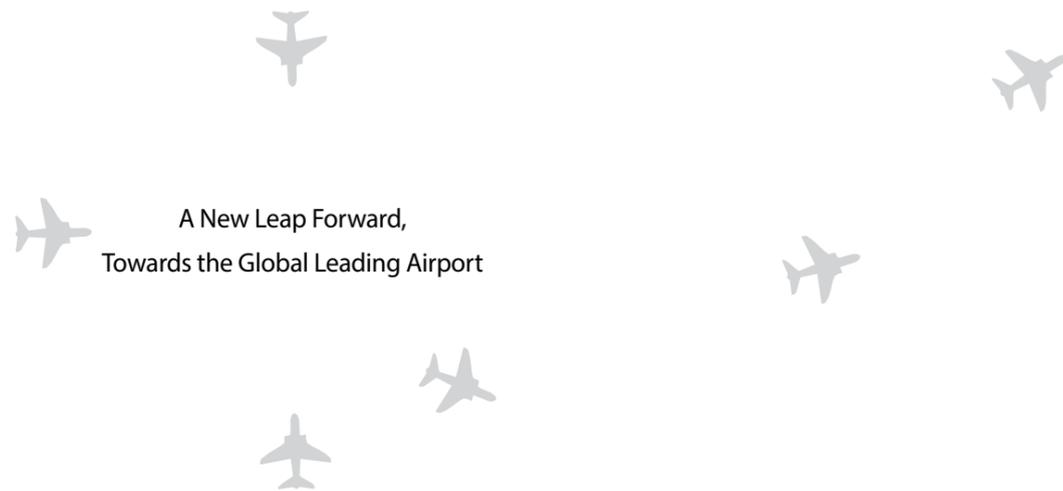




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A New Leap Forward,
Towards the Global Leading Airport



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IIAC Social Responsibility Report 2016

IIAC Social Responsibility Report 2016



The Initiatives for our Better Future





INCHEON AIRPORT

Social Responsibility Report 2016

About this Report

Overview

Incheon International Airport Corporation (IIAC) is engaged in various initiatives to fulfill its corporate social responsibilities as a leading global airport corporation. Since 2007, IIAC has been publishing annual Social Responsibility Reports to communicate and share the progress made in its corporate social responsibility (CSR) activities. The most recent report was published in August 2015. This report is the 9th publication.

Reporting standards

This report has been prepared in accordance with the Core option with the GRI (Global Reporting Initiative) G4 guideline, the international reporting standard for social responsibility reports, and the Airport Operator Sector Disclosure. This report also reflects the ISO 26000, the international standard on social responsibility, and UNGC (UN Global Compact) Advanced Level, and UN Sustainable Development Goals (SDGs).

Reporting period, scope and boundary

This report primarily covers CSR activities carried out throughout IIAC's business areas from January through December 2015. Notable activities from the first half of 2016 are also included. Comparative figures for three years, starting from 2013, are presented to illustrate quantitative trends. Currency and units of measurements are identified separately in the report. Reporting boundaries have been defined by identifying major impacts on IIAC's value chain.

External assurance

Contents of this report have been verified by an independent external institution to provide additional assurance about its accuracy and credibility. Changes suggested by the external institution were duly reflected. The assurance statement can be found in the appendix to this report.

Additional information and feedback

Information on IIAC's sustainable management activities and its results can be found on IIAC's website. Further information on environmental achievements can be found in the recently published '2016 Green Report'. Additional feedback can be provided using the survey at the end of this report or by contacting the address below.

| | |
|----------|--|
| Homepage | http://www.airport.kr |
| Address | 424-47 Gonghang-gil, Jung-gu, Incheon 22382, Republic of Korea |
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CEO Message

Sincere thanks to all stakeholders of Incheon International Airport

Incheon International Airport was able to establish itself as a world class airport favored by citizens of the world, thanks to continued innovation and hard work by all of its 40,000 employees. IIAC will continue to create better results while fulfilling its responsibilities to its customers and the society.

In 2015, IIAC was relentless in its efforts to create sustainable values and become a leader in corporate social responsibility despite the uncertainties and risks caused by the global economic slowdown and the MERS outbreak. This year's 9th annual SR report contains the results of activities conducted by IIAC to fulfill its corporate and environmental responsibility. It is my pleasure to introduce IIAC's CSR activities to you, as IIAC begins its new challenge and innovation to take a "New Leap Forward, Towards the Global Leading Airport."

First promise: an airport that provides world-class service and safety

Safety is the most important value at IIAC. Through the establishment of a methodical safety management system, cutting-edge aviation safety facility and service system, IIAC was able to achieve 3 million accident-free flights since its opening. In addition, IIAC was ranked No.1 in the ASQ for an unprecedented record of 11 consecutive years, thanks to its efforts to enhance passenger convenience. Our efforts include state-of-the-art airport management incorporating ubiquitous technology to automate check-in, bag-drop, and immigrations clearance. IIAC will continue to create a smart and safe airport to provide additional value to its customers.

Second promise: global hub airport through enhanced aviation network

Since its opening in 2001, IIAC's passenger and cargo transport grew at an average of 6.8% and 3.3% per annum, respectively, ranking Incheon International Airport No.3 in international cargo and No.8 in terms of international passengers. IIAC's continued efforts to enhance its aviation network resulted in Incheon International Airport's growth into a major airport in Northeast Asia, 90 airlines connecting 186 cities in 54 countries. IIAC is implementing various initiatives to further strengthen its aviation network to take its New Leap towards a mega hub airport.

Third promise: sustainable growth and future growth engine

Passenger terminal 2, scheduled for completion in 2017, is a futuristic air-

port that integrates ICT technology and eco-friendly system. Terminal 2, which is expected to play an instrumental role in IIAC's target of serving 70 million passengers per annum, will be completed on-time to support the PyeongChang 2018 Winter Olympics. In addition, IIAC won 25 overseas contracts in 12 countries by exporting its airport operations know-how with a proven track record. IIAC is also in the process of constructing the Air-City, an airport city that combines shopping, leisure, and business, to be completed by 2020.

Fourth promise: Top-tier Airport Corporation serving the People

Incheon International Airport is creating social value by enhancing its organizational competitiveness based on a culture of trust and innovation and spreading anti-corruption and integrity. IIAC is also training the next generation aviation experts through its world-class aviation academy and systematic curriculum. IIAC is also spreading the culture of sharing through its community service activities to support disadvantaged persons and the local community. Such efforts by IIAC were widely recognized, selected as one of "the most admired companies in Korea" by Korea Management Association Consulting for 9 consecutive years. Furthermore, IIAC is creating an energy sufficient, low-carbon, and eco-friendly airport by acquiring the energy management certification (ISO 50001) and ACI airport carbon certification (ACA: Airport Carbon Accreditation) level 3.

IIAC expresses its unwavering support for the 10 principles set forth in the UN Global Compact, regarding human rights, labor, environment, and anti-corruption. IIAC is also implementing related international standards such as ISO 26000 and GRI across its management activities.

Incheon International Airport has established its new vision of a "New Leap Forward, Towards a Global Leading Airport." Incheon International Airport will take on this new challenge by focusing in corporate competence around the four strategies: 1) Build global leadership in airport operations, 2) Strengthen hub competitiveness in passenger and cargo, 3) Secure growth engine for the future of airport industry, and 4) Realize a global top-tier airport corporation that stands with the people. We would like to ask for our stakeholders' continued interest and encouragement as we embark on a new journey to realize our vision and become a global hub airport.

Thank you.

The initiatives for our better future!
IIAC will always stand by you.



August 2016
Dr. Il-Young CHUNG
President and CEO, IIAC



IIAC Highlights 2015

Ranked No.1 in ASQ for 11 consecutive years

Incheon International Airport was ranked 1st in the 2015 ASQ held by the ACI (Airport Council International). Incheon International Airport was first ranked No.1 in 2005, just four years after the opening of the airport. Since then, Incheon International Airport retained its No.1 ranking through 2015 for 11 years. This is a record unprecedented by some 1,800 airports around the world.



Top-tier air navigation safety system

Backed by 24-hour surveillance and a systematic safety management system operation, Incheon International Airport is one of the safest airports in the world with 3 million accident-free flights and 130,000 hours of nonstop operation of air navigation safety facilities.



Enhancing scope of competitiveness in overseas operations

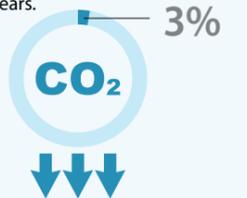
Starting with the operation and maintenance consulting for Iraq's New Erbil International Airport in 2009, IIAC won 25 overseas contracts in 12 countries. In 2015, IIAC continued to export airport construction and operation know-how by winning contracts for the operation of Istanbul New Airport, development of Terminal 3 commercial facilities in Jakarta Sukarno-Hatta International Airport, and establishing a master plan for Paraguay's national aviation development.



Low-carbon, Eco-friendly airport operation

Incheon International Airport obtained level 3 airport carbon accreditation from ACI and became the first airport in Korea to obtain Energy Management System (ISO50001) certification. In addition, Incheon International Airport was designated as an excellent institution of management by objective (MBO) system by the Ministry of Trade, Industry, and Energy (MOTIE), by exceeding its greenhouse gas emission goals by 3%. Incheon International Airport was also awarded the Presidential Commendation for 'Practicing low-carbon in everyday life', and won numerous awards such as the grand prize in Korean Green Management Awards and Green Logistics Awards, as well as the grand prize in the Environment Report of LACP (League of American Communications Professionals) for three consecutive years.

Low-carbon, Eco-friendly



World class BHS (Baggage Handling System) operation

Incheon International Airport's unloaded baggage rate, a barometer for BHS precision, is 0.0011%, roughly one sixth of US airports and 1/14 of European airports, making Incheon International Airport's baggage handling system a benchmark for all airports around the world.

BHS (Baggage Handling System)



No. 8 in international passengers and No. 3 in international cargo

Incheon International Airport served a total of 49.28 million passengers in 2015, up 8.3% year-over-year. International cargo handling increased for three consecutive years. In 2015, a total of 2.6 million tons of international cargo was handled, up 1.5% year-over-year. In particular, a record high 48.72 million international passengers were served in 2015, up 8.5% year-over-year.



Strategic social contribution activities

IIAC is engaged in strategic social contribution activities that are categorized into four business areas: the local community, the People, the world, and the sharing culture. These activities focus on the common interest of the local community and reach out to various groups of people in different geographic areas. IIAC's four major business areas carried out a total of 22 activities in 2015, with expenditures totaling KRW 8.712 billion.

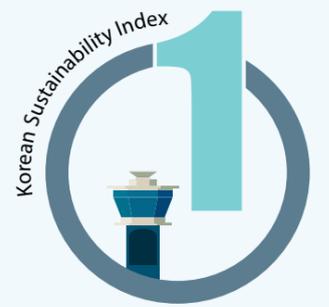
Social contribution activities



Excellence in CSR

In 2015 IIAC received external recognition for its CSR activities including but not limited to "Most Admired Company in Korea" by KMAC for nine consecutive years, ranked No.1 in KSI (Korean Sustainability Index) by KSA (Korean Standards Association) for 6 straight years, Prime Minister Commendation in the "3rd annual Korea's Most Admired Companies" awards held by MOTIE.

CSR



IIAC at a Glance

After opening on March 29, 2001, Incheon International Airport has been serving as the gateway to Korea, accounting for 3/4 of the arrivals to and departures from Korea as well as 1/4 of the total exports and imports. Incheon International Airport established itself as one of the top-tier air-

ports in the world, with 90 airlines connecting 186 cities worldwide as of 2015 and being ranked No.1 in the Airport Service Quality (ASQ) by ACI for 11 consecutive years.



OUR APPROACH TO CSR

IIAC recognizes the role required of the Company as a constituent of the society and the importance of the environmental and social impacts of the Company. IIAC seeks to share all of the values created under the new vision of "A New Leap Forward, Towards the Global Leading Airport."



IIAC Overview

(As of December, 2015)

| | |
|--------------------------------|---|
| Company name | Incheon International Airport Corporation (IIAC) |
| CEO | Il-Young CHUNG |
| Date of incorporation | February 1, 1999 |
| Basis for Incorporation | The Incheon International Airport Corporation Act (enacted on January 26, 1999) |
| Type of institution | Market-based Public Corporation |
| Assets | KRW 9.3563 trillion |
| Revenues | KRW 1.8785 trillion |
| Operating Income | KRW 1.449 trillion |
| Debt-to-Equity ratio | 42.3% |
| Number of employees | 1,152 |
| Head office address | 424-47 Gonghang-gil, Jung-gu, Incheon 22382, Republic of Korea |

※ Based on the separate financial statements

Company overview

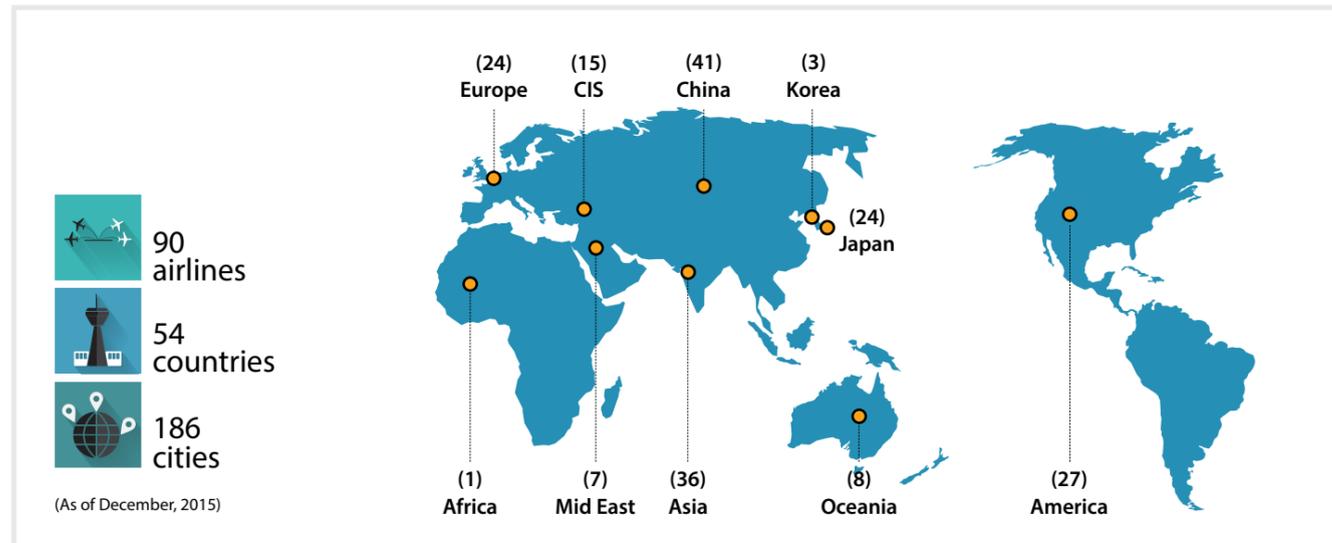
Purpose of incorporation and roles

IIAC was incorporated in February 1999 under the IIAC Act with aims to build, manage, and operate Incheon International Airport efficiently, thereby contributing to the efficiency of air transport and economic development. IIAC seeks to become an airport that responds to customers' needs around the clock by combining trust and creative expertise to this basic purpose of incorporation. In addition, IIAC is striving to become a frontrunner in realizing the national vision of creating "a virtuous cycle of people's happiness and country's development", as well as developing a world-class hub airport.

Major business areas



Flight operations



※ Numbers in the parentheses mean the number of cities.

Shareholder structure

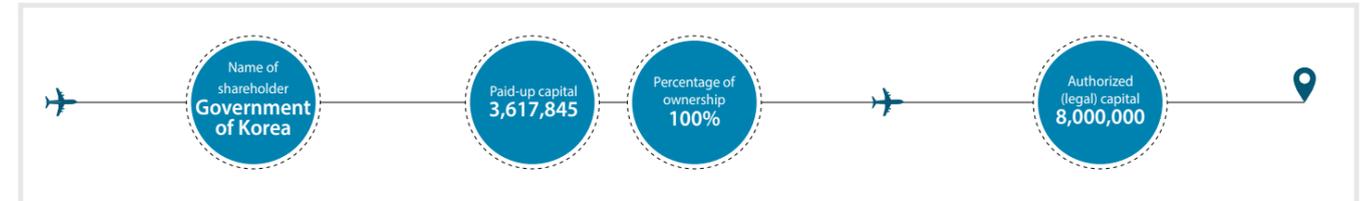
IIAC is a market-based public corporation founded with government funds. IIAC is wholly owned by the government and does not receive government subsidies.

Organization

IIAC is comprised of 5 divisions, 1 audit, 30 groups, and 114 teams, with total number of 1,152 employees (excluding non-executive directors), including directors, general staff, safety & security, special services, and contractors (as of December 31, 2015).

Shareholder composition

(unit: KRW million)

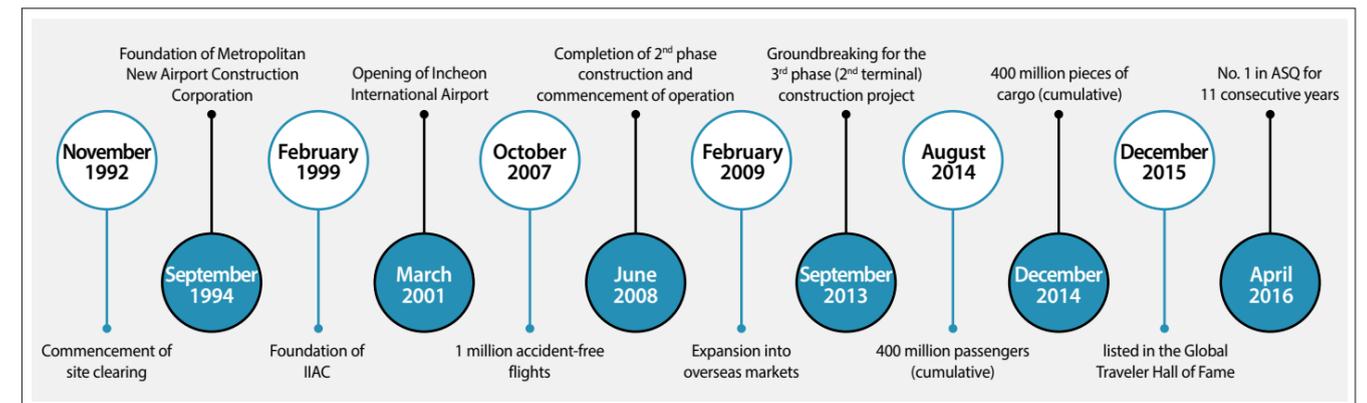


Organization chart



※ As of March, 2016

Company history



Results of operation

Creation of economic value

In 2015, IIAC recorded revenues and net income of KRW 1.8785 trillion and KRW 0.7716 trillion, respectively. Despite unstable operational environment due to external shocks such as the MERS outbreak, a 5.3% increase in international flights and business income due from Phase 3 duty-free store bidding resulted in increases in both aviation and non-aviation revenues by 7.7% and 14.4%, respectively. While increase in Chinese tourists and low oil prices are expected to positively affect passenger and cargo income, IIAC will continue to take necessary measures to increase the number of transit passengers and reduce terminal congestion, and take company-wide measures against various safety and security issues.

Financial ratio analysis (unit: KRW 100 million)

| Category | 2013 | 2014 | 2015 |
|----------------------------------|---------|--------|--------|
| Results of operation | | | |
| Revenues | 16,029 | 16,798 | 18,785 |
| Cost of revenues | 7,884 | 7,925 | 8,336 |
| Operating income | 8,145 | 8,873 | 10,449 |
| Non-operating loss (income) | (1,087) | (585) | (190) |
| Income before income tax expense | 7,058 | 8,288 | 10,259 |
| Income tax | 2,337 | 2,103 | 2,542 |
| Net income | 4,721 | 6,184 | 7,716 |
| Financial position | | | |
| Assets | 77,401 | 81,246 | 93,563 |
| Liabilities | 22,180 | 21,209 | 27,815 |
| Equity | 55,221 | 60,037 | 65,748 |

※ Based on the separate financial statements

Summarized financial information (Unit: %)

| Category | 2013 | 2014 | 2015 |
|----------------------------|------|------|------|
| Stability | | | |
| Debt-to-Equity ratio | 40.2 | 35.3 | 42.3 |
| Net asset ratio | 71.3 | 73.9 | 70.3 |
| Profitability | | | |
| Operating margin | 50.8 | 52.8 | 55.6 |
| Net income to total assets | 6.1 | 7.8 | 8.8 |
| Pre-tax margin | 44.0 | 49.3 | 54.6 |
| Pre-tax margin | 1.3 | 4.8 | 11.8 |
| Growth | | | |
| Total asset growth (YoY) | -1.5 | 5.0 | 15.2 |
| Fixed asset growth (YoY) | -0.1 | 5.6 | 13.2 |

※ Based on the separate financial statements

Results of airport operation

Number of overseas flights increased to 300,000 representing a 5.3% increase year-over-year, while demand, which increased throughout the first half of the year, slowed due to the MERS outbreak (2015 May ~ July). A total of 4 domestic and 14 foreign low cost carriers, currently in operation as of December 2015, continued to grow at a rate of 24.4% year-over-year. Total number of passengers increased to 48.72 million, up 8.5% year-over-year, due to addition of new airlines and routes. International cargo handling increased to 2.6 million tons, up 1.5% year-over-year, due to increased demands from China and Southeast Asia as well as increase in direct purchases from overseas vendors. Meanwhile, the number of transit passengers decreased slightly in 2014, but rebounded to 7.42 million, up 2.3% year-over-year, thanks to expansion of aviation network and improved transit incentives at Incheon.

Airline transport

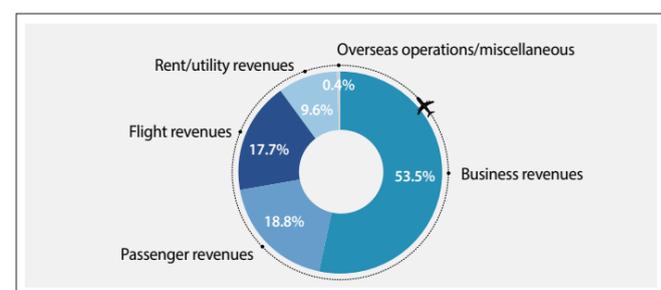
| Category | 2013 | 2014 | 2015 |
|---|------------|------------|------------|
| Flights | | | |
| Total flights (number of flights) | 271,224 | 290,043 | 305,446 |
| International flights (number of flights) | 364,586 | 284,575 | 300,634 |
| Passenger | | | |
| Total passengers (persons) | 41,482,828 | 45,512,099 | 49,281,210 |
| International passengers (persons) | 40,785,953 | 44,906,813 | 48,720,319 |
| Transit passengers (persons) | 7,710,250 | 7,251,148 | 7,416,850 |
| Transit passenger rate (%) | 18.7 | 16.0 | 15.1 |
| Cargo | | | |
| International cargo (tons) | 2,464,130 | 2,557,525 | 2,595,554 |
| Transshipment cargo (tons) | 1,056,238 | 1,039,376 | 1,033,002 |
| Transshipment rate (%) | 42.9 | 40.6 | 39.8 |

Airport operations (unit: KRW 100 million)

| Category | 2013 | 2014 | 2015 |
|----------------------------------|--------|--------|--------|
| Revenues | 16,029 | 16,798 | 18,785 |
| Aviation revenues | | | |
| Flight revenues | 2,973 | 3,121 | 3,319 |
| Passenger revenues | 2,906 | 3,244 | 3,535 |
| Non-aviation revenues | | | |
| Business revenues | 8,220 | 8,518 | 10,040 |
| Rent/utility revenues | 1,824 | 1,789 | 1,810 |
| Overseas business/other revenues | 106 | 128 | 81 |

※ Based on the separate financial statements

Revenue breakdown



Distribution of economic value

IIAC pursues common goals with its stakeholders and strives to maximize the creation of economic value through cooperation in order to become a world class air hub at the forefront of change. IIAC redistributes its financial performance with its employees, business partners, shareholders, investors, government, and the community through labor costs, outsourcing fees, taxes, and donation.

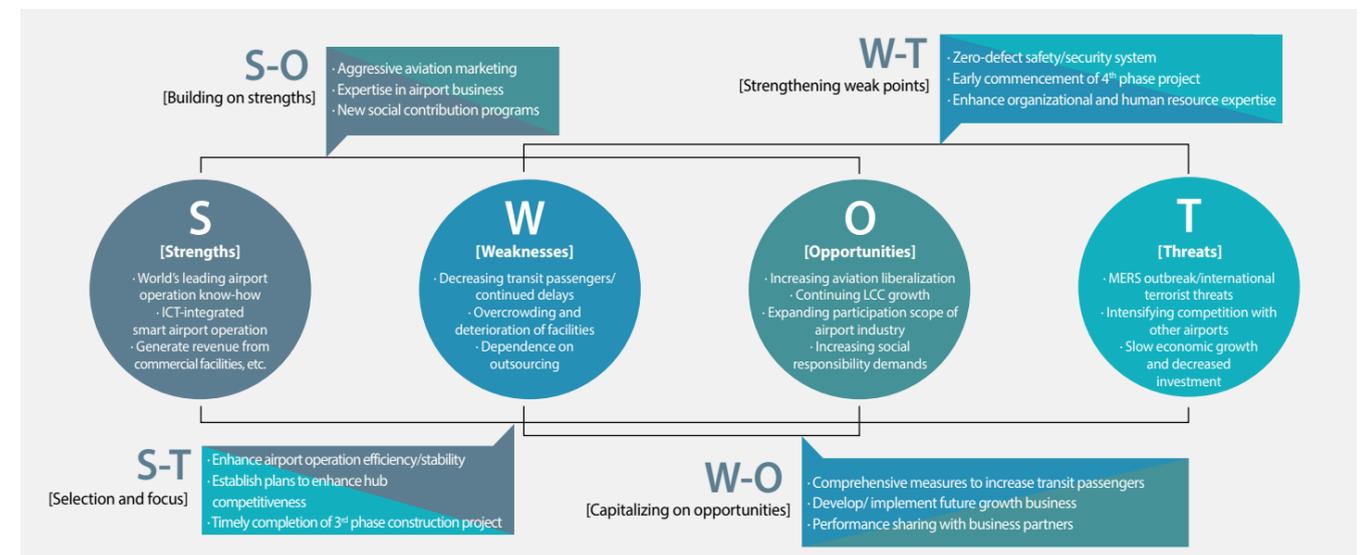
Economic redistribution in 2015



* Labor costs: Wages/salaries + allowances + others + pension contribution + welfare expenses
 ** Outsourcing fee: Airport business is a labor intensive mechanism industry, and IIAC itself creates about 6,000 new jobs.

Internal and external management environment for IIAC

IIAC eliminates management risks and uncertainties by analyzing in advance and responding early to domestic and foreign sustainability issues, government policy initiatives, and stakeholder needs while enhancing management competence and organizational sustainability.



Company-wide risk management response system

IIAC is preventing and efficiently responding to potential risks to management environment, financial condition, overseas business, customer needs, facility operation, aviation management, disasters, and security by establishing and operating a company-wide risk management system. Potential risks are categorized into managerial risks and operational risks and then are assigned one of four levels (Attention, Warning, Alert, and Severe) of risks according to internal standards. IIAC also defines KRI (Key Risk Indicators) and designates points of contact to monitor company level risks.

Risk management response system

| Category | KRI | Monitoring system |
|--------------------------|---|--|
| Managerial risks | Management environment | % of Passenger decrease YOY |
| | Strategic business | Delays compared to planned progress rate |
| | Financial risk | EaR* limit etc. |
| Operational risks | Ethical management, public relations, conflict management | Negative press and organized civil complaint |
| | Facility management | Power outage, downtime, etc. |
| | Aviation management | Extent of dysfunction, etc. |

Routine monitoring

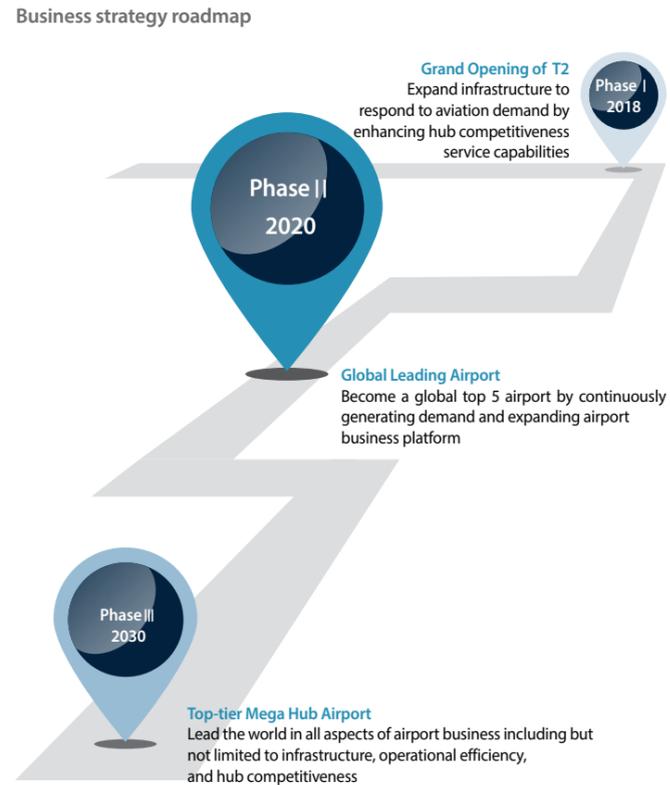
- Risk-managing department in charge of monitoring
- Management information system
- Financial risk management system
- ERP management center, traffic system management, etc.
- Daily airport operation status

Non-routine Monitoring

- Formation and operation of emergency response team (Emergency Response Division, Integrated Status Team, etc.)
- Analysis of risk situation

* EaR (Earning at Risk): the maximum reduction of net interest income depending on the interest rate change under a constant confidence level
 ※ Risks related to overseas business are managed separately by "Overseas business risk management committee"

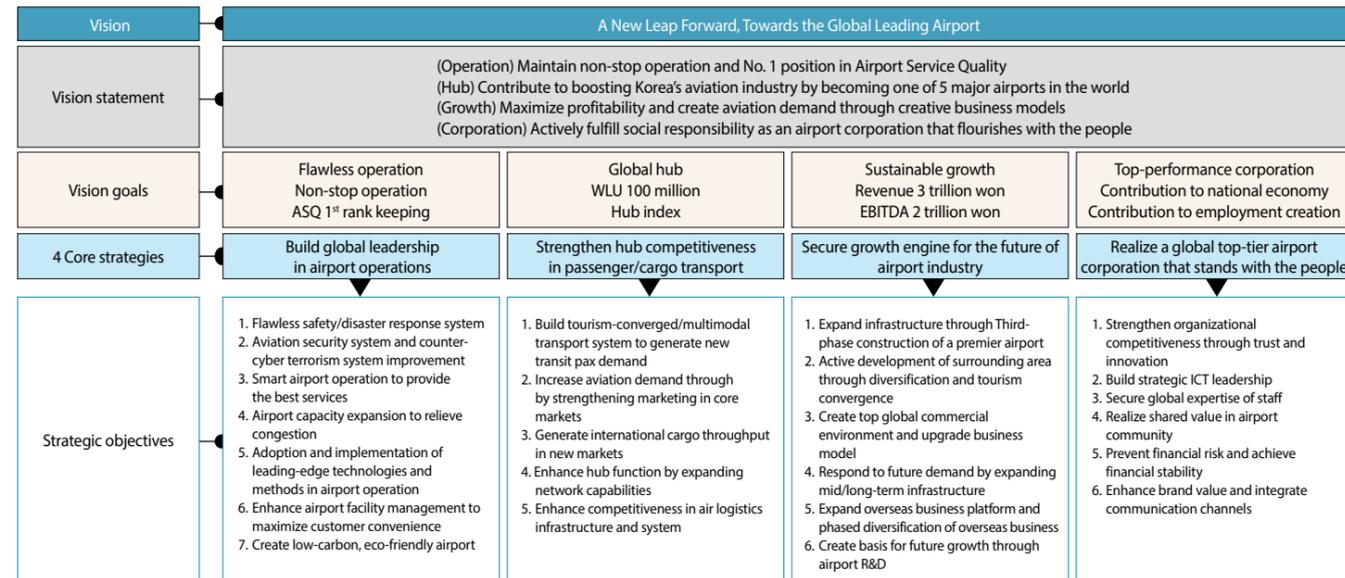
Corporate Social Responsibility



Mid/long-term strategy

Since its opening 15 years ago, Incheon International Airport has become a world class airport amidst the trust and confidence of the Korean people. Rather than being complacent, IIAC established a new vision and strategies for a new leap forward. IIAC defined and is implementing four core strategies and 24 strategic goals to realize the corporate vision of "Flawless Operation," "Global Hub," "Sustainable Growth," and "Top-performance Corporation." By 2020, IIAC seeks to solidify its position as a global leading airport by becoming a top 5 airport in terms of international passengers and a top 10 airport in terms of transit passengers. By 2030, IIAC would have completed its transformation into a top-tier mega hub airport. IIAC, with its world-class airport operation partners, is constantly seeking opportunities for innovation to provide the best possible service to satisfy its customers.

Mid/long-term management strategies



CSR system

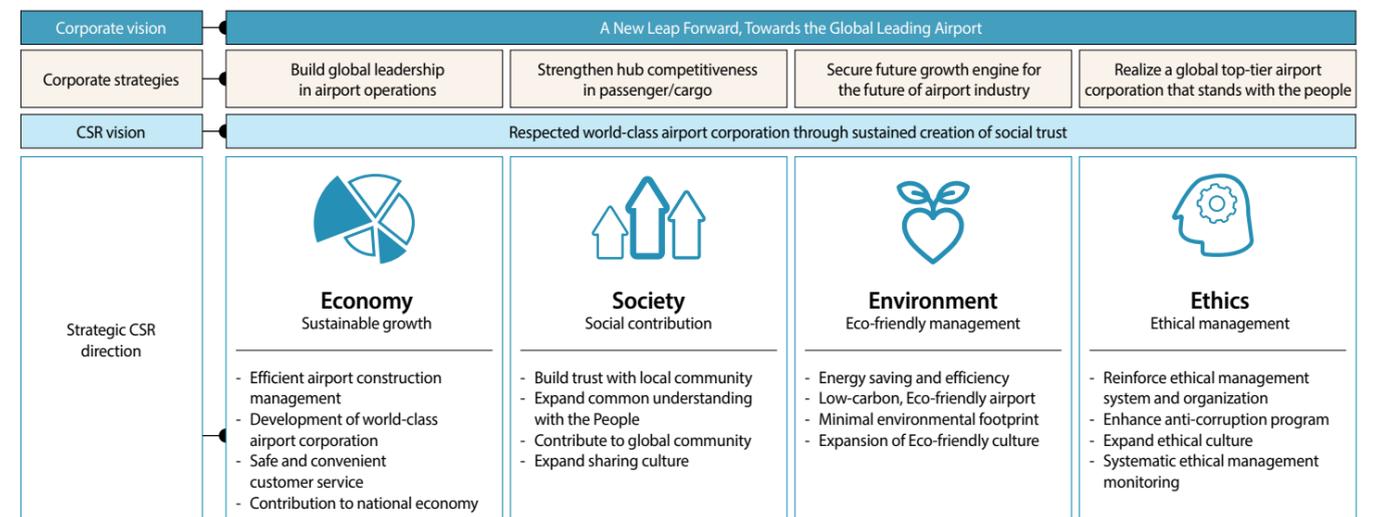
CSR strategy

IIAC, in its management activities, strives to become a global airport corporation trusted and respected by the world through fulfilling its social responsibilities based on a foundation for sustainable growth. IIAC is integrating its newly established corporate vision and strategic objectives with CSR while obtaining concrete execution power through its CSR strategy. IIAC defines its strategic CSR vision as "a respected world-class airport corporation through sustained creation of social trust." Based on this vision, IIAC is executing its CSR activities in pursuit of balanced growth and development of the economy, environment, and the society. To achieve this aim, IIAC has set forth four major goals for a leading global airport corporation, a respected public corporation, an eco-friendly and green airport, and building trusted and ethical business culture.

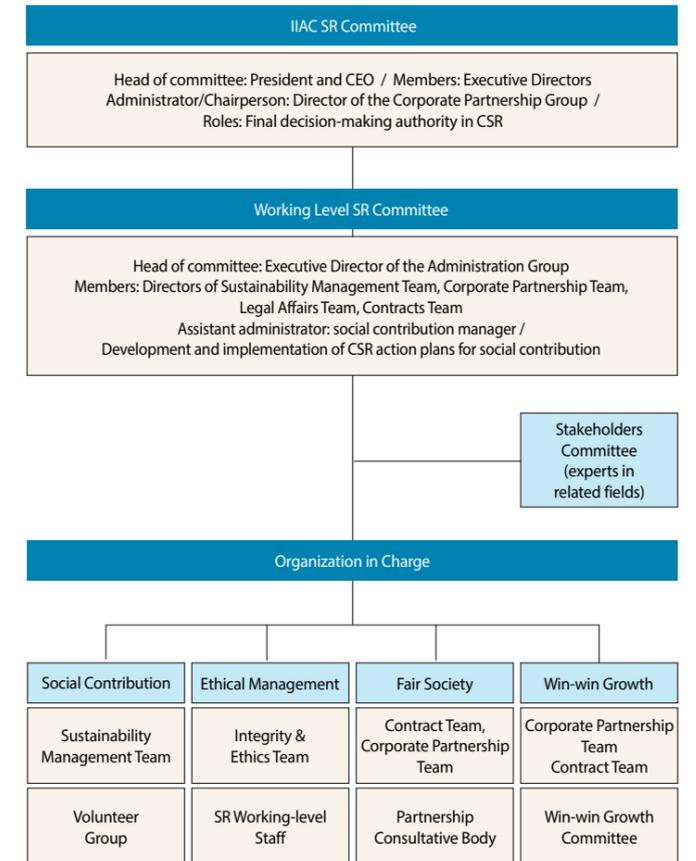
CSR execution system

The final decision-making authority in CSR is the Incheon International Airport SR committee. The SR Committee, comprised of the President and CEO of IIAC and executives, discusses and reviews the strategies, directions, and results of activities relating to CSR. The Committee's resolutions are further developed into action plans by the working level SR committee, comprised of Sustainability Management Team, Integrity & Ethics Team, Corporate Partnership Team, Legal Affairs Team, and Contract Team. Also, the Stakeholders committee, comprised of experts in related fields, is consulted with to further enhance the quality of action plans. Action plans selected for implementation are forwarded to points of contact in the Social Contribution, Ethical Management, Fair Society, and Win-Win Growth sectors to further share the CSR culture throughout the organization.

CSR strategy



CSR execution system



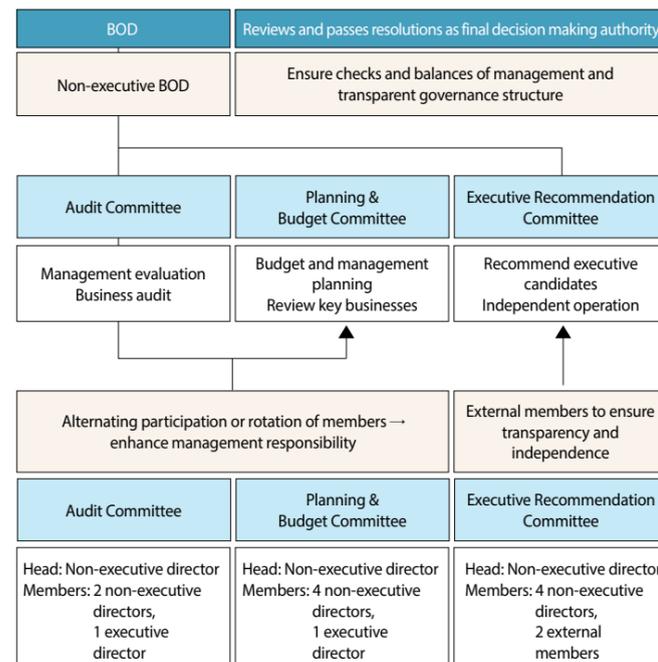
Corporate Governance

Board of directors

Composition of board of directors

The Board of Directors (BOD) is the ultimate decision-making authority of IIAC and is responsible for providing oversight and managerial support regarding key strategy and policies of the Corporation. The BOD is comprised of six executive and seven non-executive directors, all of whom are men. The BOD is chaired by the most senior ranking non-executive director, to ensure checks and balances. In addition, sub-committees such as the Planning & Budget Committee, Evaluation Committee and the Executive Recommendation Committee are organized in the BOD to review and report issues requiring additional inspection.

Composition of BOD



Transparency in appointment of directors and expertise of directors

Executive Recommendation Committee conducts open applications to appoint all non-executive directors. After in-depth interviews, multiple candidates with managerial expertise and experience as well as business ethics and responsibility are recommended to the Operation Committee to enhance the transparency of the selection process. Furthermore, the fairness and independence of candidate selection process is further enhanced by a mutual vote by members of the Executive Recommendation Committee, which include two external experts, one of whom is female, in addition to the non-executive directors. IIAC's non-executive directors are experts in economics, management, marketing, accounting, finance, service, and law. Their expertise assures active participation in management consulting and proposals. Proposals on management made by non-executive directors are duly reflected in IIAC's management activities and the results of such proposals are reported prior to the next BOD meeting to ensure a functional feedback loop. Meanwhile, the President and CEO of IIAC is appointed by the President of Korea upon request by the Minister of Land, Infrastructure, and Transport, among candidates who are approved in the shareholders meeting and passed the screening process by Public Institution Operation Committee upon recommendation by the Executive Recommendation Committee. Executive directors are appointed by the President and CEO of IIAC after shareholders resolution.

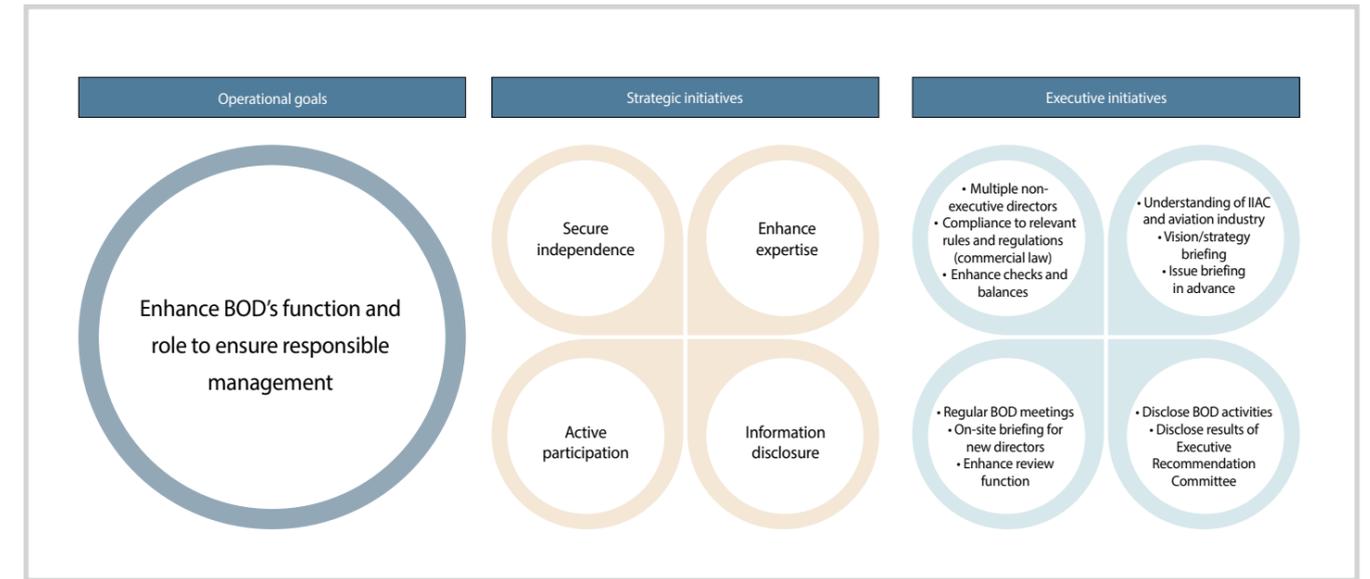
Composition of BOD

| Executive directors | | |
|-------------------------|------|---|
| Il-Young CHUNG | Male | President and CEO |
| Yong-Suk PARK | Male | Chief Corporate Auditor |
| Seong-Kag HONG | Male | Executive Vice President |
| Young-Ung KIM | Male | Vice President of Facilities O&M Division |
| Kwang-Soo LEE | Male | Vice President of Passenger Services Division |
| Young-Kyu KIM | Male | Vice President of Construction Division |
| Non-executive directors | | |
| Joon-Hee LEE | Male | International relations (Chairman) |
| Dae-Ho UM | Male | Management/construction |
| Dong-cheon SHIN | Male | Marketing/economics |
| Jae-Yoon YOO | Male | Accounting/management |
| Jong-Ik SHIN | Male | Legal/service |
| Yeong-Gwa KIM | Male | Management/finance |
| Tae-Hui CHOI | Male | Management/overseas business |

Operation of BOD

IIAC establishes goals of BOD operation to ensure that the BOD effectively carries out its core function while enhancing performance management to guarantee effectiveness of BOD's operations. The goal of BOD operation is to "enhance BOD's function and role to ensure responsible management." Four strategic initiatives (independence, expertise, active participation, and information disclosure) and 12 executive initiatives form the backbone of BOD operation. In addition, quantitatively measurable goals are defined for the BOD and yearly plans are set up to enhance the BOD's operational efficiency. Briefing sessions are held in advance for major management issues.

BOD operation



Efficient BOD operation

IIAC seeks to ensure responsible management decision making by guaranteeing the BOD's review, voting, and checks and balances functions. BOD is assembled when the majority of the current members are present and resolutions are passed by a majority vote by the current members. In addition, board members with vested interest in specific resolutions are not allowed to vote for the said resolutions, thereby ensuring transparent decision making. Results and minutes of BOD meetings are all recorded and, excepting classified and other exceptional information, disclosed to the general public through the IIAC website or ALIO (disclosure system for government offices).

Record of BOD meetings

| Category | 2013 | 2014 | 2015 |
|---|-------|-------|-------|
| Number of meetings | 16 | 20 | 16 |
| Number of resolutions/reports | 43/29 | 45/42 | 49/36 |
| Advance review (%) | 100 | 100 | 100 |
| BOD participation rate(%) | 97.9 | 94.3 | 93.7 |
| Non-executive director participation rate (%) | 97.2 | 95.7 | 91.1 |
| Percentage of revised resolutions (%) | 21 | 6.7 | 6.1 |

Non-executive director consulting and proposal

| Category | 2013 | 2014 | 2015 |
|-------------------------------|------|------|------|
| Number of business consulting | 5 | 7 | 5 |
| Number of business proposals | 20 | 27 | 22 |
| Number of proposals applied | 20 | 27 | 22 |

Remuneration and evaluation

IIAC's President & CEO is evaluated per Ministry of Strategy and Finance's public corporation performance evaluation and organization head business performance evaluation. The President and CEO may serve additional terms or be replaced depending on the results of evaluation. Performance-based pay is capped at 120% of basic salary. In addition, executive directors are evaluated per public corporation performance evaluation and management contract execution, and are evaluated on the basis of efforts and contribution to realizing the company's business goals. Performance-based pay for executive directors is capped at 100% of their previous year's basic salary.

Ethical Management

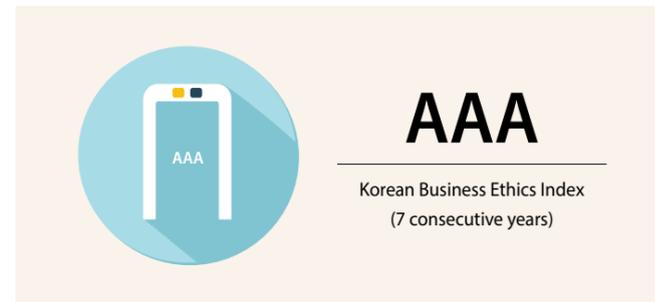
Ethical management implementation organization

The Integrity and Ethics Team of IIAC leads the implementation of IIAC's ethical management activities. Major decisions regarding ethics are made by the Anti-corruption Practice Group, a high-level review organization. The on-site implementation of ethical culture is led by working level ethics officers in each department. In 2015, the Honorary Chief Officer of the Code of Conduct, an HOD (head of department) level organization, was newly established to enhance the implementation function. Meanwhile, IIAC is going beyond its internal organization and maintaining close coordination between IIAC's ethics manager and its on-site business partners, sharing information and supporting the implementation of ethical management, in order to ensure that the culture of ethical management firmly takes root throughout the airport.

Ethical management system

Ethical management vision and strategy

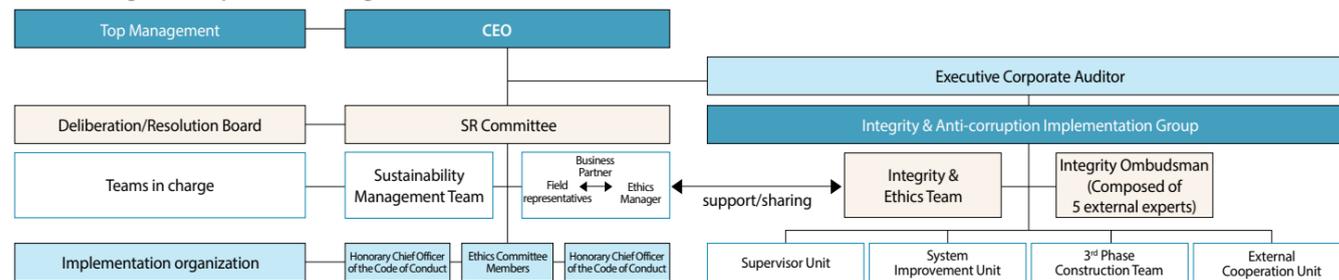
At IIAC's business operation, ethics is not a value that is subject to compromise. IIAC strives to spread the ethical culture befitting a global airport corporation by realizing a "Global Clean Airport" through the implementation of ethical management. IIAC's ethical management vision is the "creation of global ethical corporate culture by spreading integrity." Annual goals and executive initiatives are established and carried out to enhance performance management and executive capabilities. In addition, IIAC is establishing itself as a world's leading ethical airport corporation by communicating the aims of ethical management to internal and external stakeholders in order to firmly establish and spread the ethical culture.



Ethical management vision and strategy

| Ethical management vision | Creation of global ethical corporate culture by spreading integrity | | |
|------------------------------------|--|--|-----------------------------|
| 2015 goals | Zero corruption | High level of integrity | Priority in anti-corruption |
| Strategy and executive initiatives | Upgrade ethics infrastructure <ul style="list-style-type: none"> Enhance executive capabilities by establishing new working level organization Clarify code of ethics | Diagnose weaknesses and improve the system <ul style="list-style-type: none"> Improved diagnosis through new internal evaluation External lectures and establishment of detailed criteria for corruption impact evaluation | |
| | Instill a culture of ethics and integrity <ul style="list-style-type: none"> Improve ethics and integrity among high-level personnel, such as providing new integrity courses Improved publicity activities including publication of ethics letter | Preemptive measures against corruption <ul style="list-style-type: none"> Improved whistleblower protection through revision of the protection guidelines, etc. Enhance inspection to fundamentally prevent corruption | |

Ethical management implementation organization



Ethical management program

Participatory program to establish ethical culture

IIAC has participatory ethics program including but not limited to Idea Contests and Quizzes in order to raise employee awareness on ethical management and facilitate implementation. In 2015, IIAC held idea contests to improve weak points in ethical management. A total of 35 ideas were submitted, of which six were selected and awarded. In addition, all IIAC members signed a pledge to anti-corruption and ethics compliance to reaffirm IIAC's commitment to comply with ethics regulations. IIAC also publishes anti-corruption and ethics newsletters three times a year. Meanwhile, IIAC is motivating employees to improve upon their ethical practices and participate in creating a culture of anti-corruption through the Anti-corruption Mileage System, which includes implementation of anti-corruption measures in organizational KPIs.

Training program for expansion of ethical culture

IIAC conducts systematic ethics training to develop a sense of ethics among employees. In particular, IIAC places additional emphasis on ethics training for high-level officers to internalize an ethical culture. IIAC provides life-cycle anti-corruption training including group training for new employees, recently promoted employees, and managers, as well as phased anti-corruption training for assistant managers, managers, senior managers, and pending retirees. In particular, anti-corruption training with CEO, tailored to IIAC, was held for the first time in 2015. External lecturers were invited in addition to internal training programs at the Incheon Airport Aviation Academy for high-level officers. Also, IIAC conducted workshops for ethics managers at some 40 airport operation business partners and provided on-line training programs as employee training materials to expand the ethical culture throughout the entire airport.

(unit: hours)

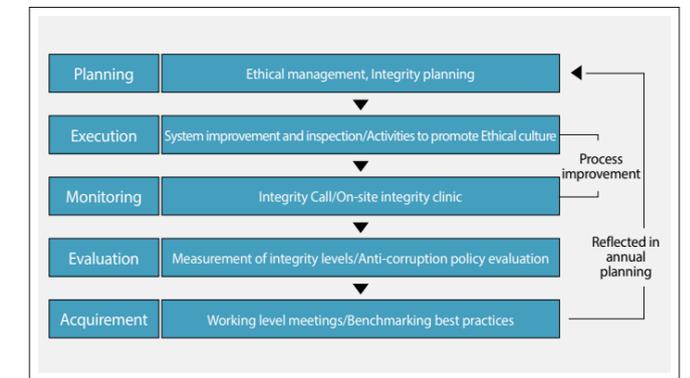
| Category | 2013 | 2014 | 2015 |
|--|------|------|------|
| Hours of ethical courses completion per person | 27.4 | 28.5 | 29.7 |



Monitoring and evaluation

IIAC monitors and evaluates its ethical management taking internal anti-corruption survey results into account and also the results of the anti-corruption and prevention evaluation conducted by the Anti-corruption and Civil Rights Commission. In 2015, IIAC refined its evaluation process by newly incorporating external anti-corruption survey results in addition to internal surveys. IIAC prepares plans for improvement based on evaluation results and duly reflects such plans in the subsequent year's business plan. The implementation of such plans is backed by the CEO.

Monitoring, evaluation and feedback



Evaluation result of the integrity (unit: points)

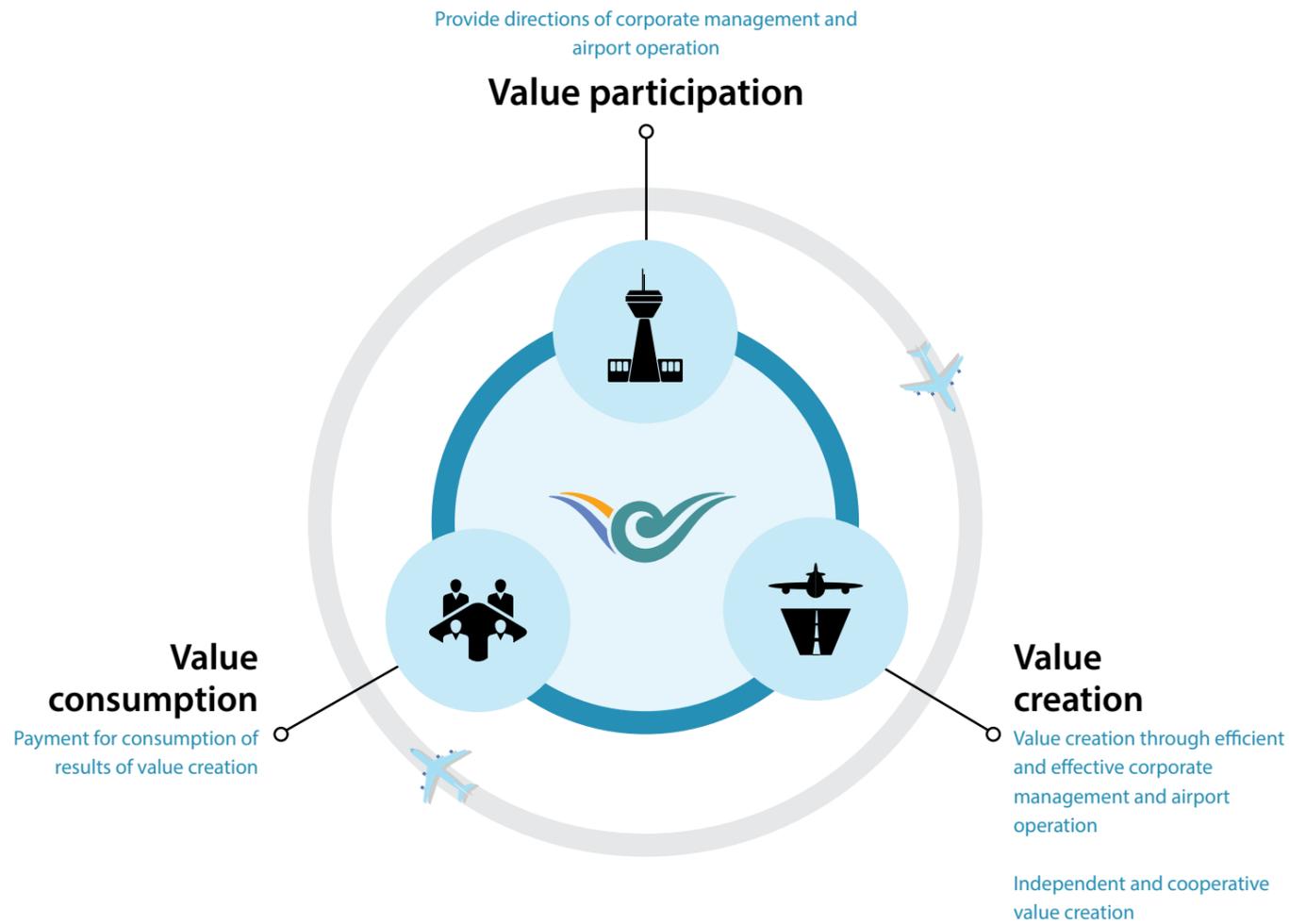
| Category | 2013 | 2014 | 2015 | |
|-----------------------------------|---|-------------|-------------|------|
| Internal evaluation | Internal integrity evaluation | - | - | 9.33 |
| | Integrity at executive-level employees | 9.92 | 9.81 | 9.86 |
| Evaluation by Civil Rights Agency | Integrity survey results by Civil Rights Agency (comprehensive integrity level) | 8.56 | 8.24 | 8.21 |
| | Anti-corruption policy evaluation by Civil Rights Agency | Outstanding | Outstanding | Good |



Stakeholder Engagement

Stakeholder communication channel

IIAC is creating Incheon International Airport's true value through communication and cooperation with its stakeholders. IIAC is ensuring the completeness of its CSR activities through interactive communication with stakeholders and taking note of stakeholder opinion. IIAC is striving to achieve a mutually beneficial culture based on this mutual trust. IIAC subdivides its stakeholders into groups according to value streams derived from its business activities. Stakeholder groups are defined depending on the impact and materiality on management. Different communication channels are used for each stakeholder group, depending on their characteristics. Communication takes place based on understanding and consideration for each party's needs.



| Value Stream | Stakeholder | Shared values | Direction of communication | Communication channel | Period |
|---------------------|------------------------------------|--|-----------------------------------|---|---|
| Value participation | The People/ National Assembly | Balance public and corporate interest | Issue briefing and disclosures | | |
| | Government | Policy compliance / Enhance airport competitiveness | Cooperative policy implementation | <ul style="list-style-type: none"> Homepage Corporate news letter Business report Investor relations ALIO | <ul style="list-style-type: none"> As needed Monthly As needed As needed As needed |
| | Media | Management and operation overview | Press release | | |
| | Local community | Win-win development including local community contribution | Periodic meetings | <ul style="list-style-type: none"> Volunteers Committee for specialized business for local schools | <ul style="list-style-type: none"> 10 times/year Three times/year |
| Value creation | Employee/ family | Sustainable growth | Instill sense of pride | <ul style="list-style-type: none"> Conversation with CEO Vision workshop VOE Labor-management meeting HR Ombudsman | <ul style="list-style-type: none"> As needed As needed As needed As needed As needed |
| | Labor union | Reasonable remuneration | Negotiation based on mutual trust | | |
| | Business partners | Win-win cooperation | Create sense of unity | <ul style="list-style-type: none"> Meeting with representatives Middle management meeting Site management meeting with 2nd tier business partners Communication workshop | <ul style="list-style-type: none"> Annual Quarterly Quarterly Biannual |
| | In-house retailers | Stable airport operation | Share future development strategy | <ul style="list-style-type: none"> Service improvement committee Airline operation committee Business facility operator meeting Free-trade zone operation committee | <ul style="list-style-type: none"> Quarterly Quarterly As-needed Quarterly |
| Value consumption | Airport users including passengers | Convenience, various entertainment | Tailored service | <ul style="list-style-type: none"> VOC customer committee SNS | <ul style="list-style-type: none"> Quarterly As needed |

Stakeholder Engagement

Stakeholder survey

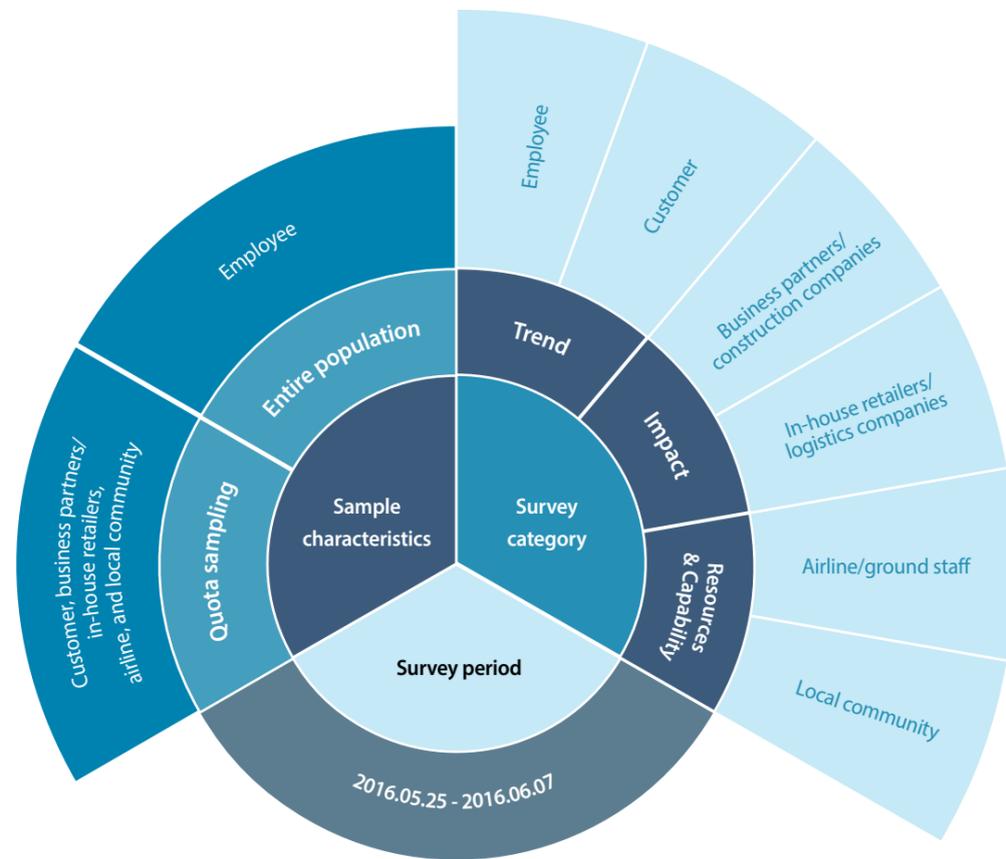
Survey overview

To accommodate the increased demand for stakeholder participation, IIAC conducted a stakeholder survey to collect major stakeholder groups' opinion about IIAC's CSR. The survey was designed to understand the importance of issues (on a 5-point scale) regarding trends, impacts, and internal competence. The results of the survey have been reflected in the identification of major issues, CSR strategies, and initiatives.

Number of samples

| | |
|--|-----|
| Total responses | 288 |
| Business partners/construction companies | 42 |
| Employees (including labor union, temporary employees, and interns) | 150 |
| In-house retailers/ logistics companies | 30 |
| Customers (airport users and customer committee) | 21 |
| Local community (including residents, government, media, and NPO) | 27 |
| Airline/ ground staff | 18 |

Stakeholder survey overview



* Trend: External economic, social, and environmental trends affecting IIAC (source: global CSR agenda)

* Impact: External economic, social, and environmental effects of IIAC (source: GRI G4)

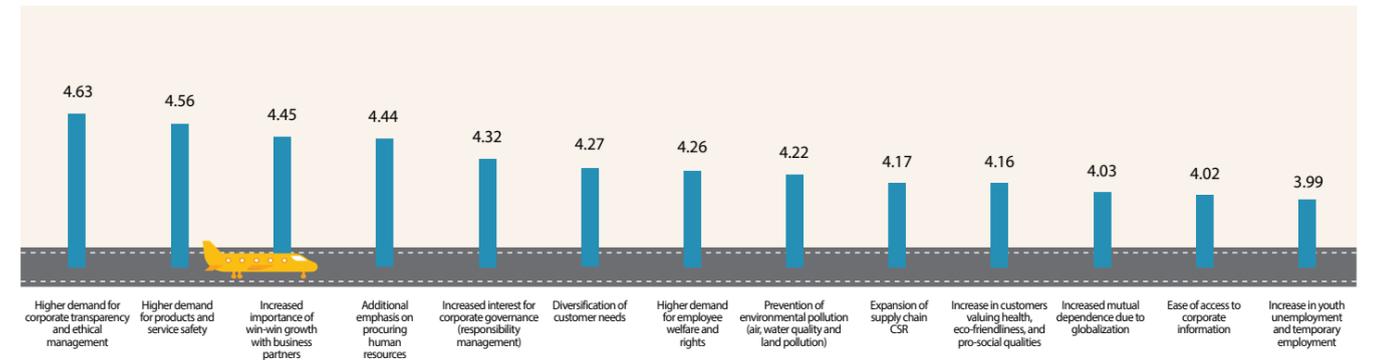
* Resources & Capability: issues relating to IIAC's internal resources (source: IIRC <IR>)

Survey results

The most important issue in the trend category was the "higher demand for corporate transparency and ethical management" with a score of 4.63. In the impact category, the most important issue was "anti-corruption" with a score of 4.55.

The most important issue in the resources & capability category was "relationship and trust with key stakeholders" with a score of 4.40.

Trend issues ranked in order of importance



Impact issues ranked in order of importance



Resources & Capability issues ranked in order of importance



SR Stakeholder Committee

2016 SR Stakeholder Committee

IIAC is creating a relationship of affirmation and trust with its stakeholder groups as more importance is being placed on "stakeholder participation." Starting in 2012, IIAC has been holding annual stakeholder committee to share the results of the various CSR activities carried about by IIAC. The Corporation also strives to reflect the opinions of its stakeholders in its CSR strategy and activities. In the 2016 SR stakeholder committee, external experts in the field of IIAC's various CSR activities reviewed the major issues for IIAC's CSR and had an in depth discussion about the measures to be taken by IIAC for strategic CSR activities. In addition, IIAC's CSR point of contact and CSR manager participated as internal panel to explain and communicate IIAC's CSR policy and direction.

2016 Stakeholder Committee Members

| SR Area | Participant | Area of expertise |
|-------------------------------|---|---|
| Senior Member | Joo-hyeon Kang, CEO, Global Competitiveness Empowerment Forum | CSR expert |
| Customer service | Ok-jin Lee, Manager, Jeju Airline | Airport service quality management, Improve convenience of airport customers |
| Safety and security | Hyeon-cheol Jeong, Director, UNIES | Airport security and safety |
| Growth and development | Won-cheol Hwang, Deputy general manager, Lotte Duty Free | Phase 3 business partner, Securing foundation for future growth |
| Win-win growth | Tae-yong Cho, General manager, Korea Commission for Corporate Partnership | Expansion of social responsibility among business partners, enhance competitiveness |
| Local community participation | Sang-whee Lee, Team leader, Child Fund | Local community service activities |
| Environmental management | Su-jeong Kang, Team leader, Korea Green Foundation | Supervise IIAC-sponsored environmental film festival |
| Ethical management | Ji-hyeong Oh, Director, Deloitte Korea | Internationalization of ethical management including anti-corruption Ombudsman |

Subject: Review of IIAC's CSR activities and proposals for improvement
Date: Thursday, June 30, 2016
Location: Incheon International Airport (West Wing), 2nd floor, Construction Management Center



Notable opinions from the 2016 SR Stakeholder Committee

Global Competitiveness Empowerment Forum
 Joo-Hyeon Kang, CEO

The recent shift in management trend from a shareholder-centric management to a stakeholder-centric management is placing additional importance in the participation of key stakeholders of the organization. In that respect, IIAC's annual SR stakeholder committee, which provides a venue to share IIAC's CSR activities and progress with external experts and discuss ways to improve and further develop IIAC's CSR activities is a step in the right direction. Though it is very important for companies to create shared values while considering economic, social, environmental, and ethical values, this is also a very difficult thing to do. Communication is of utmost importance to create the synergy necessary to transform Incheon International Airport into a global leading airport. I hope that IIAC would continue to pay close attention to the opinions of the various stakeholder groups in its future CSR activities and look for ways to share the activities and results of its CSR activities not just with its 40,000 employees but with all of its domestic and international customers as well.



Jeju Airline
 Ok-jin Lee, Manager

Jeju Airline has implemented the "Self Check-in" and the "Self Bag-drop" service in concert with IIAC. From an airline's perspective, we are very satisfied with the effects of these services as our customers can proceed directly to their respective gates without stopping by the airline counter. However, the utilization rate for these services remains low because not all kiosks are manned with assistants and these services are only available for a select number of routes. In addition, while these services are necessary for customer convenience, they incur additional costs from an airline's perspective as we are offering these services before decreasing staffing at our counters. If IIAC can help us regarding this issue, we believe it would be possible for more customers to make use of the "Self Check-in" and the "Self Bag-drop" services.



UNIES
 Hyeon-cheol Jeong, Director

While service and security are both important issues, we know from recent experience that the importance of security should be further emphasized as issues in securities result in additional social problems and issues. In particular, security issues in Incheon International Airport will not only compromise the safety of its passengers, but spill over to national security issues and have adverse economic effects. As security issues concern the entire scope of airport operation, both IIAC and its security firm should both pay closer attention to security and attempt to preempt potential security issues. In addition, IIAC should be mindful of creating an environment that is conducive to retention of skilled security personnel, thereby allowing employees of its business partners to feel a sense of belonging and responsibility while working at Incheon International Airport.



Lotte Duty Free
 Won-cheol Hwang, Deputy general manager

While we are not IIAC employees, we consider ourselves to be at least partially employed by the IIAC as we conduct our business in the Incheon International Airport. We are highly interested in corporate partnership with IIAC as we are IIAC's business partner in charge of retail. As duty free stores also have to bid for the right to do business at the airport, there are limitations in introducing products from small and medium enterprises due to rent prices. We believe it would be conducive to win-win growth if IIAC can create a platform for small and medium enterprise products and apply a different rent payment scheme. Under this platform, the duty free store would be providing retail and IIAC would be providing rent subsidies. Furthermore, implementation of policies that can manage the cultural aspects of IIAC's employees would be conducive to bringing about synergies that can enhance the competitiveness of not only IIAC's employees but its business partners as well.



Korea Commission for Corporate Partnership
 Tae-yong Cho, General manager

Recently, corporate partnership and win-win growth is becoming increasingly important for both private and public sector. Case in point, the corporate partnership issue with business partners were identified as one of the more important issues for IIAC. As important as the win-win growth in CSR aspect is the CSV aspect. IIAC's corporate partnership business is focused on performance sharing. We believe IIAC's win-win growth program will become more effective if policies are implemented so that IIAC's business performance can contribute to the growth of its business partners. In addition, Korea Commission for Corporate Partnership is managing the Corporate Partnership Fund. While IIAC is participating in this fund, we would like to request IIAC to expand the extent of its participation in this fund to become a leading organization in corporate partnership in the service sector.



Child Fund
 Sang-whee Lee, Team leader

The recent trend of corporate community service activities is to ensure sufficient staffing and funding for such activities. Companies also hire persons with NGO experience or community service experts to operate a program unique to that organization. While IIAC also has a CSR function, there are other aspects of CSR that seems to lag behind. There are additional considerations when communicating CSR activities with external parties. Such communication should not just emphasize quantitative figures such as investment amount, number of community services, and persons participating. Rather, qualitative aspects of CSR should also be communicated simultaneously. For example, rather than stating that "the IIAC contributed x amount of money to x number of children over the past 10 years," it is important to report the qualitative aspects such as "Children who received support from IIAC's CSR program experienced changes such as..."



Korea Green Foundation
 Su-jeong Kang, Team leader

IIAC and Korea Green Foundation started its cooperation in 2007 through the photo exhibitions and forums. Since 2012, IIAC has been supporting the "Seoul Environment Film Festival" which aims to increase public awareness of environmental issues through cultural exhibitions and movies. IIAC established its environmental vision of "low-carbon, eco-friendly airport" and is publishing its annual environmental report. IIAC also created the World Peace Forest, responds to climate change, and is taking various initiatives to efficiently use its energy and environmental resources. However, customers visiting Incheon International Airport tend to think that the sheer scale and the cutting edge facilities at the airport would require much energy consumption. Therefore, we believe it is necessary for Incheon International Airport to communicate to its customers and external stakeholders about the various initiatives taken by the airport to use energy efficiently and minimize environmental impacts.



Deloitte Korea
 Ji-hyeong Oh, Director

When it comes to a company's fulfillment of corporate responsibility, ethical and transparent management is the most basic building block. Instances of corruption are difficult to remedy. More emphasis should be placed on preventive measures and risk factors should be identified in advance to enable preemptive actions. Participation by various functions in SR activities to prevent corruption would contribute to the effective internalization of ethical management. If IIAC can create its own unique anti-corruption policy and program by linking its ethical management activities with its social responsibility, it would enable IIAC to differentiate itself from other public corporations where CSR activities are limited to the audit function.

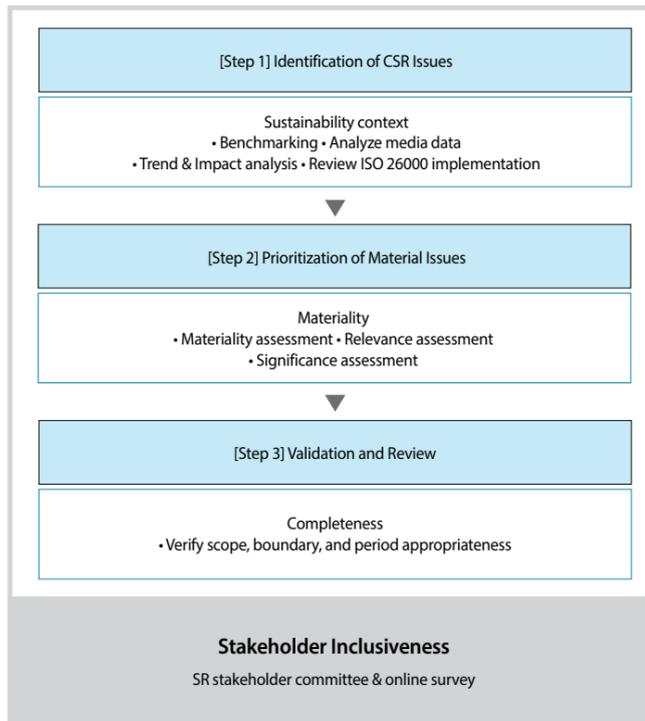


Materiality Assessment

Materiality assessment process

Selection of key issues in the preparation of SR report is an important activity that enables efficient and systematic reporting of CSR issues. IIAC analyzed its internal and external environment based on the sustainability context, materiality, completeness, and stakeholder inclusiveness principles recommended by the GRI G4, in order to identify major CSR issues that should be considered in its business activities. Through this process, IIAC identified issues that are most important to IIAC and its stakeholders.

Materiality assessment process



STEP 1 Identification of CSR Issues

Benchmarking

Understand important issues for similar domestic and foreign companies by analyzing sustainability reports

Analyze media data

Identify relevant issues by reviewing 3,513 news articles from January through December 2015 to analyze external perception of IIAC

Trend & Impact analysis

Conduct an employee survey on sustainability issues regarding trend, impact, and internal competence to identify issues affecting and affected by IIAC as well as internal competence issues

Review ISO 26000 implementation

Evaluate IIAC's CSR activities by reviewing ISO 26000 implementation process and identifying issues focusing on weaknesses

SR Stakeholder committee

Receive opinion on key issues by discussing IIAC's CSR activities and future directions with experts from various (economy, social, environmental) fields

STEP 2 Prioritization of Material Issues

Relevance assessment

Identify a total of 45 issues by evaluating the relevance of issues identified by internal/external environment analysis, diagnosis, and stakeholder participation.

Significance assessment

Select a total of 36 key issues by prioritizing relevant issues based on on-line stakeholder survey conducted from May 25 through June 7, 2016.

STEP 3 Validation and Review

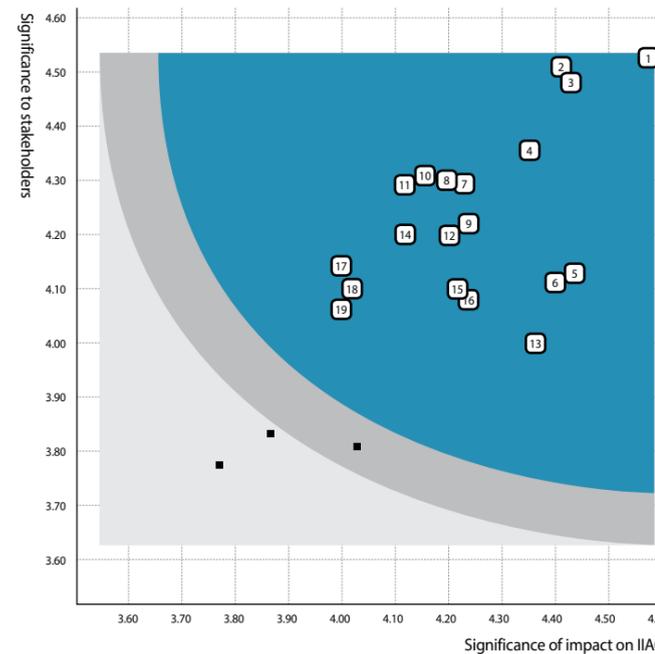
Review whether the final 36 issues are important to IIAC through internal task force and management report. Establish reporting plans after finalizing reporting scope, boundary, and period.

Key CSR issues

IIAC designated 10 trend issues with an average significance above 4.1, 19 impact issues with average significance above 4.0, and seven resources & capability issues with average significance above 4.2 as key CSR issues. The contents of the report align the selected key issues and IIAC's strategies. In 2016, internal and external stakeholders were highly interested in trends such as "higher demand for corporate transparency and ethical management," "increased demand for product and service safety,"

and "win-win growth in business partners." IIAC's stakeholders thought resource and capabilities such as "relationship and trust with key stakeholders," "organizational facility for providing products and services," and "social support for IIAC's business" as areas that needed to be improved upon. Analysis of level of interest and materiality of impact issues based on GRI G4 aspect indicated that "anti-corruption" was the most important issue, followed by "compliance of social regulations," "customer safety and health," and "customer privacy protection."

Materiality matrix



Key trend issues

- Higher demand for corporate transparency and ethical management
- Higher demand for product and service safety
- Increased importance of win-win growth (fair trade, etc.)
- Additional emphasis on procuring human resources
- Increased interest for corporate governance (responsibility management)
- Diversification of customer needs
- Higher demand for employee welfare and rights
- Prevention of environmental pollution (air, water quality and land pollution)
- Expansion of supply chain CSR (environment, safety, labor, human rights, etc.)
- Increase in customers valuing health, eco-friendliness, and pro-social qualities

Key resources & capability issues

- Relationship and trust with key stakeholders
- Facilities for manufacturing and providing services
- Securing social support for IIAC's business operations
- Personal competitiveness, experiences, and willingness for innovation in relation with IIAC governance system, approach to risk management, ethical values
- Ability to understand, develop, and execute IIAC's strategies
- Brand and reputation developed by IIAC
- Loyalty and drive to improve process services

Key impact issues and identification of contents

| 2016 Ranking | Material Issues(GRI G4 Aspects) | Reporting boundary | Strategic direction | Report content |
|--------------|---|--------------------|-------------------------------------|---|
| 1 | Anti-corruption | Internal | Strategy 4. Responsible Corporation | Our Approach to CSR |
| 2 | Compliance with social regulations | Internal | Strategy 4. Responsible Corporation | Issue10. Community Involvement and Investment |
| 3 | Customer safety and health | Internal/external | Strategy 1. Operational Excellence | Issue1. Safe Airport |
| 4 | Customer privacy protection | Internal | Strategy 1. Operational Excellence | Issue2. Smart Airport |
| 5 | Labor management relations | Internal | Strategy 4. Responsible Corporation | Issue8. Human Resource Management |
| 6 | Market position | Internal | Strategy 2. Global Hub | Issue4. Increase Passenger and Cargo Demand / Issue5. Enhance Hub Competitiveness through Increased Connections |
| 7 | Anti-discrimination | Internal | Strategy 4. Responsible Corporation | Issue8. Human Resource Management |
| 8 | Compliance with product and service regulations | Internal | Strategy 1. Operational Excellence | Issue2. Smart Airport |
| 9 | Compliance with environmental regulations | Internal | Strategy 1. Operational Excellence | Issue3. Eco-friendly Airport |
| 10 | Employment | Internal | Strategy 4. Responsible Corporation | Issue8. Human Resource Management |
| 11 | Product and service labeling (customer satisfaction) | Internal | Strategy 1. Operational Excellence | Issue2. Smart Airport |
| 12 | Occupational safety and health | Internal | Strategy 4. Responsible Corporation | Issue8. Human Resource Management |
| 13 | Diversity of workforce and equitable opportunity and remuneration | Internal | Strategy 4. Responsible Corporation | Issue8. Human Resource Management |
| 14 | Noise management | Internal | Strategy 1. Operational Excellence | Issue3. Eco-friendly Airport |
| 15 | Employee training and education | Internal | Strategy 4. Responsible Corporation | Issue8. Human Resource Management |
| 16 | Indirect economic effects | Internal | Strategy 3. Sustainable Growth | Issue6. New Infrastructure Expansion / Issue7. Solidify Foundation for Future Growth |
| 17 | Local community service | Internal/external | Strategy 4. Responsible Corporation | Issue10. Community Involvement and Investment |
| 18 | Wastewater and waste | Internal | Strategy 1. Operational Excellence | Issue3. Eco-friendly Airport |
| 19 | Atmospheric emissions (GHG, dust) | Internal | Strategy 1. Operational Excellence | Issue3. Eco-friendly Airport |

OUR STRATEGIC FOCUS AREAS

IIAC is beginning a new journey to create a more sustainable and a better world amidst the varying customer needs, intensifying competition, and an increasingly unstable environment.

30
Strategy 1
Operational Excellence

- Issue1. Safe Airport
- Issue2. Smart Airport
- Issue3. Eco-friendly Airport

44
Strategy 2
Global Hub

- Issue4. Increase Passenger and Cargo Demand
- Issue5. Enhance Hub Competitiveness through Increased Connections

50
Strategy 3
Sustainable Growth

- Issue6. New Infrastructure Expansion
- Issue7. Enhance Foundation for Future Growth

56
Strategy 4
Responsible Corporation

- Issue8. Human Resource Management
- Issue9. Win-win Growth and Partnership
- Issue10. Community Involvement and Investment

Special Report
IIAC's Shared Values



1 Strategy OPERATIONAL EXCELLENCE

Why Is It Important?

Sustainable airport operation begins with providing customers various conveniences and cultural experience and a clean airport based on top-class safety and security system. IIAC is enhancing its safety service by establishing zero-defect safety management and aviation security system while maximizing customer convenience by creating a smart airport through continued innovation and change. In addition, IIAC is enhancing its service value through various cultural facilities and programs and services. IIAC is also operating a green airport through preemptive response to climate change and implementation of eco-friendly policy. Incheon International Airport strives to become an airport that satisfies all stakeholders through safety and convenience.



Performance

| | | | | |
|---|---|---|--|--|
| <p>Safety/Security accidents 0 incidents</p>  | <p>Delayed baggage 11PPM</p>  | <p>Immigration clearance time (95% of passengers served) 41minutes/26minutes</p>  | <p>Ranking in ASQ 11 consecutive years of No.1</p>  | <p>GHG emissions 168,891 tCO₂e/q</p>  |
|---|---|---|--|--|



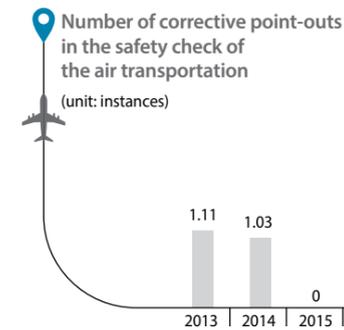
ISSUE 1

Safe Airport

Airport safety

Upgrade proactive disaster prevention system

Public expectation and requirements regarding safety are increasing while risk factors to aviation safety are also on the rise due to increased air traffic. IIAC upgraded its disaster prevention system focusing on initial response capabilities to secure the golden time. With the paradigm for disaster management shifting from a reactive one to a proactive one, IIAC updated its emergency plans, prepared individual response protocol for different disasters, entered into large-scale medical support agreement with Inha University Hospital, and revised outsourcing contracts with business partners to enable timely emergency response during holidays and night hours.



In addition, IIAC designated and conducted trainings for new disaster safety managers at IIAC, business partners, and airlines. IIAC also began to offer a professional course in disaster management (BCP association) to improve disaster safety managers' expertise. By enhancing internal safety checks on Incheon International Airport, a national infrastructure, IIAC responded flawlessly to special inspections including national safety inspection and aviation safety inspection and received 0 corrective orders for the first time since the opening of the airport. Through advance upgrades to proactive disaster prevention system, IIAC maintained its A rating in the disaster management assessment by the Ministry of Public Safety and Security for six consecutive years, enabling passengers and the Korean people to feel safe at the airport.

Establish airport epidemic prevention system as the gateway of the country

IIAC, working in concert with government agencies and in-house companies, has carried out airport-wide on-site response activities after the outbreak of the MERS (Middle East Respiratory Syndrome) epidemic which had severe social and economic consequences. Incheon International Airport's MERS response team, comprised of five sub-teams headed by Head of Epidemic Response (President and CEO) was in operation 24 hours a day and served as the control tower for MERS response in Incheon International Airport. In accordance with guidelines from the quarantine authorities, IIAC designated four aprons to accommodate incoming air traffic from the Middle East. In addition, temperatures were taken for all passengers from the Middle East. Passengers from the Middle East were also required to fill out questionnaires about their health condition.

Case of MERS infection among passengers and airport employees

Zero



In addition, facilities including immigration checkpoint, restrooms, and children's playground were sterilized. Elevators, escalators, and carts which came into frequent contact with customers were periodically sterilized as a part of additional preventive measures. Incheon International Airport houses 40,000 employees from permanent institutions, airlines, and in-house retailers. IIAC provided all employees with personal hygiene tools including masks and hand sanitizers to prevent infection and spread of MERS among employees. Temperatures were taken for employees such as security inspectors who were in direct contact with customers to prevent secondary infection and outbreak. As a result of this comprehensive response system, no passengers or airport employees were infected by MERS.

Disaster response safe korea training excellent performance

2 consecutive years



Strengthen hybrid disaster response training

Due to the increased likelihood of various hybrid disasters resulting from climate change and industrialization, IIAC went beyond the traditional single-type disaster response to large-scale hybrid disaster response, including hybrid disasters such as intercity plane crash, mudflat plane crash, and closure of access roads. IIAC developed an on-site response process in case of an intercity plane crash, for the first time in Korea. IIAC also enhanced public trust in airport safety by having local residents participate in actual training. In addition, IIAC conducted emergency response training under the assumption that both Yeongjong Bridge and Incheon Bridge were inaccessible. IIAC also conducted personnel recovery and relief training in case of a plane crash in mudflat. As a result, IIAC was recognized for its excellence at the Ministry of Public Safety and Security's 'Disaster Response for Safe Korea Training' for two consecutive years.

Three million safe flights ceremony



Aviation safety

Efforts to achieve 3 million safe flights

IIAC is enhancing its safety management activities as the likelihood of accidents is increasing due to increased air traffic. IIAC improved its navigational aid to further enhance safety during take-off and landing. Advance impact analysis prior to aircraft take-off has enabled IIAC to guarantee safety of aircraft during flight. IIAC is also paying close attention to risk management in facility and operational aspects through joint inspection with airport employees and voluntary safety reporting. In addition, IIAC is upgrading its airport operation through safety management by incorporating cutting edge technologies, such as control demonstration with simulators. Also, IIAC is training safety professionals through an international aviation safety training program. IIAC was commended for its efforts and achievements at the Air Navigation Safety Assessment by Ministry of Land, Infrastructure, and Transport. In December 2015, IIAC achieved 3 million flights.

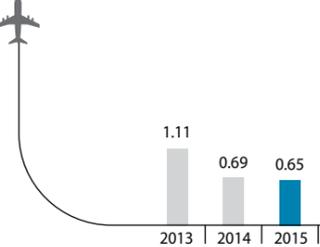
Development of airport digital map

IIAC utilized cutting-edge IT and GIS (Geographic Information System) to become the first airport operator to create AMDB (Airport Mapping Database). The AMDB creates a 3D rendering of the airport facility to assist aircraft operation. In the AMDB, a 3D rendering of spatial shape as well as geometric information of objects including runway, taxiway, and buildings are made available through precision ground survey and high resolution digital imagery. In addition, the AMDB is a precision database with detailed information including the function and characteristics of facilities which meets ICAO standards. The AMDB's accuracy and precision was also certified by the Korean Association of Surveying and Mapping in the Public Survey Performance Evaluation. The AMDB effectively created a basis for aircrafts to quickly and safely move on ground during inclement weather or night time.

Expansion of airport capacity

While air traffic was constantly increasing, Incheon International Airport's capacity remained at 63 aircrafts per hour. Incheon International Airport is in need of a balance between airport facility and capacity following the 3rd Phase Construction. IIAC increased future airport capacity by working in concert with the government to secure additional airspace capacity in anticipation of future increase in aviation demand. IIAC researched the expansion of the Military Demarcation Line P-518 through the National Airspace Committee. IIAC, Ministry of Land, Infrastructure, and Transport, and regional aviation agencies formed a joint group and established the Simultaneous Independent Approach flight procedures. In addition, IIAC analyzed aviation facilities and procedures and conducted research to review the airport's handling capacity. In order to expand airport capacity, IIAC acquired operational methods from leading airports and created optimized operation plan for Incheon International Airport. As a result of such efforts, Incheon International Airport's no-fly zones in the airspace in the vicinity of the Military Demarcation Line were removed for the first time since 2008. IIAC also prepared flight and control procedures for the 2nd and 3rd runways and verified that its capacity of operating 70 flights per hour.

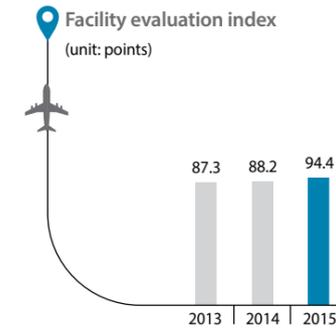
Number of corrective point-outs in the airport certification check (unit: incidents)



Facility safety

Improved aviation safety facility

IIAC strives to provide world-class aviation safety service by maintaining optimal aviation safety system performance and non-stop operation of aviation and power system. Incheon International Airport's instrument landing system has a CAT-IIIb rating, which enables safe landing and take-off with just 75 meters of visibility even in case of inclement weather such as heavy rain and fog. IIAC systematically monitors pavement defects to ensure timely repair. IIAC also established emergency repair system that enables aircraft landing and take-off within 60 minutes of runway damage. Power plant facilities in the airport have been disaster-free, accident-free, and running non-stop for 15 years. A total of 23 facilities to prevent environmental pollution, including wastewater reuse facility, resource recovery facility, etc. are managed more strictly than the standard established by the laws relevant to the environment. Thanks to such efforts, IIAC achieved 130,000 hours of non-stop aviation safety facility operations.



Proactive climate change response

IIAC is recognized for being a leader in climate change response with its proactive establishment of climate change response plans to minimize risk of natural disasters. In 2013 and 2014, prior to the formal introduction of climate change response plans, IIAC conducted preliminary research activities including the climate change impact review tailored to airport facilities, external consulting, training, and workshops. Since 2015, IIAC assessed the climate change risks, developed detailed action plans, and upgraded facilities accordingly.

Mid/long-term roadmap for climate change



Detailed planning for climate change response



Secure aviation safety during snowfall

Threats to aviation safety due to snowfall have become increasingly frequent as observed in the temporary closure of Jeju Airport and runway overrun at the New York Airport. IIAC established mid/long-term plans for snow removal equipment as a part of response to climate and external environmental change. IIAC employed four high-performance, tractor-type snow removal equipment, multi-function high-speed blowers, and eco-friendly deicers. In addition, IIAC formed a Snow Removal Response Team comprised of members from the aviation agency, airlines, and ground staff and assigned functions and roles to each entity in order to enhance response capability in case of snowfall. As a result of such efforts, snow removal operations were shortened by 15% compared to last year to 18.4 minutes, improving aviation safety and timeliness of aircraft operations during snowfall.

Aviation security incidents since opening

Zero



Airport security

Cooperation with contracting security firms

Airport security is a critical task in airport operation. Aviation security related firms, employing 2,501 people, comprise roughly 33% of Incheon International Airport's business partners. IIAC established various cooperation channels to maximize security performance through communication and common understanding with its security firms. IIAC holds biannual and monthly meetings with representatives and on-site managers of its security firms, respectively, to discuss bottlenecks and improvements to employees' convenience and working environment. IIAC also shares major aviation security plans and best practices to maximize results of cooperation. IIAC strives to improve motivation and employee satisfaction by awarding security personnel for outstanding performance and services on a quarterly basis.

Enhancement of airport security to prevent illegal entries

In January 2016, two Chinese nationals and one Vietnamese national illegally entered Korea through Incheon International Airport's customs clearance. This incident was a result of poor management of automatic doors at the departure gates and automatic immigration clearance at the arrival gates. IIAC worked in concert with the Ministry of Justice (Immigration Office) to improve security cooperation system, enhance CCTV monitoring, and improve facility and security personnel competence in order to enhance airport security. IIAC installed a total of 12 security shutters at the departure and arrival areas on the 3rd and 1st floor of the airport's passenger terminal, respectively. When immigration offices are not in service, security shutters are closed and high-tech motion sensors have been installed at security checkpoints to deter unauthorized approach to departure and arrival areas. In addition, IIAC immediately took measures to promote discipline of security personnel at work, employed additional personnel, and improved working conditions to enhance morals and motivation at the same time. Professional training such as BDO training was provided to all security personnel to improve competence in security duties. Furthermore, IIAC ensured that interference or non-compliance with security personnel's instruction would result in police custody and fines in accordance with aviation security laws, thereby facilitating the work of security personnel. In response to the illegal entry incident, IIAC made appropriate improvements to the aviation security system and promises its customers that similar incidents will not happen in the future.



ISSUE 2

Smart Airport

Modernized airport operation

Reduced overcrowding of terminals

Incheon International Airport's passengers have been consistently increasing throughout the years. In 2015, a total of 49.28 million passengers were served at Incheon International Airport, a 3.77 million (8.3%) increase compared to the previous year. In particular, the number of customers increased by 12% in the peak season, resulting in increased overcrowding of terminals during peak hours. IIAC, in cooperation with immigration offices, extended departure gate operation hours to minimize waiting time during peak morning hours (6~9 a.m.) to enhance passenger convenience. In addition, check-in counter facilities were relocated, considering passenger movements, to maximize operational efficiency. Real-time PFMS was installed to further enhance response capability to overcrowding. Efficient location and operation of information and security check personnel also worked towards minimizing passenger inconvenience. As a result of such operational efficiency improvements, Incheon International Airport continues to provide one of the fastest and most convenient departure immigration clearance services in the world.

BEST PRACTICE



[Introduction of automated check-in areas]

In 2015, Incheon International Airport became the first airport in Asia to introduce automated check-in areas that offer Self Check-in and Self Bag-drop options in one location. Prior to the introduction of Self-Service area, Incheon International Airport had already been offering automated ticketing (94) and bag-drop (4) kiosks, so that passengers could avoid long lines at the manned counters. With the introduction of the automated check-in areas, however, the number of self-check-in and bag-drop facilities dramatically increased (106 and 14 additional kiosks, respectively). In addition, passengers can now access the two automated services in one location. This shortened the departure process by more than 10 minutes compared to the traditional manned counters. Passengers also can undergo the departure process without having to move as much around the airport. In addition, through cooperation between IIAC and the Ministry of Justice, a second registration center for Smart Entry Service (SES) was installed in Incheon International Airport, to allow passengers to sign-up for automated immigration clearance in advance. Automated immigration clearance takes only 15 seconds to complete, once the passport is registered for SES. As 24 hour check-in and bag drop became possible through such self-service kiosks, passengers at Incheon International Airport can now go through immigration regardless of the time of day. In addition, IIAC expects that the automation of the entire departure process will greatly reduce overcrowding at the airport and enhance passenger convenience.

Conceptual diagram of Incheon International Airport's departure process



BEST PRACTICE



[Improved counter-terrorism response]

Amidst increasing threats of international terrorism, as witnessed in the recent serial terrorism in Paris, and terrorist activities in a Russian passenger aircraft, IIAC is responding to airport terrorism by enhancing security measures and improving response capabilities. IIAC became the first public corporation to establish a terror response team, a counter-terrorism organization. IIAC improved communication efficiency by creating a single communication channel for terror-related issues for related agencies. The Terror Response Team also leads IIAC's counter-terrorism exercises. IIAC identified security weak points in restaurants, check-in counters, and in-house companies and developed 30 improvement items in six areas. In addition, IIAC updated its Aviation Terrorism On-site Manual to include cases of explosions in airport facility in an effort to update its terrorism response system.

Meanwhile, Incheon International Airport has a 24-hour monitoring and alert system. In case an unattended baggage or suspicious item is found, a joint investigation team comprised of working level personnel, Incheon International Airport explosive ordnance team, and mobile strike force are called to the site to inspect the surrounding area, take x-rays of the baggage, and detect explosive ordnances as a preliminary measure. In addition, counter-terrorism organizations including special forces are located in the vicinity in preparation of emergencies. Incheon International Airport, as the gateway to Korea and the starting point of safety and security, will strive to protect aviation security and the People's safety through continued cooperation with security agencies.

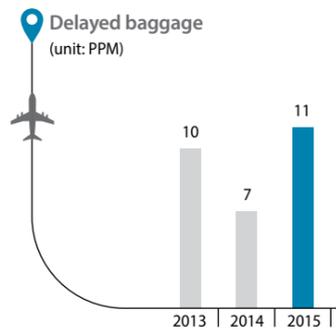


Fast track services for handicapped persons and persons of social merit

IIAC is providing fast track services to the handicapped, pregnant, elderly, as well as persons of social merit, which account for 8.4% of total passengers. While such persons already had separate entrance to departure areas, the introduction of the fast track service enables these people to go through security check and immigration clearance all at once. IIAC actively distributes fast track passes to the handicapped during peak hours and installed over-sized signage and sticker sheets to enhance the visibility of the fast track service. In addition, various publicity activities are being conducted, including providing information at the counters. Starting from July 1, 2016, IIAC included persons over 70 years of age in the elderly category (previously persons over 80 years of age were considered elderly). In addition, fast track passengers are now able to be accompanied by three persons (previously two). Furthermore, persons of national merit, people who took part in the 5.18 democracy movements, and holders of the Korea Priority Card also became eligible for the fast track service. Such increase in persons eligible for the fast track service is expected to assist handicapped persons and persons of social merit. Fast track services reduce the departure process time to an average of five minutes. Through the fast track service, IIAC is not only fulfilling its social duties, but also reducing overcrowding in other departure points as well.

* Visibility: the character that the existence and shape of the object can be identified easily from a long distance

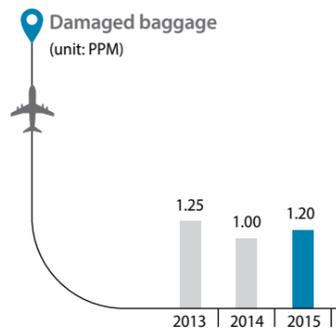
Publicity of the fast track service, provided exclusively for the handicapped and the social merit



Improved airport operation efficiency

Optimized baggage handling system operation

Incheon International Airport maintains a world-leading level of precision in its baggage handling system by expanding and improving facilities in advance, using science to analyze failure trends, and applying the six sigma processes. IIAC conducts over 40 failure scenario-based trainings per year and analyzes failure trends. IIAC also assigns three levels (Yellow, Orange, and Red) depending on the concentration of connecting baggage, which requires a high level of focus and a sense of urgency, and flexibility. Incheon's BHS operates its on-site personnel by utilizing the world's first "peak forecasting system" to establish a timely baggage handling system. In addition, IIAC expanded its facilities by newly installing the F2 check-in counter baggage conveyor and dualizing the A1 check-in counter connection conveyor. IIAC also conducts biannual on-site ground staff check and training to reduce the time required to claim baggage. In 2015, Incheon International Airport maintained a world class 11PPM delayed baggage rate. In January 2016, delays in repairs to motor control equipment in the underground tunnel resulted in baggage handling delays, which delayed the departure of 159 aircrafts and resulted in 5,200 pieces of delayed baggage, causing inconvenience to both passengers and airlines. IIAC deeply regrets poor initial response, operation, and emergency on-site response that aggravated the situation. In response, IIAC established comprehensive plans and implemented sweeping innovations focusing on the on-site operations. Incheon International Airport enhanced control and on-site management functions and improved its operations by preparing detailed manuals for different situations and incidents at the control tower and on-site. IIAC also replaced 248 motor control devices which caused this incident. Furthermore, IIAC added recording function to all CCTVs used for on-site monitoring. IIAC is also enhancing cooperation between airlines and ground staff and conducting regular emergency training sessions. IIAC seeks to learn from the past and strives to prevent such incidents from recurring.



ASQ 11 consecutive years

No.1

SKYTRAX (AQA)

5-Star Certification



Public Enterprise Customer Satisfaction Survey 3 consecutive years

A (Outstanding)



VOC status (unit: number of inputs)

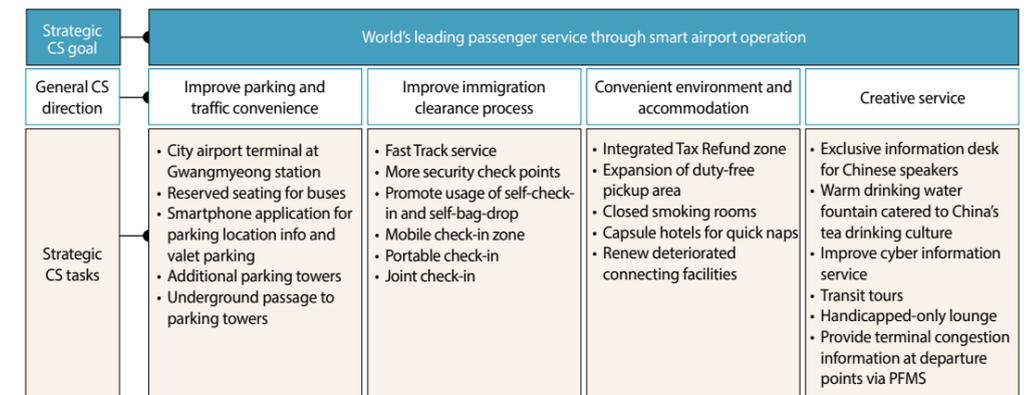
| Category | 2013 | 2014 | 2015 |
|------------------|--------------|--------------|--------------|
| Inquiry | 1,281 | 1,305 | 970 |
| Encouragement | 1,018 | 939 | 1,024 |
| Complaints | 2,107 | 2,598 | 2,858 |
| Proposals | 665 | 506 | 819 |
| Civil complaints | 74 | 73 | 92 |
| Total | 5,145 | 5,421 | 5,763 |

Upgrades to airport service

World-class service

Incheon International Airport was ranked No.1 in ASQ for 11 consecutive years and is in the process of making history in the global airport industry. This reflects credit upon Incheon International Airport's resolve to not become complacent and continue to find areas of improvement to provide differentiated services. The President & CEO of IIAC personally provides the direction and goals of IIAC's CS management. Under the direction of CCO(Chief Customer Officer), the CS management team oversees the CS-related tasks at IIAC. In addition, airport-wide CS management network and on-site organizations are working in concert to implement strategic CS tasks. IIAC established CS cooperation committee comprised of the five major CS departments (Passenger Services Group, Transportation Management Group, Concessions Development Group, Aviation Security Group, and Terminal Facilities Group) and improved executive CS capacities by reflecting passengers, resident institutions, and in-house company's input. CS Creators, comprised of resident institutions, in-house companies, and business partners, was established to provide a channel for communication among service providers. In addition, IIAC holds "One Family Workshop" every quarter to establish a common understanding among the CS creators. In 2015, Service Improvement Task Force Team (team leader: Vice President of Passenger Services Division, members: 9 executive directors and 24 team directors) was formed in place of CS cooperation committee to manage areas of improvement for better customer service at Incheon International Airport. The task force team established the general CS direction, four strategic directions, and 20 improvement tasks. In addition, IIAC's Service Improvement Committee is sharing information on current issues and solving problems relating to service improvements. The Service Improvement Committee also holds quarterly strategic meetings to share its progress and develop plans for improvement.

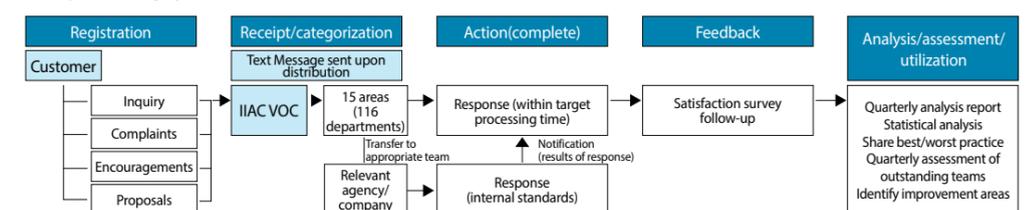
CS management strategy



Demand-centric VOC 3.0

IIAC has set up and began operating the VOC system to systematically manage customer's opinion. In particular, IIAC established the VOC 3.0 system, which goes beyond processing customer complaints in order to provide customer-centric tailored services. IIAC improved communication and information channels to enable big data collection. Customer opinions are categorized into items requiring immediate attention and items requested by a large number of customers. Responses are provided in accordance with the Processing Time Targets, depending on the type of customer requests.

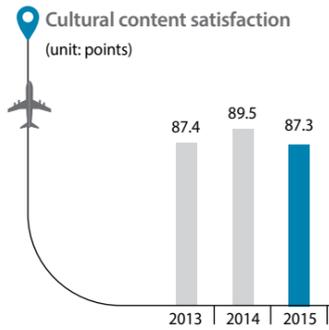
VOC processing system





Customer privacy protection

Incheon International Airport, as a national information communication security facility, strictly adheres to information protection regulations. IIAC established the PIMS to enhance customers' personal information protection. IIAC minimizes collection and retention of customers' personal information to protect personal information. In order to stop reckless collection of social identification numbers, IIAC stopped collecting identification numbers for six tasks, including for security pass requests and for paying costs for facility uses. In addition, personal information retention period for four tasks, including electronic bidding and VOC, has been modified. Furthermore, IIAC expanded customers' self-determination rights by minimizing personal information to be provided mandatorily. IIAC conducts tailored biannual training for those in charge of managing personal information and also systems managers. Mandatory on-line courses are provided to all employees. In 2015, IIAC scored 90.3 points at the Ministry of Interior's personal information management (other affiliated organizations averaging 87.48 points) and was awarded an 'Excellent' rating. Since the opening of Incheon International Airport, there have been zero cyber infringements.



Airport of culture and arts

Culture and arts contents

IIAC aims to develop Incheon International Airport as a venue to introduce Korea and communicate with the world. To achieve this aim, Incheon International Airport conducts traditional cultural exhibitions and culture and arts programs, thereby improving customer service while fulfilling its responsibility as a public organization. Cultural performances including Korean traditional music, classical music, and K-pop as well as the "Walk of the Royal Family", which recreates the royal procession of the Joseon Dynasty are made available 365 days a year at key points in passengers' routes. Such performances help to spread the word about Korea's culture throughout the world. In 2015, roughly 7,400 performances took place and audiences of such performances increased by 2.2%. Audience for the "Walk of the Royal Family" increased 9.5% compared to the previous year. Meanwhile, Incheon International Airport hosts the "Incheon International Airport Sky Festival," an outdoor cultural event open to the 40,000 Incheon International Airport employees and domestic and foreign visitors alike. Some 23,000 people visited the 12th annual Sky Festival in 2015.

2015 Incheon International Airport Sky Festival



2015 Korean Wave Fashion Festival



Culture and arts contents at Incheon International Airport

| Classification | Content |
|-----------------------------|--|
| Cultural performance | Millennium Hall cultural performance, Small Classical Music Festival, Korean Traditional Music Performance at Korea Center for traditional culture |
| Exhibition | Korea Culture Street, Korea Culture Exhibition, Korea Culture Museum |
| Experience | Korea Center for traditional cultural artifacts, Walk of the Royal Family (photo time) |

Development of customer-tailored contents

In response to increasing Chinese tourists and foreigners visiting Korea due to the popularity of the Korean Wave, IIAC is diversifying its performance contents and developing tailored contents. IIAC jointly hosted the "2015 Korean Wave Fashion Festival" with Incheon Tourism Organization and Kyung-in Broadcasting, which included fashion shows, award ceremonies, and Korean Wave performances at the Incheon International Airport Passenger Terminal. Fashion shows featuring traditional Korean attire, airport outfit, celebrity brands and performances featuring Korean traditional music, operatic pop, and K-pop grabbed the attention of domestic and foreign audiences alike. A K-Beauty booth was also featured.

ISSUE 3

Eco-friendly Airport

Low-carbon, Eco-friendly airport

Low-carbon, Eco-friendly management strategy

IIAC, under its vision of a low-carbon, eco-friendly management strategy, "Global Leading Low-carbon, Eco-friendly Airport," is implementing four strategic tasks of upgrading eco-friendly management, improving energy efficiency, expanding low-carbon operations, and enhancing environmental resource management. By 2020, IIAC aims to achieve all of its strategic goals of ACI airport carbon certification level 3, 100% LED lighting, 3% energy self-sufficiency, reduction of 66,000tCO₂eq GHG, and a score of 130 in Environmental Performance Index.

Low-carbon, Eco-friendly implementation strategy(2020)

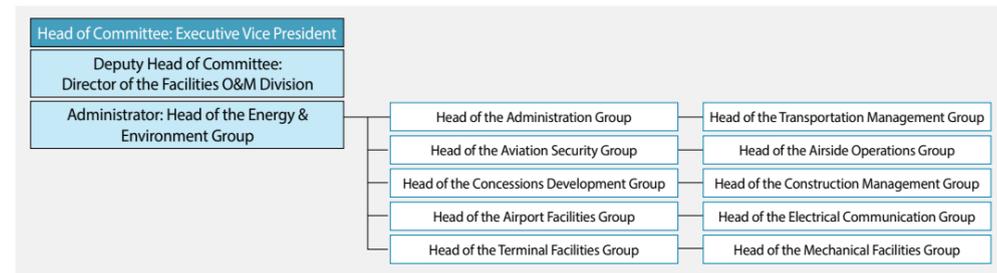


| Goals | Strategic tasks | Implementation tasks |
|---|---|---|
| ACI airport carbon certification Level 3 | Upgrade eco-friendly management | Enhance eco-friendly management system Establish foundation for emission trading scheme |
| 100% LED lighting 3% energy self-sufficiency | Improve energy efficiency | Enhance energy consumption efficiency Expand renewable energy usage |
| GHG reduction 66,000tCO ₂ eq | Expand low-carbon operations | Expand eco-friendly traffic infrastructure Expand carbon off-setting program |
| Environmental performance index score of 130 | Enhance environmental resource management | Enhance resource circulation and environment monitoring Minimize environmental footprint |

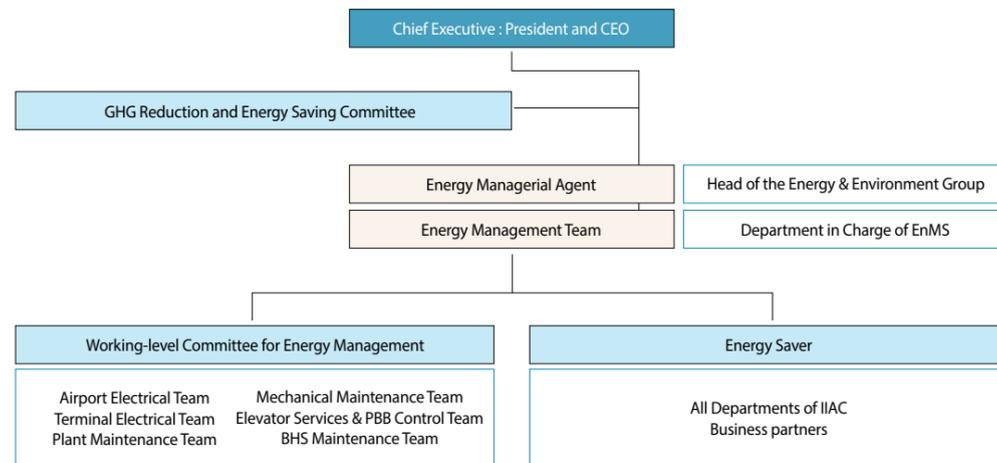
Energy management implementation organization

IIAC established the GHG reduction and Energy Saving Committee to effectively manage its GHG emission and energy saving activities. This committee is held on a quarterly basis and establishes and implements low-carbon eco-friendly strategy and plans, conducts analysis and assessment of progress, and discusses climate change responses and energy saving to reduce carbon footprint. In addition, the Energy Management Working Level Committee, organized to systematically manage energy usage and reduction, updates the progress of each department's energy saving efforts and methods. The working level committee meets every quarter.

GHG reduction and energy saving committee



Implementation organization



Publication of Green Report

IIAC is engaged in various initiatives to manage and improve its low-carbon, eco-friendly management activities. Since 1995, IIAC has been publishing the annual "Green Report" to share its activities with stakeholders. Detailed information on the issue of "eco-friendly airport" and related activities and achievements can be found in the Green Report uploaded on the IIAC website.

Proactive response to GHG emission trading scheme

In response to the emission trading scheme which became effective in 2015, IIAC established mid/long-term plans to achieve the emission target as well as the execution plan for its GHG reduction plans. In 2015, IIAC set its emissions target at 174,586tCO₂eq and improved energy efficiency and expanded infrastructure to achieve this target. IIAC replaced coolers and electric motors to improve efficiency and installed Energy Storage System (ESS). IIAC also replaced 65% of the lightings in passenger terminals, traffic center, and auxiliary buildings

Green Report International ARC Award, LACP Grand Prize



Ministry of Land, Infrastructure, and Transport
GHG target management
Exemplary organization
2 consecutive years



**Climate Change Center
Climate Change
Grand Leaders Award
Agency award**



**Ministry of Trade,
Industry, and Energy
Energy management
awards Prime Minister
Award Winner**



with high efficiency LED lightings. In addition, IIAC identified 37 company-wide energy-saving initiatives and reduced emissions by 4,929tCO₂eq through the energy saving activities. IIAC is conducting on-site inspection and providing guidance on energy saving and establishing plans to introduce in-house Energy Saving Evaluation to further its energy saving efforts. IIAC is also establishing procedures for purchasing and selling emission rights and managing energy saving performance of major energy-consuming departments by allocating energy saving targets. IIAC is cooperating with its business partners and in-house companies to reduce GHG emissions. As a result, Incheon International Airport's GHG emissions in 2015 was 168,891tCO₂eq, exceeding its goals by 3.26%. IIAC was selected as an exemplary organization for achieving GHG targets by the Ministry of Land, Infrastructure, and Transport, for two consecutive years. IIAC also received awards at the Climate Change Grand Leader's Award hosted by the Climate Change Center. External recognition of IIAC's achievements continued with the Prime Minister's Commendation at the Energy Efficiency Awards hosted by the Ministry of Trade, Industry, and Energy.

Energy saving activities with tenant companies and business partners

IIAC is extending its energy saving initiatives from IIAC itself to the tenant companies, thereby expanding the scope of energy saving initiatives to the entire airport. Energy managers were designated for each tenant company facility to set and manage energy saving targets. Energy Saving Evaluation System was introduced and included in the service evaluation to improve the effectiveness of energy saving initiatives. In addition, IIAC improved energy efficiency at the airport by mandating LED lighting by tenant companies in the business facilities. A total of 89 tenant companies replaced 14,311 lightings with LED lightings. Meanwhile, IIAC conducts biannual training on energy management for tenant companies to provide inspection and guidance as well as share future plans for energy savings. IIAC also prepares and distributes "Energy Saving Best Practices," which details outstanding energy saving performances in the past five years to share the collective accomplishments to date. To provide further motivation for energy saving, IIAC held energy saving idea contest and selected and rewarded 10 best practices. Tenant companies with exemplary energy saving performance were awarded as well. In 2015, cooperation with resident companies accounted for 1,272 MWh of energy saving and 594tCO₂eq of GHG emission reduction, representing a 5.7% reduction compared to the previous year.

Invitation to phase 3 construction site



Field trip invitation to the control tower



Indoor air quality certification



Resolving environmental civil complaints on airport operation

IIAC is implementing noise reduction program covering Bukdo-myeon, the area within the noise range of the Incheon International Airport. The noise reduction program, which provided sound proof and cooling facilities as well as subsidies to TV license fees to local residents, covered 10 households in an area of 30.58km². Starting from 2016, according to the policy change of the Ministry of Land, Infrastructure and Transport, the program will be expanded to cover 50 households in an area of 34.13km². Program budget will also be increased from a total of KRW 2.8 billion over 5 years to KRW 14.1 billion over 5 years. Furthermore, the President & CEO visited and hosted a meeting with the local community to ensure a wide range of communication. IIAC also cooperated with local governments to host information sessions and committees. IIAC hosts regular airport noise task force meetings to receive input from local community members and experts to efficiently carry out its noise reduction program.

Indoor air quality certification

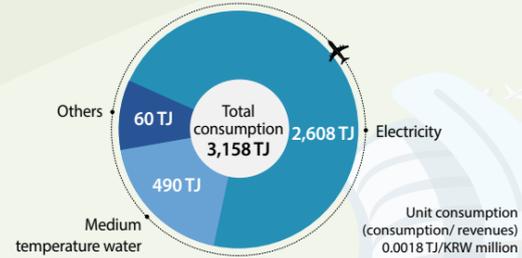
In order to provide airport customers with a pleasant indoor environment, IIAC established internal standards regarding indoor air quality that are stricter than national regulations (80% of national standards) based on the 'Indoor Air Quality Management Act for the multiple-use facility, etc.' IIAC also installed real-time indoor air quality measurement centers to constantly monitor indoor air quality. To maintain optimal indoor air quality, IIAC operates its HVAC system reflecting the monitoring results. IIAC also pays close attention to facility management, including periodic replacement of filters. Indoor air quality at Incheon International Airport is measured by an external agency on a quarterly basis to ensure objectivity in evaluation. IIAC set targets for particulate matters at 16.7% of the standards set forth in environmental rules and regulations. IIAC received indoor air quality certification from the Korean Standards Association due to the superior indoor air quality and excellence in management.

Incheon International Airport's Low-carbon, Eco-friendly Value Creation

INPUT

Energy consumption

IIAC is conducting technical diagnosis of energy consuming facilities to improve energy consumption efficiency. IIAC is enhancing its basis for energy sufficiency by expanding renewable energy usage.



Water resource consumption

IIAC aims for efficient usage of water resources and minimal water pollutant discharge.

Water usage

1,058,210 m³

Unit consumption (m³/No. of passengers)

21.5 L/Passenger

Investment in environment

IIAC continues to invest in the environment to minimize and prevent environmental footprint of Incheon International Airport operation and IIAC's business activities. IIAC is establishing an eco-friendly organizational culture by encouraging the use of green products.

Environmental investment

KRW 45.6 billion

Green products purchased

KRW 7.6 billion

OUTPUT

Waste production

IIAC operates resource disposal facilities capable of processing general waste as well as designated waste. IIAC also operates high efficiency fluidized bed incinerator facility.



GHG emissions

IIAC is optimizing GHG emission management by understanding direct and indirect emissions from Incheon International Airport operation, as well as emissions by tenant companies, airlines, ground staff, and passengers.



Water resource recycling

Waste water produced in the airport is treated at the waste water treatment center within the International Business Center. The heavy water created at the waste water treatment center is used as cleaning agents for rest rooms, cooling and cleaning agents for machinery, and irrigation.

Waste water produced

4,809,813 m³

Recycled amount

3,426,172 m³

(71% Recycling rate)

De-icing and Anti-icing solution disposal

IIAC collects all waste from de-icing and anti-icing agents, which are environmental hazards, by installing De-icing PADs capable of processing such waste materials.

Processed

5,070 tons

Waste disposal

IIAC is developing ways to reuse waste as products. IIAC is reducing the use of materials needed in airport operation by reuse and recycling of waste materials. IIAC is also installing an Eco-factory capable of creating recycled goods.

Recycled materials

25,357 tons

(69.29% recycle rate)

Incinerated

10,118 tons

Buried

1,121 tons

2

Strategy GLOBAL HUB



Why Is It Important?

Incheon International Airport's continued growth and development is not only directly related to IIAC's growth and development, but it is also related to Korea's national competitiveness. In order to increase aviation demand and enhance hub network competitiveness, IIAC is expanding its business areas from the traditional passenger and logistics business to creating new platforms for income. Incheon International Airport established itself as a central airport in Northeast Asia, ranked 3rd in international cargo and 8th in international passengers, and connecting 90 airlines to 186 cities in 54 countries. However, IIAC refuses to become complacent with its current accomplishment and is implementing even more diversified initiatives to strengthen its aviation network for a New Leap Forward.

Our Strategy

- Expansion of passenger network to attract demand
- Creation of passenger-friendly environment to maintain demand
- Enhancement of hub airport competitiveness in Northeast Asia
- Aggressive cargo marketing in core routes
- Development of niche markets in transshipment cargo
- Creation of airport logistics complex for manufacturing and logistics
- Improvement of investment environment and regulations concerning logistics complex



Next Step

- Continue to attract target airlines and routes
- Provide world-class infrastructure and business environment for convenient international travel
- Attract routes and logistics to China, Middle East, and U.S. as well as attracting global logistics, manufacturing, and shipping companies
- Develop and implement systems and programs to improve investment environment
- Focus on marketing activities to increase connecting passengers
- Generate potential connection demands by proactively responding to changing paradigms

Performance

| | | | | |
|--|--------------------------------|--|--|--|
| International passengers 48.72 million | Routes connected 186 | International cargo 2.6 million tons | Airport logistics complex occupancy rate Phase 1: 93.4% Phase 2: 77.3% | Connecting passengers 7.42 million |
|--|--------------------------------|--|--|--|

ISSUE 4

Increase Passenger and Cargo Demand

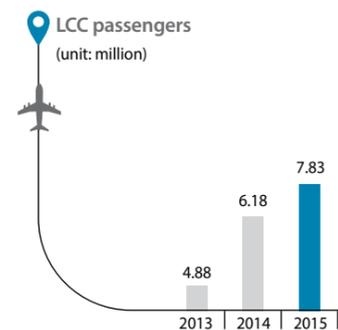
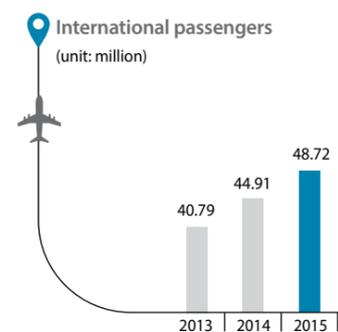
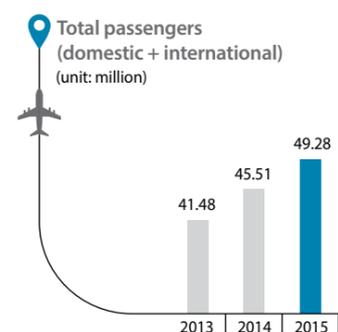
Efforts to increase passenger demand

Strategies to increase passenger demand

The transportation industry is undergoing constant changes, such as intensifying competition with surrounding countries to develop a global hub airport and increasing market share of LCCs. IIAC developed and implemented four key strategic directions to actively respond to such market changes, to increase passenger demand, and to become a hub airport.

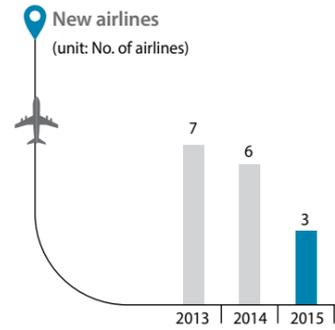
Strategies to increase passenger demand

| Strategic goal | Increase passenger demand, become a hub airport | | | |
|----------------------|--|--|---|--|
| Strategic direction | Timely response to changes in market conditions | Maximize passenger demand generation | Create passenger-friendly environment | Focus core competence on increasing connecting passengers |
| Implementation tasks | Implementation of comprehensive measures to recover from decreased demand due to MERS outbreak | Designate and attract strategic targets (airlines, routes, passengers etc.) Close cooperation with government to increase capacity in new markets | Efficient operation of limited slots to overcome capacity limitations and continuously generate demand Overhaul airport usage fee → Increase airport usage and flights | Implement differentiated strategies for different types of connecting passengers Maintain existing connections and develop new connections to generate additional demand Improve promotion and connection incentive schemes to maximize demand |



Timely response to changes in market conditions

In May 2015, Incheon International Airport's passenger transport decreased dramatically due to the spread of the MERS outbreak in Korea. Prior to the MERS outbreak (January ~ April), international passengers increased 16.8% compared to the same period in the previous year. During the spread of the MERS outbreak (June ~ July), international passengers decreased by 9.8% YoY. IIAC recognized this as a transportation risk, analyzed the root cause in demand decrease, and implemented comprehensive measures to increase demand. During times when flights to China and Northeast Asia were being cancelled or reduced, IIAC developed support programs to induce airlines that had previously cancelled or reduced operations, in order to normalize operations in advance. IIAC also visited 10 foreign carriers, including Cathay Pacific, which had cancelled or reduced flights and conducted road shows to convince these carriers to resume operations. To attract Chinese and Japanese tourists who were reluctant to travel to Korea, IIAC invited major travel agencies and media to a tour to prove travel safety in Korea and conducted marketing activities such as safety promotions to attract passengers. Due to Incheon International Airport's timely and multi-faceted efforts, air transportation demand quickly recovered and decrease in international passengers were recovered in three months.



Attract new airlines and routes

IIAC is generating passenger demand through tailored marketing activities for key target airlines, routes, and passengers. IIAC participates in route-concerning conferences with regional target FSCs to attract them to Incheon International Airport. IIAC also participated in CAPA LCC conference to meet with the LCCs and conduct marketing activities. In 2015, three new carriers were introduced to Incheon International Airport (Alitalia, Uni, and Cambodia Angkor Air) and 25 new routes were opened.

Efforts to increase cargo demand

Strategies to increase cargo demand

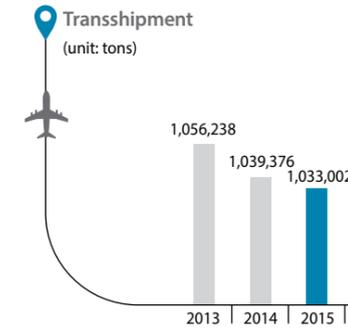
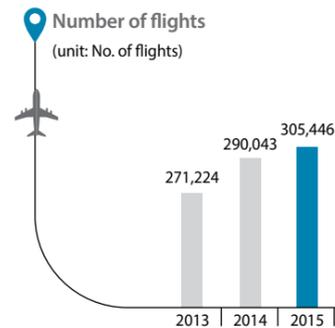
Incheon International Airport is a world-class airport that processes the 3rd largest volume of international cargo in the world. Incheon International Airport serves as the forefront of Korea's exports and imports, accounting for 95% of Korea's international air cargo and 23% of total exports and imports. Since opening, Incheon International Airport's international cargo throughput increased at an average 6.2% per annum. By successfully operating the airport Free Trade Zone, Incheon International Airport became one of the major logistics hubs of Asia. However, recent trends show intensifying competition from other airports and declining transshipment. To counter this trend, IIAC established strategic tasks to increase cargo demand and transshipment demands.

Strategies to increase cargo demand

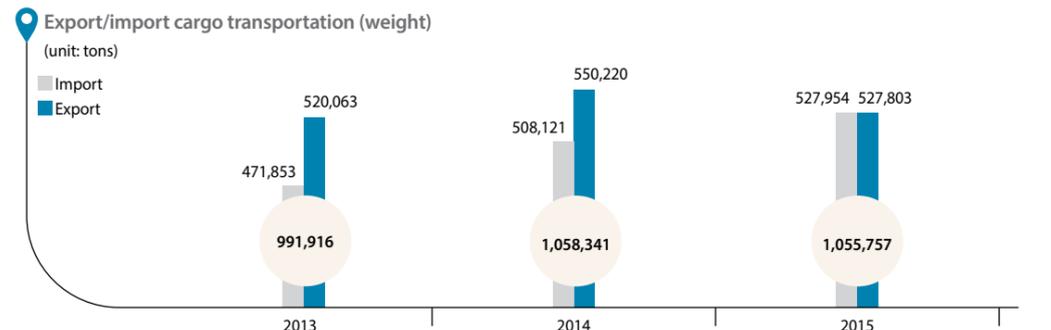
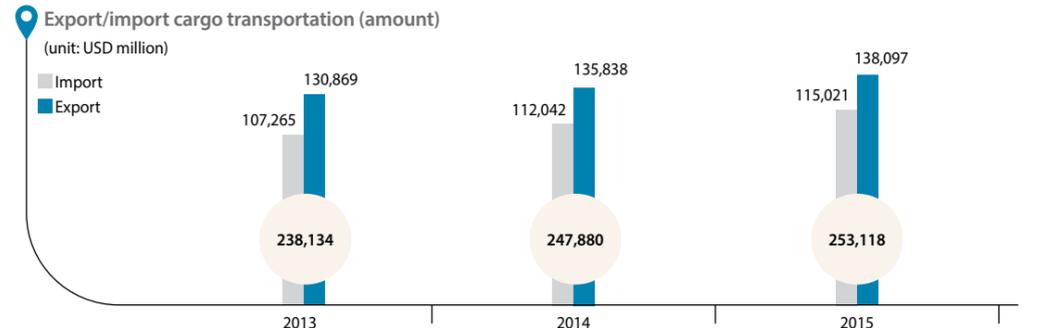
| Strategic goal | Increase cargo demand | | | |
|-----------------------|--|--|---|--|
| Strategic direction | Enhance activities in core routes and attract new cargo demand | Develop a throughput-generating airport logistics complex, integrating manufacturing and logistics | | |
| Key tasks | <ol style="list-style-type: none"> Enhance activities in core routes (Americas, Europe, and China) Cooperate with related agencies and airlines to increase new cargo and items Develop new routes and improve support schemes to increase the number of flights Improve cargo branding through Incheon International Airport's publicity activities | <ol style="list-style-type: none"> Attract investments from global corporations to increase occupancy in logistics complex Improve investment environment to increase activity in logistics complex Expand the Airport's role and its business in cargo | | |
| Implementation system | <p>Analysis and cooperation</p> <p>Market analysis Establish cooperation system</p> | <p>Designate target company</p> <p>Designate route, airline, company, and item</p> | <p>Conduct marketing activities</p> <p>Joint implementation of company tailored marketing</p> | <p>Results and future expectations</p> <p>Attract routes/airlines, generate goods movement, and increase occupancy</p> |

Enhance activities in core routes and attract new cargo demand

Goods movement in the American, European, and Chinese routes, which account for 60% of Incheon International Airport's total goods movement, is increasing while transshipment is decreasing due to increased availability of routes to hub airports, such as Hong Kong and Dubai. IIAC analyzed routes expected to have increased transportation and new cargo, and correspondingly implemented marketing activities tailored to each route. To increase new flights and increase flights in the target routes, IIAC conducted joint activities with airlines and consignors. Those activities included but were not limited to attracting new carriers and consignors, IR sessions for forwarders, and global Air-cargo Europe exhibition. As a result, IIAC was able to secure five new cargo routes (one in the Americas, two in China, one in EMEA, and one in others) and increase goods movement in the three core routes by 2% compared to the previous year, leading to a total goods movement increase. On the other hand, IIAC was able to capitalize on changes in external environments to create additional goods movement by incorporating new products. Agricultural goods export increased following the FTA with China and the Fukushima incident in Japan. At the same time, e-commerce activities increased due to surges in overseas direct purchases online. Such external changes provided IIAC with opportunities to expand its cargo operations.



As a result of the aforementioned efforts, cargo throughput in 2015 recorded a three-consecutive-year growth to 2.6 million tons (up 1.5% year-over-year). Such cargo movement increase was possible despite decrease in IT parts (semi-conductors and mobile communication device), a decrease in main export items, and intensifying competition with airports in China and the Middle East. In addition, Incheon International Airport was recognized for its accomplishments in the logistics field and was selected as the "2015 Outstanding Cargo Airport" by the Air Cargo World. Incheon International Airport was also awarded the 2015 Korean Logistics grand prize by the Korea Logistics Society and the Presidential Commendation on the Logistics Day.



Development of airport Logistics Complex conducive to generating cargo throughput

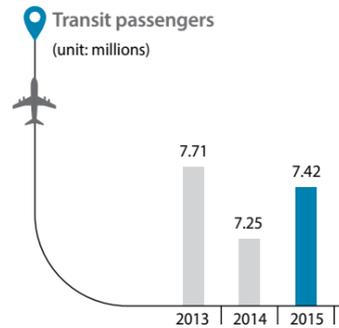
Despite increasing occupancy in the airport logistics complex, generation of new cargo throughput has been on a standstill. To overcome this trend, IIAC is aiming to attract manufacturers and logistics companies involved in e-commerce transportation, a possible source of generating new cargo throughput. IIAC concluded an investment agreement with Statschippac Korea in an effort to attract manufacturers capable of generating consistent goods movement. In addition, IIAC attracted five new logistics companies including CALT Logis, a logistics system developer, to increase high-value-added goods movement. Occupancy rates in phase 1 and 2 airport logistics complex increased drastically to 93.4% and 77.3% respectively. Based on this increase in occupancy rate, IIAC is developing 30,000 pyeong (roughly 99,000m²) of phase 2 Logistics Complex in advance and is planning for additional expansion in connection with phase 4 masterplan.

| | 2013 | 2014 | 2015 |
|---|------|------|------|
| Occupancy rate | | | |
| Logistics Complex 1 | 81.2 | 84 | 93.4 |
| Logistics Complex 2 | 27.2 | 27.3 | 77.3 |
| Number of companies(Based on the accumulation of the relevant year) | 18 | 21 | 26 |



ISSUE 5

Enhance Hub Competitiveness through Increased Connections

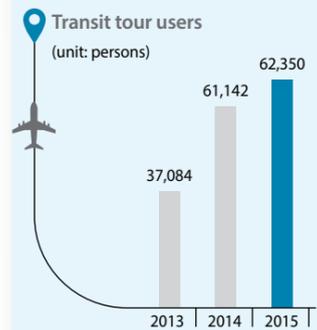


Efforts to increase connection demand

Increase transit passengers through incentives and additional promotion

In 2014, transit passengers at Incheon International Airport decreased by 460,000 compared to the previous year, raising concerns and negative perceptions about Incheon International Airport's capacity as a hub. In order to achieve the national goal of a "Top 5 Air Transport Country by 2020," IAC cooperated with stakeholders including the government, airlines, and travel agencies and set a common goal of "increasing transit passengers" at Incheon International Airport. IAC subsequently implemented four key tasks to increase connection to achieve the goal of 10 million transit passengers by 2020. To enhance price competitiveness, which is a key factor in transit decisions, IAC implemented a new transit incentive system considering actual connections in 2015. With the goal of increasing aviation demand in Incheon International Airport in 2016, IAC is providing even more effective incentive programs for airlines by selecting core connections and strategic routes. IAC also attempted to increase connection demand through various promotions including Free Transit Guides for Chinese and Japanese tourists, Familiarization tour for future medical tourism, and Free Transit Tours and other services combining lounge access. Due to IAC's efforts, number of connecting passengers, which was declining for 18 consecutive months, rebounded in March 2015. In 2015, total connecting passengers increased to 7.42 million, representing a 2.3% increase year-over-year. In addition, Incheon International Airport was named the "Best Connecting Airport" by UK's Skytrax for two consecutive years and the "Best Airport" by TTAG (Travel Trade Gazette) for three consecutive years, reflecting credit on Incheon International Airport's capacity to serve as a connecting airport.

BEST PRACTICE



[Free transit tours]

Incheon International Airport provides connecting tour programs that allow connecting passengers to experience Korea's major tourist sites as they wait for their next connection. Through this program, connecting passengers can experience Korea's traditional culture and history by visiting tourist venues near the airport, in Incheon, and Seoul, all guided by a professional tour guide. Major stops include the royal palaces in Seoul, Insa-dong, traditional markets, and Buddhist temples. Tours may last from one hour to five hours depending on the layover. In particular, "Incheon International Airport Culture Tour" is a program that introduces Korea's culture and arts within Incheon International Airport. Passengers may take the Incheon International Airport Culture Tour without needing immigration clearance into Korea. Number of people participating in Free Transit Tour programs increases every year. Customer satisfaction is very high, with over 90% of the total customers expressing satisfaction about the program. In 2015, The transit tour programs were used by 62,350 transit passengers, up 2% year-over-year.

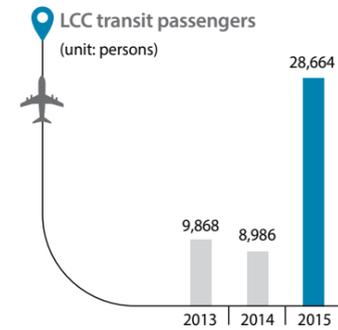
Overview of Incheon International Airport Culture Tour



Strategy 2. Global Hub

Issue4. Increase passenger and cargo demand

Issue5. Enhance hub competitiveness through increased connections



Diversify transportation by solidifying existing connections and developing new connections

To solidify existing connections, IAC enhanced marketing activities to the four major connecting countries (the U.S., Japan, China, and the Philippines), conducting activities such as presentations, familiarization tours, and media advertisement. In addition, IAC capitalized on the rapidly growing LCCs, developing transit products such as codeshares*. IAC also carried out various promotions for LCCs in an effort to increase demand from LCCs.

In addition, IAC proactively created demands by expanding the paradigm of connecting passengers to include stopover passengers**. IAC provided services that connected airports and hotels to cater to the needs of stopover passengers. In the future, IAC will continue to develop stopover products and increase connection demand for those traveling to and from China and Japan through tailored marketing activities. IAC will continue to differentiate its services with its competition by developing medical transit products, utilizing Korea's high quality medical service, and stopover products in concert with the Paradise Integrated Resort scheduled to open in March 2017.

* Codeshare: a practice that an airline not flying airplanes to the route operated by its partner airline takes a portion of the seats of the partner's airplane through an agreement for its own business, that is, one aircraft being operated by two airlines

** Stopover passengers: Passengers staying for more than 24 hours at an intermediate destination

Expanding stopover products

A Chinese Passenger (Mr. A)'s family is connecting (stopover for 2 nights and 3 days) at Incheon before departing to the United States
Travel itinerary: Shanghai (China) → Incheon (stopover, 2 nights) → Los Angeles (US)

- Mr. A's family arrives at Incheon International Airport
Purchased 2 nights stopover package through travel agency in advance



- After arriving at Incheon International Airport,
Tour schedule based on the stopover program



- Conclude stopover tour program
Depart for Los Angeles (final destination)



3

Strategy SUSTAINABLE GROWTH



Why Is It Important?

IIAC considers earnings from airport operations as well as non-aviation earnings through diversification of business model to be equally important elements of IIAC and Incheon International Airport's sustainability. IIAC will solidify Incheon International Airport's position as a mega hub airport by securing stable source of earnings through exporting airport operations knowhow to foreign airports; constructing value-oriented airport city combining shopping, leisure, and business, as well as the successful completion of the second passenger terminal construction.

Our Strategy

- Mid/long-term development strategy for 3rd phase premier airport construction and the second opening of Incheon Airport
- Enhance competitiveness and the scope of overseas business and win more project orders
- Return profits to society by enhancing the competitiveness of commercial facilities
- Attract more investments to the Airport City (Air-City)



Next Step

- Develop preventive measures against delays in 3rd phase construction project
- Expand new overseas business by winning new orders for projects while establishing an integrated Overseas Business Risk Management System
- Provide stable operational platform for domestic and small/medium enterprise products at airport business facilities and form working committees among IIAC, conglomerates, and small/medium enterprises
- Improve investment environment to attract investment for the Air-City and expand aviation safety and customer service infrastructure

Performance

| | | |
|--|--|---|
| <p>3rd Phase construction progress</p> <p>47.2% complete</p> | <p>Cumulative overseas business revenues</p> <p>USD 92.96 million</p> | <p>Concessions revenues</p> <p>KRW 2.2572 trillion</p> |
|--|--|---|



ISSUE 6

New Infrastructure Expansion

Expected infrastructure at Incheon International Airport in 2017

72 million Passengers (per year)

5.80 million tons Cargo (per year)



3rd Phase premier airport construction

Incheon international airport's 3rd phase construction project

As the growth of the global aviation industry, FTA, and the expansion of open sky agreements are expected to increase aviation demands, airports are investing in large scale development projects to increase their respective market shares amid intense competition in the aviation industry. Incheon International Airport is continuing to invest in its airport facility to further enhance its hub competitiveness. The Airport will have invested KRW 4.9303 trillion in phases from 2009 through 2017 to expand its airport infrastructure, including the second passenger terminal and aprons. The successful completion of the 3rd phase construction project will be an important milestone for Incheon International Airport as a hub airport, as the new infrastructure will enable the airport to serve a total of 72 million passengers and process over 1,000 flights per day upon completion. By completing 3rd phase construction project by 2017, Incheon International Airport will be able to fully support the 2018 PyeongChang Winter Olympics.

Green airport

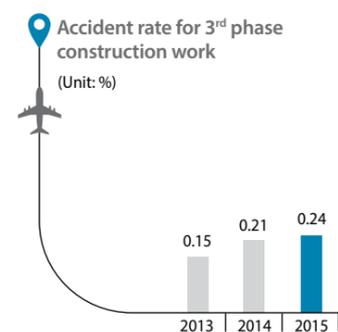
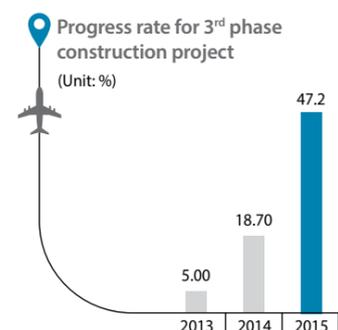
Incheon International Airport is implementing its unique and eco-friendly 3rd phase construction project to create a Green airport. To create "An Airport inside a Park", IIAC expanded green areas, built waterfront space, and eco-friendly structures to integrate ecology, culture, and relaxation. With plans to create a green landscape throughout the airport, IIAC will increase green areas by 126% from 1,642,000m² to 3,714,000m² and increase the number of plants from 70,000 to 110,000. In addition, IIAC will create a resource-saving waterfront space by installing eco-friendly hydroponic facilities. IIAC is also in the process of developing plans to use heavy water and rain water to increase the efficiency of water resource utilization. Furthermore, IIAC will integrate green space with architecture design, by creating an indoor landscape area bigger than the one in the 1st passenger terminal and placing air-filtering plants and hydroponics.

Eco airport

To create a low-carbon and clean "Eco-airport," IIAC will increase the use of renewable energy sources, including solar PV and geothermal energy. IIAC will also strive to increase energy efficiency by making full use of natural lighting and improving heat insulation in buildings. IIAC also plans to create an airport that is 40% more energy efficient than previous terminals, produces less carbon footprint, and utilizes more renewable energy. IIAC is applying both passive (eco-friendly architecture methods utilizing architectural elements such as lighting, ventilation, and insulation) and active (eco-friendly architecture methods utilizing cutting edge eco-friendly equipment) design in constructing a low-energy airport. In addition, IIAC seeks to install PV power plants on unused land (80,000m²) near the airport and PV* and BIPV** modules on the roofs of the second passenger terminal and its façade. Thus, IIAC plans to install the PV power generating facility of about 4MW.

* PV (Photovoltaic): the device changing the light energy into electric energy

** BIPV (Building Integrated PV): the eco-friendly construction technique of generating energy on the outer surface, such as glass, doors, windows, etc., by integrating the PV power generation module with construction materials



Smart airport

IIAC will create a customer-centric smart airport service utilizing cutting-edge ICT technology to upgrade existing systems. Self-zones where customers can use the Self Check-in and Self Bag-drop services are placed in the center of Departure hall. IIAC also introduced an open search information sharing system that allows passengers to enter the security screening area without having to wait after consigning their baggage. In addition, IIAC will establish an integrated information system, which will serve as an information hub connecting airport systems. The number of systems connected will be increased from 45 to 60 systems and message processing capacity will be increased from 1.3 million to 2.7 million per day.

Enhance overseas business

Overseas business strategy

IIAC is engaging in overseas projects with the mid/long-term aim of establishing a stable source of revenues through overseas markets. IIAC is providing high value-added overseas consulting services, capitalizing on the airport operation knowhow that led to 11 consecutive years of No.1 rating in ASQ and the lessons learned from the successful completion of 1st - 3rd phase construction work. Starting with the Iraq's New Erbil International Airport operation consulting in 2009, IIAC won 25 overseas contracts in 12 countries, with cumulative contract amount of USD 92.96 million. IIAC will utilize its overseas business experience to diversify its business area beyond consulting to include consignment operations, BOT (Build, Operate, and Transfer), PPP, and M&A of overseas airports. IIAC will also expand its business to include South America, the Middle East, and West Asia.

Overseas business strategy

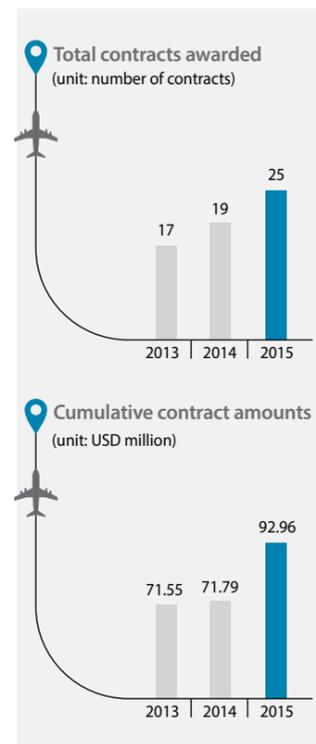
| Strategic direction | Increase high value-added consulting contracts | Establish stable mid/long-term revenue base | Make way into new target markets | Increase revenues by maximizing overseas revenue |
|-------------------------|---|---|---|--|
| Implementation by phase | 1 st phase('14~'15) | 2 nd phase('16~'18) | 3 rd phase('19~'20) | |
| | Focus on core areas (consulting) (Secure market share, branding) | Strategic expansion utilizing internal competence (Diversification and increase in business) | Operations centered around investments (Transition to large scale investments) | |

Entry into European markets

In 2015, IIAC entered the European market for the first time with the airport operation consulting for the Istanbul New Airport in Turkey. IIAC began to establish networks from 2012 onwards to identify business opportunities in Europe. IIAC was able to win the contract through strategic and comprehensive preparation, knowing the intensity of the competition and high entry barrier in European markets, presence of high risks, and their needs for advanced technology in order to build one of the biggest airports in the world.

Through this contract, IIAC will provide consulting services in establishing operation strategy, organization structuring, establishing training plans, providing a comprehensive test run, and operational support after opening of the airport over the course of 65 months. This contract, which will allow IIAC to recognize revenues of KRW 7.4 billion over five years, served as an opportunity to prove IIAC's competitiveness on a global arena against industry leaders such as Germany and Singapore.

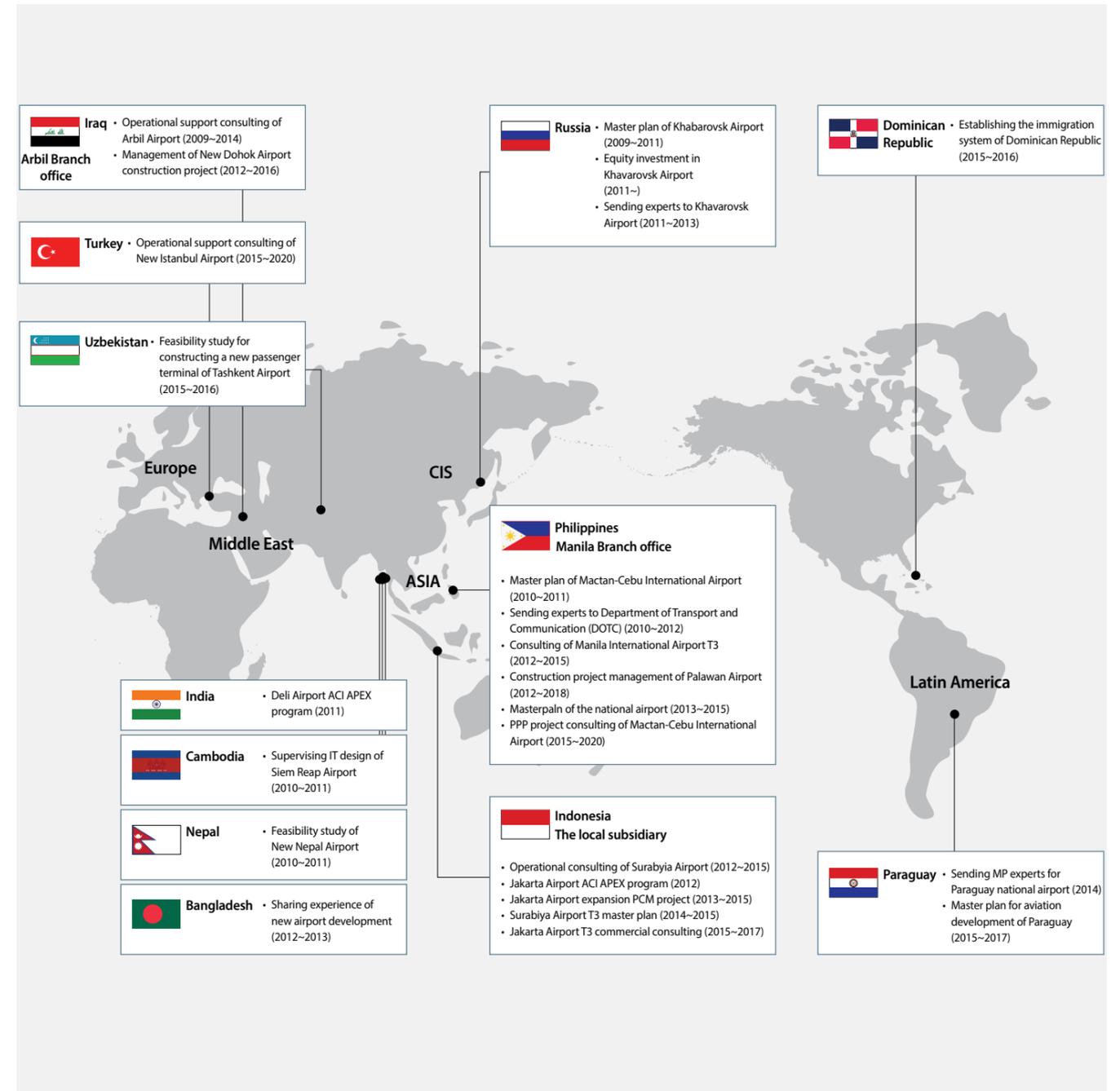
Achievements in overseas business



Record of awarded orders in overseas projects

IIAC has achieved totally awarded orders of USD 9.296 million for 25 items in 12 countries since Arbil Airport project in 2009.

IIAC expanded its projects in the existing markets in Asia and entered Turkey and Uzbekistan for the first time.





ISSUE 7

Enhance Foundation for Future Growth

Development of areas surrounding the airport

Construction of an advanced-concept new airport city

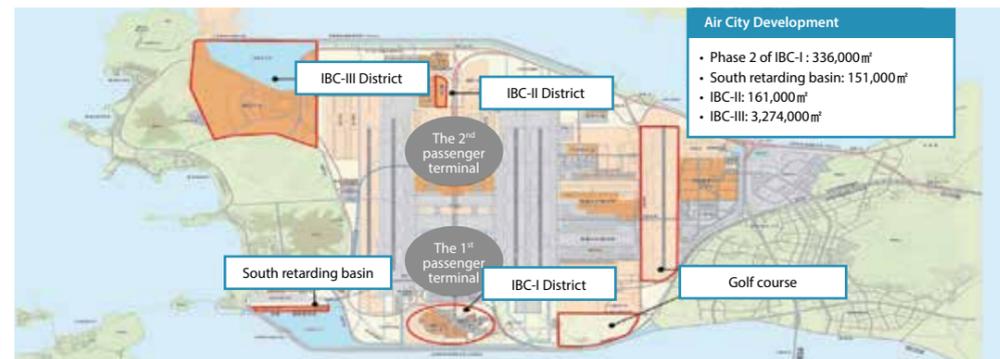
Airports are becoming more than just a place where aircrafts land and take off. Rather, they are becoming an industry that creates added value through logistics, culture, tourism, and business. IIAC is proactively and strategically responding to this trend and is engaged in the development of an Airport City to make Incheon International Airport a major tourism/business hub in Northeast Asia. To achieve this aim, IIAC completed the development of IBC-I and areas around runway 5(potential) region as golf courses. Currently, IIAC is attracting investment to IBC-I, IBC-II, and IBC-III as one of its core business. The successful completion of IBC developments are expected to enhance airport support functions as well as generate additional aviation demand and contribute to national and local economic development.

Direction of airport city development

Currently, the Airport City features 4 hotels (roughly 1,700 rooms) and 4 business facilities (roughly 1,900 rooms), a 72-hole public golf course, motorboat training facility, and Asia's first BMW driving center surrounding the IBC-I (Phase 1) district. The adjacent IBC-I (Phase 2) district will feature "Paradise City," Korea's first casino resort currently being developed by Paradise Co., Ltd. with total investment amount of KRW 1.5 trillion. When completed, IBC-I will become a Korean casino integrated resort featuring casinos, conventions, culture, shopping, hotels, as well as adopting the new Korean wave. In particular, connection to passenger terminals and basins on the southern parts via Maglev trains is expected to provide easy access to transit passengers.

IBC-III, to be developed in the future, is a 1 million pyeong (3.3 million m²) parcel of land that is less than a 10 minute's-drive from Incheon International Airport. In February 2016, Inspire Integrated Resorts Co., Ltd., a joint venture by Mohegan Sun, the largest casino operator in the western hemisphere, and KCC, was selected as the developer by the Ministry of Culture, Sports, and Tourism. Inspire Integrated Resorts is scheduled to construct

Plan of airport city development



an integrated casino resort in IBC-III. Phase 1 development of IBC-III, with scheduled completion in 2020, will take place on 320,000 pyeong (1.1 million m²) of land with total investments of KRW 1.8 trillion and will feature high-end lodging facilities, theme parks, water parks, aquarium, and other recreational facilities as well as a foreigners-only casino and an arena seating 15,000. IBC-III is expected to play a leading role in attracting foreign tourists and generate aviation demand through synergies with Paradise City. With the 2nd passenger terminal scheduled to open in 2018, IBC-II will serve support functions, providing employees and customers of terminal 2, with venues to rest and recharge. IBC-II is currently in negotiations to house 4 hotels, 4 business facilities, and 3 residences.

BEST PRACTICE



Bird's eye view of Complex Resort

[Establish foundation for hub airport growth by attracting complex resorts]

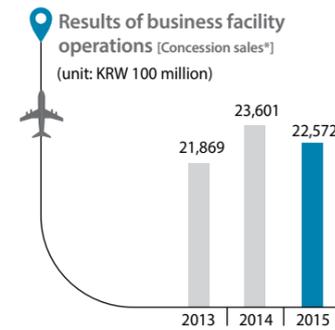
On February 26, 2016, Inspire Integrated Resorts Co., Ltd. was selected by the Ministry of Culture, Sports, and Tourism as the complex resort developer at IBC-III. Inspire Integrated Resorts Co., Ltd. was founded in April 2015 as a joint venture between MGTA (Mohegan Tribal Gaming Authority) and KCC, a Korean conglomerate, which signed an MOU with IIAC for the development of IBC-III. With this integrated resort development, IIAC was secured a large-scale integrated resort in the vicinity of Incheon International Airport. This resort development is expected to generate 2.3 million new customers per annum for the next 20 years.

IBC-III development is also contributing to IIAC's goal of generating 1 million additional transit passengers by 2020. Development of an integrated resort is expected to create a virtuous cycle increasing transit tours, stopovers, and aviation demand from origin to destination, thereby increasing connections at Incheon International Airport. Incheon International Airport will establish itself as a leader in the new Airport City paradigm by enhancing its hub competitiveness by capitalizing on integrated resorts. Paradise city, scheduled to open in 2017 and the passenger terminal 2, scheduled to open in 2018, as well as IBC-III will play an instrumental role.

Create a global business environment

Enhance quantitative and qualitative competitiveness of business facilities

IIAC periodically researches customer needs in order to create an optimal shopping environment and select brands and merchandises based on customer demands. In the case of duty free stores, business partners are selected on the basis of variety of brands offered, strategic arrangement of sales floor, shopping convenience, BI management, and other unique experiences offered. IIAC is also creating concessions that are capable of increasing customer convenience and revenues at the same time, by responding to high customer demand such as low/mid-budget restaurants and fast food joints. Meanwhile, IIAC is continuing to enhance the quality of its customer service to ensure qualitative improvements as well as quantitative improvements of its business facilities. Through rearrangement of categories and store locations, customers are now able to maximize their shopping experience at Incheon International Airport's duty free stores. The food and beverage facilities took various customer tastes into consideration, and also brand recognition and pricing to offer various products at reasonable prices, thereby maximizing customer satisfaction. In addition, IIAC is also working towards maximizing business partnerships with small and medium enterprises by helping small and medium enterprises make entry into duty free business. IIAC allocated business rights to 4 duty free stores to small and medium enterprises and added shops for domestic and handiwork products in order to promote win-win growth.



* Sum of duty free, food and drinks, department store, underground-level business rights, convenience store, transit hotels, and transit amenities, internal tax returns and internet café sales

Results and evaluation of business facility operations

In 2015, Incheon International Airport led the global airport concessions industry with revenues of KRW 2.2572 trillion. In addition, customer satisfaction regarding the airport's business facility improved for three consecutive years (2013 80.3 points → 2014 82.3 points → 2015 82.9 points) and complaints received in VOC regarding food and beverage in the airport decreased 33% compared to the previous year. Thanks to reasonable prices, optimized shopping routes, and world-class service, Incheon International Airport's duty free stores have been selected as the "best airport duty free stores" by the American edition of Business Traveler for six straight years, by the Asia-Pacific edition for five straight years, by the Chinese edition for three straight years. Incheon International Airport's duty free stores have been named "Airport Duty Free of the Year" for three consecutive years by UK's Frontier magazine.

4

Strategy RESPONSIBLE CORPORATION



Why Is It Important?

IIAC, as an airport corporation striving to grow with the People, is creating a sustainable future while fulfilling its social responsibilities. IIAC is enhancing its organizational competitiveness through a culture of trust and innovation while maintaining a sustainable organization with a corporate culture that respects individuals' strengths and uniqueness. IIAC is sharing its values with its business partners as constituents of a bigger airport family and striving to grow with its business partners. IIAC is also cooperating with the local community and is spreading the culture of sharing for those who are in need. IIAC will earnestly look after its employees, partners, and the local community even as it continuously strives to grow into a global hub airport.

Our Strategy

- Selection of various candidates through open hiring process
- Human resource development and equitable human resource management
- Mutually beneficial labor management relations
- Win-win growth culture
- Prevention of unfair trade practices
- Strategic social contribution aligned with corporate strategy



Next Step

- Internalize core functions through increased staffing and efficient personnel management upon agreement with government
- Develop mid/long-term labor management relation improvement plans
- Take various measures including increasing communication to maintain relationships with business partners
- Continue to expand social contribution activities with community service tailored to local needs
- Establish and implement core social contribution program aligned with industry characteristics and core competence

Performance



ISSUE 8

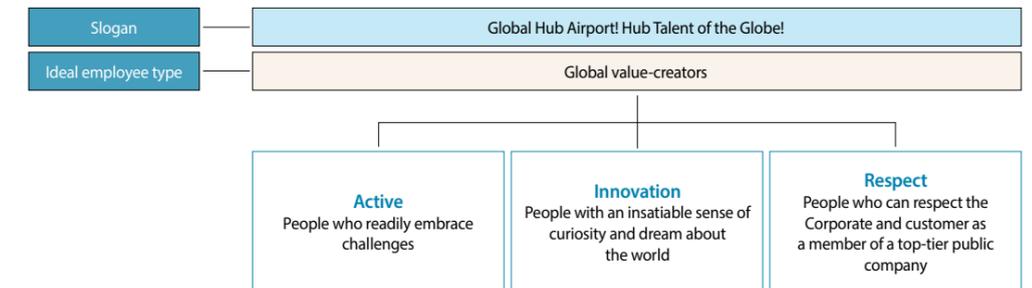
Human Resource Management

Efficient human resource management

Ideal employee type

IIAC seeks to hire and train global value-creators. Key words that define IIAC's employees are "active," "innovation," and "respect." IIAC seeks to hire people who readily embrace challenges, have an insatiable sense of curiosity about the world, and have respect for the company and customers as a member of a top-tier public corporation. IIAC equitably selects people who meet the company's criteria to achieve the company's mission and business goals.

Ideal employee type



Fair and equitable human resource management

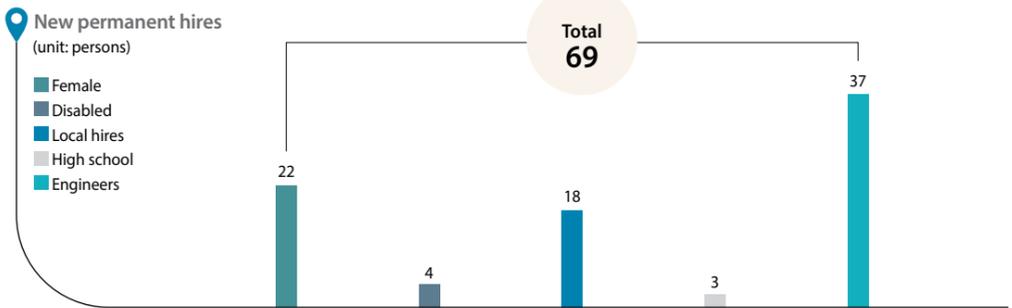
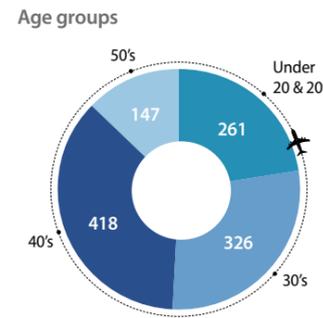
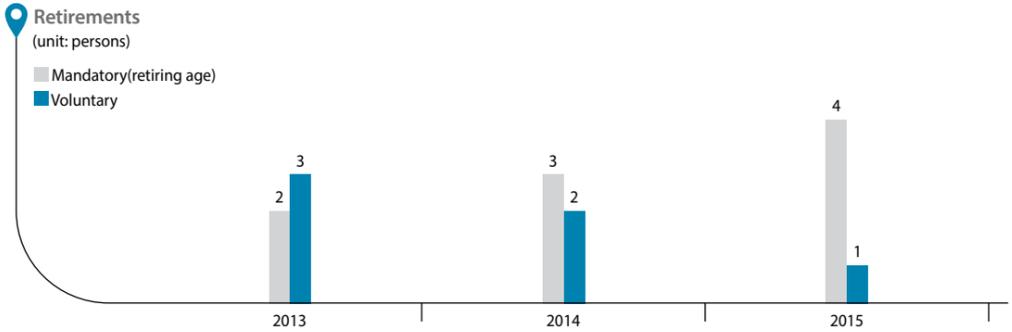
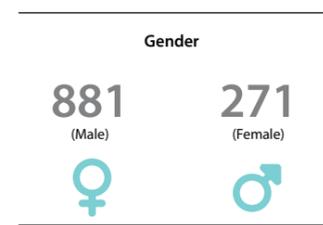
IIAC respects diversity and human rights, and does not discriminate on the basis of gender, age, and religion in its hiring process. IIAC also observes labor laws to prevent child labor and illegal labor. In addition, in accordance with its hiring and human resource regulations, IIAC provides equal opportunities and fair evaluation to all of its employees. Within the same paygrade, all compensation and welfare benefits are provided equally to all genders.

Open hiring process

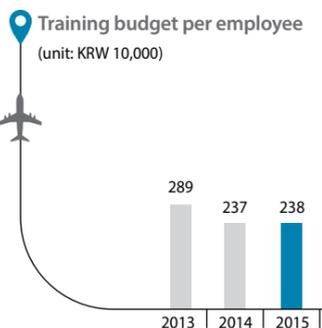
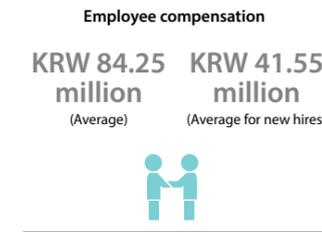
IIAC has a systematic NCS-based hiring process. IIAC's jobs have been mapped to NCS categories and job descriptions have been formulated based on necessary skill sets. IIAC's hiring process, starting from employment notices, application screening, written examinations, and interviews, all incorporate the NCS-based processes. In particular, IIAC removed the GPA section in the application form to evaluate candidates based on competence. Furthermore, IIAC expanded the persons eligible for written examinations from 40 times to 50 times of the final recruits to ensure adequate opportunity for more candidates. IIAC holds blind interviews to enhance the fairness in its hiring process and hires candidates based on merit by evaluating candidates' skill sets necessary to fulfill their job descriptions.

Socially equitable hiring

IIAC is expanding its hiring of socially disadvantaged persons to fulfill its responsibilities as a public corporation. IIAC reflected the government's socially equitable hiring goals in its hiring plan and hired five women who have experienced career breaks through the corporation's "Return-ship" program. IIAC also hired eight disabled persons (four interns and four new hires) through a separate hiring process. IIAC also hired six candidates from veterans' families, low-income households, and multi-cultural families (two interns and four new hires) by assigning additional points in the hiring process. In addition, IIAC is creating jobs for new hires out of high school and fostering these candidates through 1:1 mentorship program and encouraging a balance of work and education.



| Category | 2013 | 2014 | 2015 |
|-------------------------------|------------|------------|------------|
| Total | 1,091 | 1,154 | 1,154 |
| Type of employment | | | |
| Permanent | 1,015 | 1,107 | 1,152 |
| Non-permanent | | | |
| Unlimited duration | - | - | - |
| Direct | 5 | 30 | 27 |
| Indirect | 6,128 | 6,288 | 6,481 |
| Gender equality | | | |
| Women in permanent hires | 216(21.3%) | 257(23.2%) | 271(23.5%) |
| Women in managerial positions | 6(4.8%) | 6(4.4%) | 6(3.9%) |
| Social equity (hiring) | | | |
| Disabled | 5 | 4 | 4 |
| High school | 15 | 10 | 3 |
| National merit | 6 | 3 | 3 |
| Local hires | 22 | 31 | 17 |



Reasonable evaluation and compensation

IIAC evaluates all employees in a transparent, fair, and equitable manner based on a system of meritocracy. In addition, IIAC provides reasonable compensation based on results of evaluation to achieve organizational goals and motivate employees. Performance management is separated into organizational and individual level to ensure objective performance measurement and reasonable compensation. IIAC prepares organizational KPIs based on mid/long-term management goals and aligns individual goals (MBOs) with such KPIs, thereby aligning organizational and personal interest. Organizational performance evaluation is comprised of quantitative and qualitative items and evaluation is finalized by multiple parties including external parties. Personal evaluations are based on MBO and personal goals, and the progress and achievements are freely communicated between team leaders and team members to facilitate goal achievements and ensure objectivity in evaluation. A 5-level grading curve is applied in evaluation to bring about competition and personal development. Individual grading is used as a basis to differentiate profit sharing amounts, pay raises, promotions and other monetary and non-monetary compensation. In addition, employees identified as high performers are provided with additional training and education opportunities while underperformers are encouraged to improve their performances. As such, IIAC is implementing an organizational culture based on meritocracy. Meanwhile, IIAC's employee compensation is comprised of basic salary, performance pay, and other allowances. All employees are assigned a pay band in their basic salaries and one of five job functions based on job classification.

Enhance airport-specific competency

Human resource development strategy

IIAC is establishing a mid/long-term human resource development masterplan to continuously develop and improve its employees' competence. With the goal of developing "value-creators with international competitiveness", IIAC is implementing four strategic human resource development directions: organizational change and innovation, improved job competency, global aviation training institution, and improved HRD infrastructure.

Human resource development system



Human resource development program

IIAC is developing training programs after conducting competency analysis and receiving feedback on training needs in order to enhance the effectiveness of its human resource development program. In 2015, IIAC created the 'Humanities Concert' course to stimulate creative and innovative thinking. IIAC also added the 'Mind-up' course to internalize CEO's management philosophy and basic values. In addition, IIAC also created training programs aligned with government policy initiatives, including programs tailored to high school graduates and leadership programs for women who experienced interruptions in their careers.

In order to train overseas business experts, IIAC created courses in consulting, feasibility study, and project management. Airport management courses were created to enhance business support functions. In addition, IIAC increased mobile and on-line programs by 47% compared to the previous year and enabled around-the-clock-training to overcome the limitations of classroom-setting trainings. Training programs are periodically evaluated to improve trainee satisfaction and expertise. IIAC checks the satisfaction regarding training programs with all employees. Training programs are evaluated by IIAC's Training Commission on the basis of eight categories, including alignment with strategy and competence, effectiveness, and demand. Such evaluation results are used to improve the quality of training programs.

Female human resource development

Compliant with government policies, IIAC is striving to establish human resource management for female employees. IIAC has courses on communication and coaching skills and leadership for women. IIAC is also supporting quick transition for women with career breaks by offering courses on change adaptation and interpersonal relations. In addition, IIAC has global leadership program in which Level 1 female managers are given the opportunity to study abroad. IIAC also selects one female candidate from the female human resource pool and provides tuition for graduate school. Through systematic management of women in its workforce, IIAC plans to increase the portion of women holding managerial positions to 5.3% by 2017.

Improving employees' quality of life

Reduce customary overtimes

IIAC is striving to reduce customary overtimes in order to improve employees' quality of life and to create a happier work place. IIAC implemented the refresh and recharge (5 consecutive days of leave) vacations to encourage its employees to take days off and designated every Wednesday as no-overtime day. In addition, IIAC introduced the Smart Work System, increasing work efficiency by dispensing of unnecessary work procedures. IIAC is monitoring such programs to ensure that they are effectively improving its employees' quality of life.

Flexible working hours

IIAC is supporting balance between work and family by implementing various forms of flexible working hours to cater to the needs of child-rearing employees, long-distance commuters, students, and employees with health concerns. However, application procedures for flexible working hours were complicated and there were instances where flexible working hours were used merely to achieve KPI. In response, IIAC established the one-stop flexible working hour registration system to facilitate application and approval. IIAC also updated its flexible working hour system to improve its effectiveness. Before the update, flexible working hours had employees work 3 ~ 6 hours a day, 5 days a week. After the update, employees can choose to work on any 3 days of the week for a total of 25 hours. Such updates enabled persons in need of flexible working hours to take full advantage of the system.

Family-friendly working environment

IIAC creates and supports a family-friendly culture that enables its employees to balance work and family. IIAC implemented the 119 dinner campaign and family days to create a culture conducive to family life. IIAC also implemented the "change over plan" (enabling transition from maternity leave to child-rearing leave), installed nursery homes at the work place, and reduced working hours for pregnant employees. In addition, IIAC is encouraging its male employees to also take parental leave to lessen the burden of child care.

Use record of flexible working system and part time work

| Category | 2013 | 2014 | 2015 | |
|------------------------|----------------------|------|------|----|
| Part-time employees | 6 | 9 | 15 | |
| Flexible working hours | Staggered hours | 36 | 253 | 77 |
| | Selected hours | - | 103 | 26 |
| | Compressed workweeks | - | 1 | - |
| Remote office | Discretionary hours | - | - | - |
| | Home-office | - | - | - |
| Smart work | - | 226 | 31 | |

Maternity leaves

| Category | 2013 | 2014 | 2015 | |
|------------------------|--------|------|------|----|
| Total (persons) | Male | 4 | 1 | 2 |
| | Female | 20 | 13 | 16 |
| Reinstatement(%) | 100 | 100 | 100 | |
| Reinstatement ratio(%) | 100 | 100 | 100 | |

Strategy 4. Responsible Corporation



Labor management communication channel

| Category | Channel | |
|------------------------------------|---|---------------------------------|
| Group communication | Joint negotiation | |
| | Labor-management meeting | |
| | Joint labor-management task force | |
| | Labor-management representative meeting | |
| | Employee fund meeting | |
| | Regular labor-management working level meetings | |
| | Joint labor-management workshop | |
| | Labor-management working level Hotline | |
| | Top-down communication | Monthly assembly |
| | | Sharing current business issues |
| New employee workshop | | |
| Bottom-up or two-way communication | Lunch meeting | |
| | Department day | |
| | HR Ombudsman | |
| | Employee gatherings | |
| | Thank you Card | |
| | Proposal bulletin | |
| | I-Drive | |
| VOE | | |

Issue8. Human Resource Management

Issue9. Win-win Growth and Partnership

Issue10. Community Involvement and Investment

Occupational health and safety

IIAC is implementing various support programs to improve employees' occupational health and safety. IIAC established the Occupational Health and Safety Committee, jointly run by the labor and management, which makes key decisions regarding employee health and safety, in order to prevent industrial accidents and provide a safe work environment. In addition, safety education is provided to employees for at least one hour each month on the Safety Check Day (more than 3 hours each quarter). IIAC provides professional services including annual medical check-up and biannual complete check-up, follow-up examination for select conditions, and consultation with doctors. In addition, IIAC introduced the EAP to measure and manage employees' stress levels (8 times a year) to care for employees' mental health as well.

Win-win labor management culture

Labor union overview

IIAC Labor Union was established in 1995 and is a member of the Federation of Korean Public Industry Trade Union in the Federation of Korean Trade Unions. Persons eligible for membership are employees with job Level 3 or lower. Of the total 959 persons eligible for member, 957 (99%) persons have joined the labor union. IIAC is in compliance with domestic and foreign labor laws and always consults the labor union prior to making changes to business or organization that will bring about a material change to working conditions and employment.

Strategies for advancing labor-management relations

IIAC updated its strategies for advancing labor-management relations to carry out government policy initiatives and boost employee morale while fulfilling its social responsibilities. The goal of labor-management strategy is to "create a labor-management relationship that is beneficial to the employees, corporate, and the People." To achieve this goal, IIAC identified four strategic tasks: 1) upgrading and implementing labor-management relations strategy, 2) creating output through sound labor-management relations, 3) promoting constant labor-management communication and improved relationship management, and 4) active implementation of government policy initiatives.

Labor-management communication

To ensure consistent communication between the labor and management, IIAC established various communication channels including official meetings such as the Labor-Management meeting and Labor-Management Representatives meeting. Other channels include top-down, bottom-up, two-way, and on/ off-line communication channels. In particular, IIAC opened the "Online Proposal Bulletin" to enable open communication regarding irrational customs, inefficient systems, work, and culture. Likes and dislikes functions and response functions available on the bulletin make the bulletin a creative and constructive forum for discussion. IIAC is also diligently carrying out its role in the quarterly Labor-Management meeting. IIAC is further solidifying sound labor-management relations by holding on-demand working level meetings and joint workshops.

Progress of sound labor-management relations

IIAC is working to prevent labor-management conflicts by forming a common understanding between labor and management. IIAC's labor-management fulfilled its responsibility as a public corporation by establishing and implementing optimized salary peak program in advance in response to the government's introduction of Salary Peak Program for Public Corporations. In addition, to boost employee morale after the implementation of normalization measures for reckless management, IIAC implemented various innovative campaigns and systems. These new measures include the 337 Campaign, compressed workweek, recharge vacations, and celebrating Department Days to improve employee work ethic and mutual understanding. As a result of such effort, no labor dispute took place during the reporting period.



ISSUE 9

Win-win Growth and Partnership

Evaluation result of public institution's win-win growth

Good (2013) Average (2014) Average (2015)



※ The evaluation result of the Win-win Growth Committee

Win-win growth

Win-win growth strategies

In order to promote the strategic win-win growth in connection with the company-wide vision and goal, IIAC has reorganized its strategy into 'New Vision for the Win-win Growth and Long-Term Strategies'. The new vision of the win-win growth is the 'Global Airport Corporation, Sharing the Growth with Small and Medium Enterprises (SMEs)'. In three main categories, Constructing the Growth Ladder, Establishing Fair Trade Practices, and the Expansion of Win-win Growth Culture, 15 specific tasks have been selected.

New vision for the win-win growth

| New vision for the win-win growth | Global airport corporation, sharing the growth with SMEs | |
|---|---|--|
| Goal of the win-win growth | Establish a trusted public corporation by fostering the win-win growth culture and fulfilling social responsibility | |
| Implementation tasks (15 tasks out of 3 categories) | Building the growth ladder | |
| | <ol style="list-style-type: none"> Enhance purchase from SMEs Enhance the opportunities for SMEs to participate in the overseas business Reinforce the win-win growth with tenant SMEs Enhance liquidity support to SMEs Enhance the joint research and development with SMEs Enhance the financial resources for investment towards win-win growth | |
| | Settle the fair trade | Enhance the win-win growth culture |
| | <ol style="list-style-type: none"> Establish a fair bidding system Enhance performance-sharing with the business partners Substantialize the voluntary fair trade compliance program (CP) Comply with the Working Condition Guidelines for Services Workers | <ol style="list-style-type: none"> Reinforce the win-win growth and partnership with business partners Operate better treatment program for business partners Reinforce win-win growth with logistics companies and businesses in the Free Trade Zone Reinforce partnership with construction companies Capacity building for airport personnel |

Implementation

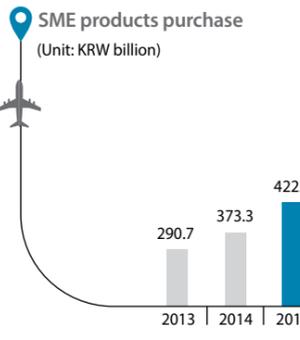
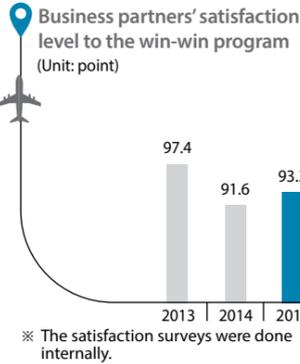
IIAC is carrying the activities forward with the Administration Group dedicated to implement win-win growth strategies. The Administration Group's implementation actions are in accordance with the long-term strategic plan for win-win growth, strengthening cooperation with stakeholders through the joint consultative body. IIAC reflects Win-win Growth Indices in the employee performance assessment and provide actual remuneration for the result of win-win growth promotion. In addition, IIAC strives to expand the win-win growth culture by making CEO's determination to promote Win-win growth known to the public.

BEST PRACTICE

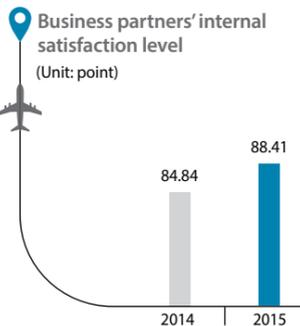
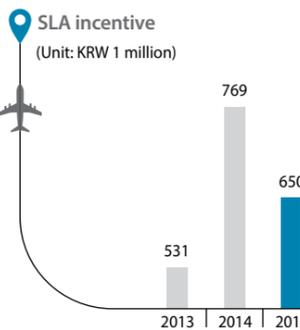
[Expansion of SMEs' Involvement in the Airport Duty-Free Shops]

IIAC does its very best to help SMEs grow by creating a platform where SMEs can eventually prosper on their own. IIAC has allocated four types of duty-free business rights to SMEs independently, and lowered the entry barriers of the new comers by making changes to the bidding qualification. In addition, though in principle the rent deposit should be paid in cash, IIAC has stipulated a special option which allows the deposit to be paid with a letter of guarantee. Also, IIAC has relieved the burden by adjusting the rental fees to be 44.5% of general business rights. By virtue of such endeavor to lower the barrier, more SMEs were given the opportunities to enter, and for the first time at Incheon International Airport, a total of 4 SMEs, including 2 medium enterprises and 2 small enterprises, entered the tax-free business, thereby obtaining 11 rights to run the store.

Strategy 4. Responsible Corporation



Overseas training for the staff members of the business partners



Customized operation of the partnership program

IIAC has been identifying and dealing with the difficulties and complaints of business partners by utilizing field-focused communication channel. In order to meet the demand for employment stabilization and work condition improvement for the employees of the business partners, IIAC has introduced the Customized Partnership Program for the employees of the small and medium business partners for resolving the discrimination of welfare benefits, thereby reinforcing social responsibilities for indirect employment. IIAC has improved the treatment of non-permanent employees by raising the basic salary and putting an end to the intermediary exploitation, and also enhanced occupational stability by reinforcing employment successions. IIAC is reducing the gap of the welfare benefits between itself and the business partners by providing direct welfare benefits, such as trainings at home and abroad, access to the rest and recreation center, etc., and gives eligibility to the children of employees for IIAC-operated Childcare Center. Meanwhile, IIAC provides health benefits to the employees of the business partners, by covering the cost for comprehensive medical check-ups, influenza vaccinations, and providing access to Health Counseling Center. Thanks to such endeavor of IIAC, partnership program satisfaction rate was 93.3 points in 2015, an increase compared to the previous year, and IIAC maintains the employment stability while recording the 0.9% of the turnover rates.

Business partners' communication channels

| Off-line | | | On-line |
|--|---|--|---|
| Business partners | Logistics companies | Contractors | Stakeholders |
| <ul style="list-style-type: none"> Meeting with CEO (yearly) Field representatives workshop (yearly) First-tier Business Partners meeting (quarterly) Second-tier Business Partners meeting (quarterly) Field-staff meetings (yearly) Field-department communication channel (quarterly) | <ul style="list-style-type: none"> In-house retailer survey (twice a year) | <ul style="list-style-type: none"> Government policy support manager Public presentation and consulting on procurement Management of the business partnership consultative body Survey of the satisfaction level on the SMEs support (about 200 companies) | <ul style="list-style-type: none"> Coop Portal system Voice of customers (homepage) Electronic civil complaints (homepage) Report of the illegal subcontract (homepage) |

Management and technology support for business partners

In order to support the management innovation of the business partners, IIAC diagnoses the productivity of SME partners and provides consulting based on such diagnosis. In addition, IIAC selects outstanding staff members of business partners and give them capacity building benefits, by offering opportunities to take part in the Benchmarking training (304 staff members), Aviation security capacity building training (48 courses), the Service capacity building training (5 courses), and foreign language courses. These efforts are provided to business partners so that they can learn operations skills from domestic and foreign airports. At the same time, in order to expand sustainable management, IIAC is supporting ethical management, green management, and conflict management of partner companies, enhancing its social responsibility as a corporate citizen.

Vitalization of the service-evaluation-type performance sharing (SLA, SPA)

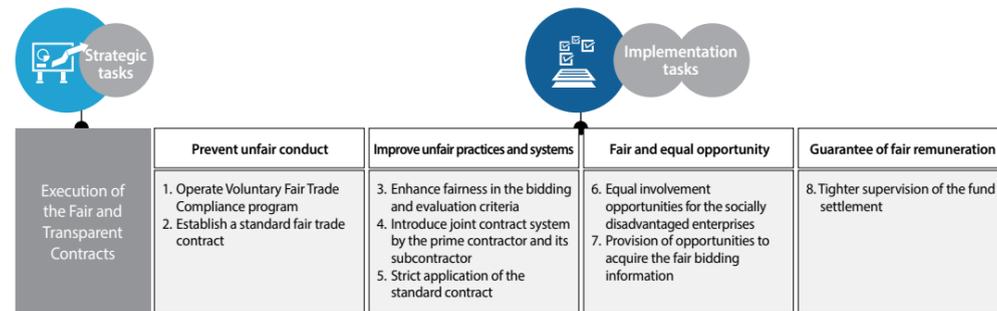
IIAC introduced the Service Level Agreement (SLA) in 2007 and, since then, have been sharing the performance between IIAC and the business partners on the service quality. Based on the result of the SLA evaluation, IIAC provides annual incentives to the excellent business partners in service performance. In 2015, IIAC endowed 15 excellent-performance companies with the benefit of a 2-year contract extension along with an SLA incentive of KRW 650 million. In order to expand performance-sharing with the business partners, IIAC introduced the service-evaluation-type Service Performance Agreement (SPA) in 2014, in connection with IIAC's management performance, and depending on the evaluation result, shared some portion of the operating profit. In 2015, IIAC signed agreement with 41 business partners to induce work innovation and service upgrade. The evaluation was conducted twice a year, and the partner companies' performance indices on services, satisfaction, and special performances were categorized into Excellent, Normal, or Unsatisfactory. Based on the evaluation outcomes, IIAC endowed KRW 6.7 billion, 0.8% of its operating profit, to the partner companies. The incentive amounts were differential, based on the companies' performance.

Fair trade

Fair trade implementation strategy

For the sake of fair trade with SMEs, IIAC has set up 'Fair and Transparent Contracts' as a company-wide task, and has designated four key implementation tasks: 1) prevention of unfair conduct, 2) improvement of unfair practices and systems, 3) fair and equal opportunities, and 4) guarantee of fair remuneration. In addition, in order to promote such tasks strategically, IIAC has formed the Voluntary Fair Trade Compliance Committee, composed of the Contract Team, the Outsourcing Management Team, and the Legal Affairs Team. At the same time, through implementation of fair trade practices, Integrity Call monitoring and the public procurement monitoring, IIAC administers and supervises whether or not the implementation strategy of the fair trade is properly carried out.

Implementation strategy of the fair trade



Implementation of the fair and transparent contracts

In order to prevent the unfair trading practices at the time of bidding and signing contract, IIAC has introduced and is carrying out various fair trade systems per different stages of the contract implementation process. Prior to bidding and signing contract, IIAC conducts pre-monitoring under which IIAC previews fair trade violations and issues based on the Voluntary Fair Trade Compliance Program (CP). IIAC is spreading fair trade practices by applying standard contracts varying by business sectors, and encouraging subcontractor participation by amending the joint contract system. In the contract implementation stage, IIAC conducts post-monitoring of the Voluntary Fair Trade Compliance Program, and investigates compliance and unfair practices. When necessary, IIAC orders corrective measures. The Unfair Contracts Prevention Team conducts intensive investigations during the holiday season and at the end of the year, to order corrective measures at construction sites. Knowing there are limitations to internal investigations, IIAC actively makes use of external experts to enhance the effectiveness of investigations. Once the contract is completed, IIAC monitors the fairness and transparency of the contract conclusion procedure and the administration by carrying out the Integrity Call aimed at the counterparty of the contract. Thanks to its diverse efforts, in 2015 IIAC became the first public corporation to acquire A-grade in the Voluntary Fair Trade Rating conducted by the Fair Trade Commission.

Monitoring system for subcontractor payments

IIAC has a real-time system for monitoring timely subcontractor payments for the 3rd Phase Construction works. However, it has been pointed out that the system should not be limited to the 3rd phase constructions, but extended to other projects as well. Furthermore, other concerns included the fact that payment monitoring remains on the system, and does not guarantee the payment to be made on site. In this regard, IIAC has expanded monitoring and improved the system by making it compulsory to use the subcontractor payment system for other large-scale constructions. In addition, monitoring is reinforced by supervising the actual payments made on site. In 2015, there were 0 cases of delayed or insufficient payments, and the system is evaluated to have contributed to eradicate abnormal subcontractor payment practices.



ISSUE 10

Community Involvement and Investment

Social contribution activities system

Social contribution promotion strategy

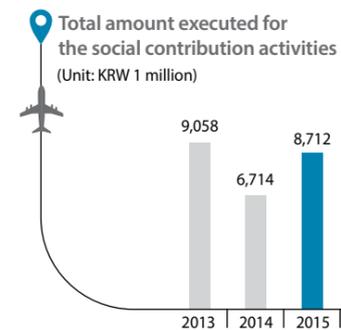
In order to grow as an institution trusted and respected by the People through its culture of sharing, IIAC is establishing the social contribution promotion strategy based on the vision of 'A Global Airport Corporation trusted by the People, by Fulfilling its Social Responsibility'. IIAC's social contribution activities are broadly staged based on the 4 key strategies: 1) Trust-building with the community, 2) Empathy with the People, 3) Contribution to the global community, and 4) Expansion of sharing culture. These key strategies are carried out by active involvement of all employees.

Strategic system of the social contribution

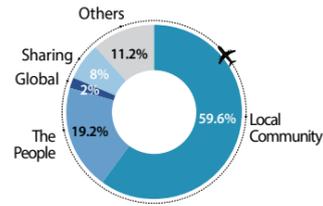
| Vision | A Global Airport Corporation trusted by the People, by Fulfilling its Social Responsibility | | | | |
|-----------------|---|--|---|---|--|
| Strategic goals | Strategic goal | Trust building with the community <ul style="list-style-type: none"> School specialization project, scholarships, Haneul ("Sky") High School Establishing and supporting the workplace childcare facilities Supporting creation of the World Peace Forest Supporting the Haneul Culture Center Sponsoring the Incheon Citizens' Professional Football Team | Empathy with the People <ul style="list-style-type: none"> Make-a-Wish for children with incurable diseases BBB interpretation by customers' talent donation Multi-cultural music camp Sports promotion (youth/semi-professional football) Supporting contest/bazaar etc. | Contribution to the global community <ul style="list-style-type: none"> Labor-Management joint volunteering for global social contribution Joint global volunteering by the staffs of IIAC/business partners Dispatching college students volunteering groups | Expansion of sharing culture <ul style="list-style-type: none"> Volunteer work of 'Runway of Hope' Tech support volunteer work in underdeveloped neighborhoods Make donations to differing public interest sectors |
| | Business characteristics | Construction of the airport | Operation of the airport | Overseas business | Public interest |
| Stakeholders | Community | The People | International community | Employees | |

Social contribution promotion system

The SR Committee, the highest decision-making organization, is in charge of the decision making on the social contribution activities. IIAC is promoting social contribution more strategically by reflecting stakeholder needs after having received consultation from the SR Stakeholders Committee composed of social contribution experts and the stakeholders. In order to encourage the IIAC employee, business partners and the in-house retailers to actively participate in the joint social contribution activities, IIAC operates the Sustainability Management Team, dedicated to and in charge of the social contribution activities. The Volunteer Work Team, joined by the public intending to participate in the volunteer work as well as the employees of IIAC, takes an important part in the implementation of social contribution activities. IIAC is spreading the culture of sharing through volunteer work and programs supporting underprivileged children, Make-a-Wish with Incheon Airport, and others led by the employees of Incheon Airport. The Labor Union participates in the volunteer work and donates essential equipment to the vulnerable social group, thereby forming the culture of harmony between the labor and management. Meanwhile, by inducing the airport users to make various contributions voluntarily (monetary donation, talent donation, donation through SNS communication), IIAC is forming consensus with the People on social contribution.



Overview of execution by area



Result of the social contribution activities

Building trust with the local communities

IIAC has been continuously carrying forward a community-based social contribution project for building trust through communication with the local residents. In 2015, IIAC conducted intensive social contribution activities in the areas of educational condition, environment, culture, and social welfare, which are common concerns in the community. These activities contributed to enhanced quality of life for local residents, and setting up a communication channel between IIAC and the local communities.

Major activities

| | | | | |
|--|---|---|--|---|
| <p>Education</p> <p>Phased regional development program embracing 'child care - specialized projects - autonomous private high school - scholarship'</p> | <p>Environment</p> <p>'World Peace Forest' for creating forests in urban areas and establishing the low-carbon eco-friendly airport</p> | <p>Sports</p> <p>Sponsoring Incheon United FC</p> | <p>Culture</p> <p>Opening of the Haneul Culture Center and providing subsidies to promote culture in local areas</p> | <p>Social welfare</p> <p>Spreading the culture of sharing by volunteering on Korean holidays, especially for the socially disadvantaged</p> |
|--|---|---|--|---|

Local school specialization



[Education]

Aiming at fostering future talents, IIAC is operating a local talent nurturing program in different phases, ranging from child care to university education. Under the 'specialized project for local schools', which is a representative educational contribution program, has been endowing a total of KRW 600 million to 17 schools annually through the third phase project (2014~2016). IIAC has increased the instructor workshops from the previous once to twice, by expanding communication with the teachers in charge and carried out working-level meetings. In addition, in order to induce students' active involvement, IIAC held an essay contest, and the satisfaction level of the program was improved compared with the previous year. IIAC supported KRW 2.5 billion of operating expenses to 'Haneul High School', the autonomous private high school established for the development of the airport surrounding region and for the improvement of the living conditions of the airport employees. IIAC plans to donate a total of KRW 10.8 billion for 5 years from 2016 to 2020. Meanwhile, IIAC has created a family-friendly working environment by being the first public corporation to establish and operate the 'Airport Childcare Center', together with the business partners. Furthermore, Incheon Airport Scholarship has been awarded to a total of 67 students in local elementary/middle/high school and aviation universities, which amounted to KRW 130 million. Such efforts have improved educational conditions and helped foster the future generation.

World peace forest



[Environment]

In association with the 'Forest for Life', IIAC has created the 'World Peace Forest' of about 472,910m² in the surrounding areas of the Airport New Town. From then on, IIAC has been continuously supporting the local residents' activities of building the forest, and is striving to communicate with the local residents under theme of forests, and to foster an urban environment that puts people and nature in harmony. In 2015, IIAC donated KRW 70 million for 443 trees of the civic commemoration plantings, development of a symbolic space, spring/autumn forest festival, and training programs, etc. Thanks to such activities, IIAC has been recognized for 'contributing to the vitalization of local communities by creating resident-centered green areas' by the Korea Forest Service, and was awarded the 2015 Urban Green Movement Excellent Corporation award.

Support of specially equipped vehicle



[Welfare (sports, culture, social welfare)]

IIAC established the Haneul Culture Center in the vicinity of the Airport New Town for the residents of Yeongjong and Yongyu area. Local residents of these regions have been having difficulty in receiving cultural benefits. In 2015, IIAC subsidized about KRW 40 million of heating cost necessary for operation of the culture center. Meanwhile, IIAC has also sponsored Incheon United FC (KRW 2 billion), a citizen-shareholding professional football team, which contributed to the revitalization of sports in the Incheon region. Furthermore, IIAC has delivered gifts to 5 social welfare facilities in the region during the holiday season, and further promoted local social welfare by donating specially-equipped vehicles for the elderly and disabled.

Empathy with the people

As a public institution for the People, IIAC is launching social contribution activities covering all the People and all the areas in Korea. While actively identifying target recipients in a blind spot, IIAC is carrying out a total of 9 projects including but not limited to incurable diseases, free translation services, multi-cultural families, sports promotion, governmental cooperation, contest exhibit, and bazaar. In addition, by striving to associate with its business, IIAC actively supports social contribution activities of Incheon International Airport, actively joined by both the passengers and the People.

My wish photo exhibition



[Make-A-wish with Incheon Airport - Sponsoring scheme of the incurable disease patients]

IIAC operates 'Make-A-Wish with Incheon Airport', a program joined by airport users to sponsor children suffering from incurable diseases. IIAC, in collaboration with the Korea Make-A-Wish Foundation, calculates the donation amount according to the total number of passengers (KRW 50,000 per 10,000 passengers), thereby engaging every Incheon Airport passengers in this social contribution activity. In 2015, by donating KRW 230 million according to the estimate of 49.6 million passengers, IIAC supported the wish-fulfilment of 50 children and medical treatment of 4 children suffering from the incurable diseases. Furthermore, IIAC actively leads the way for improving the awareness on children suffering from incurable diseases by carrying out public information campaign and the publicity activities targeting the airport users. Such efforts help to bring the smile back for children suffering from incurable diseases, letting them take another step forward towards their dreams and hopes.

bbb-day campaign



[bbb campaign support - Customers' talent donation]

bbb (before babel brigade) is a talent sharing activity which allows volunteers proficient in foreign languages to offer their translation skills through mobile phones, free of charge. IIAC entered into an agreement with the bbb Korea Corporation in 2009 and supports them financially for 'eliminating language barriers at Incheon Airport'. In addition, IIAC carries out publicity activities on the bbb service targeting the airport users during the peak season. IIAC endeavors to eliminate the language and cultural barriers at Incheon Airport, doing so by appointing 150 interpreters of excellent quality. Furthermore, the bbb service smartphone application is introduced in the Incheon Airport Guide App, providing convenient access. In 2015, a total of 723 participants took part in the bbb campaign.

Youth music camp



[Youth music camp - Supporting the culture and arts for the multicultural youth]

In collaboration with 'Montant', a social enterprise established by IIAC as a project in 2011-2014, IIAC began the 'Youth Music Camp', a music camp for multicultural youth nationwide. The music camp provides opportunities to understand the similarities and differences of one another through music, and also helps the youth study creatively and find their instinct for art, as well as nurture an open mind for understanding different ethnicity, culture and environment. In 2015, the number of participant increased drastically to 200 compared with 140 in the previous year, and a total of more than 400 youths joined the camp for the last 3 years.

Winner of the incheon international airport youth club league championship



[National sports promotion activities]

IIAC supports various sports activities and strives to promote sports for all, through fostering and expansion of less popular sports events. Beginning with the opening of the Sky Festival Youth Club Football League in 2008, IIAC has been opening youth club league championships and promoting the competence of the youth football clubs in Korea by sponsoring the title. In addition, on two occasions IIAC sponsored the goodwill match of the women's national football team and sponsored broadcasting of the games, and also sponsored the national league of the men's semi-professional football, contributing to foster athletes with high potentials.

[Contests]

IIAC has developed and held contests, targeting anyone regardless of origin, age, academic field, gender and physical condition. The National Literature Contest for the Disabled received many stories related to the airport, traveling and dreams, enabling disabled people to tell their stories. IIAC also held other events, such as the Aviation Literature Award and other Social Contribution Program idea contests. IIAC is promoting arts and cultures activities, by encouraging both the airport passengers and the socially disadvantaged to participate.

Global social contribution

By carrying forward IIAC's global social contribution activities in association with its global projects, IIAC is developing the Creating Shared Value activities for expanding its overseas projects and creating the economic value, as well as enhancing the value of the global village's citizens.

Global social contribution



[Global social contribution activities in association with overseas projects]

IIAC has signed an arrangement with COPION Corporation, the international relief organization, for carrying out international relief activities, and has run the social contribution activities by deploying 58 overseas volunteers, along with KRW 170 million of donation. The Overseas Volunteer Team of Incheon International Airport Family participated in the labor service for improving the educational environment of the local orphanage and other educational service targeting children, for 4 nights and 6 days in Jakarta, Indonesia. In addition, in Palawan and Tondo area of Philippines, IIAC provided service for improving the education and educational environment. At that time, IIAC arranged the University Student Supporters Corp to participate in the service to give the participants opportunities to experience the overseas service and gain international experience, thereby contributing to development of the global human resources. IIAC will keep on expanding the scope of the social contribution activities to contribute to both global and domestic society.

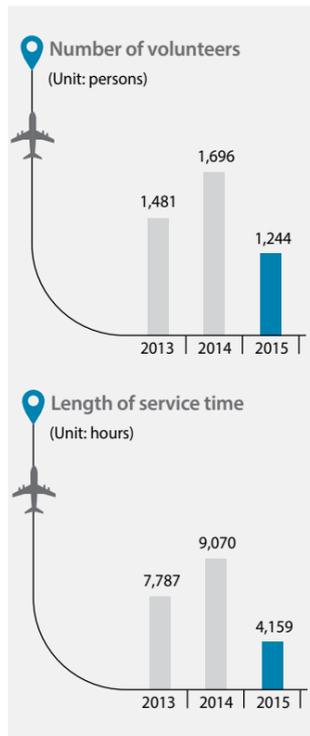
Runway of hope



[Training the aviation personnel of developing countries]

Using the world-class aviation training system, IIAC operates the fellowship training programs for the aviation personnel of developing countries. Based on the know-how accumulated until now as a global airport corporation, IIAC is contributing to the development of the world aviation industry, while fostering aviation experts in developing countries. In 2015, IIAC has carried out 8 aviation training programs, targeting 114 trainees coming from 36 countries.

Performance of the sharing activities by the employees



Expansion of the sharing culture

IIAC is leading the expansion of the sharing culture through the social contribution activities harmonized by both the Labor and Management. The Volunteer Corp of IIAC is operated responsibly with both CEO and Labor Head acting as joint heads, who designate the coordinator of each department for enabling autonomous operating system get settled in early stage. The scope of the volunteer activities are expanded to the labor service, beyond the mere support of material resources, such as neighborliness, love of culture, love of environment, disaster relief, etc.

[Activities for expanding the sharing culture]

'The Runway Teacher' program, started in 2013 to raise dream and hope among the local children using the aviation knowledge and talent of the IIAC employees, was reborn as 'Runway of Hope' in 2015 through an agreement between IIAC and the Jung-gu Office of Incheon Metropolitan City. The Runway of Hope Project, also joined by the Green Umbrella Child Fund Korea and the two institutions mentioned above, has helped children adapt to new semester beginning at school, by providing school supplies for the new semester and one-on-one mentoring services. Meanwhile, in order to help community childcare centers having difficulty due to small budgets, IIAC has utilized Incheon Airport's SNS channels. The purpose of this SNS campaign was to donate to the affiliated childcare center in proportion to the number of 'I Like It' and 'Retweet', and IIAC supported a total of KRW 5 million according to the 1,958 'I Like It' and 'Retweets'. In addition, IIAC has operated various programs for expanding the sharing culture, such as supporting local children through 'Like Family, IIAC', which is a program that paired IIAC employees with children to offer one-on-one support. IIAC has been leading the social responsibility of business and, as a result, has gained external recognition. IIAC was awarded the top honor for 9 consecutive years in the SOC sector of the 2015 Enterprises Respected in Korea, the top honor for 6 consecutive years in the 2015 Sustainability Index of Korea, Citation from the Minister of Health and Welfare in the 2015 Korea Sharing National Grand Prize, Citation from the Prime Minister in the 3rd Korea Enterprises Loved by the People, and etc.

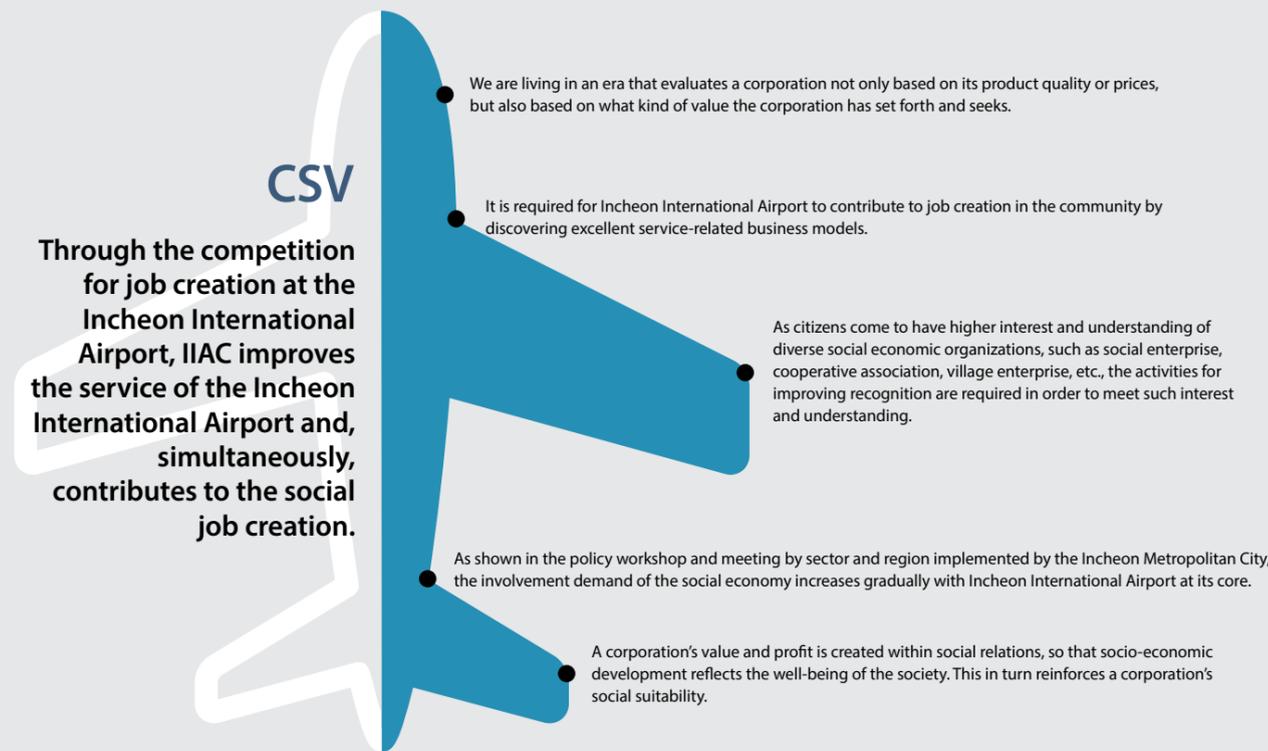
**Special Report. IIAC's Shared Values
[Competition for Social Job Creation of
Incheon International Airport]**



What is the CSV (Creating Shared Value)?

It is the concept introduced in the article which Michael E. Porter presented in Harvard Business Review in 2011. It refers to a business strategy (business model) in which the business activity itself creates social value and pursues economic profit at the same time.

How is the IIAC's CSV carried forward?



What results have been achieved?

Through the Competition for job creation at the Incheon International Airport, IIAC has provided various opportunities to start the businesses of social and shared economy necessary for improving the service quality of the Incheon International Airport. In 2015, IIAC developed the competition into an event attracting high level of interest through various publicity activities, attaining the competition rate of 3.2:1. By awarding KRW 140 million to the whole 20 teams and providing professional consulting and the incorporation to the 10 teams of business start-up sector, IIAC achieved 10 start-ups (incorporation) and 54 social job creations. In addition, after closing of the competition, IIAC supported the pro bono to the 15 requesting teams to support the their sustainable growth.

How is it developed?

IIAC implements follow-up management for the selected enterprises in order to set up this event as a continuously cooperative case rather than a one-time event. As [The Competition for Job Creation at the Incheon International Airport] has been selected as the representative CSV, IIAC will plan and carry forward the project for the win-win shared value creation by finding promising start-ups in service innovation, which will help to enhance the service competitiveness of Incheon International Airport. In order for the promising service innovation enterprises to provide their innovative services at the Incheon International Airport, IIAC plans to accelerate mentoring, support in-housing, arrange funding, company-wide publicity, etc. In addition, IIAC will expand the Competition for job creation at the Incheon International Airport into an open-innovation platform in order for more service and R&D enterprises in the region to participate. In this context, this competition will establish itself as a representative CSV of Incheon International Airport.

Appendix

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Major Awards

| Category | Date | Awards | Organization |
|------------------------|---------------|---|---|
| Operations/ service | Aug. 27, 2015 | 2015 itsMF Best service award (public sector) | Korea IT Service Management Forum |
| | Nov. 10, 2015 | Prime Minister's Award at the Government 3.0 Competitive Exhibition for Best Practices | Ministry of Government Administration and Home Affairs |
| | Nov. 26, 2015 | Best Award at the Competitive Exhibition for Best Practices of the Land Transport | Ministry of Land, Infrastructure and Transport |
| | Nov. 18, 2015 | Best Airport of Northeast Asia Award at the Future Travel Experience ASIA Awards | FTE ASIA |
| | Sep. 09, 2015 | Silver Prize at "the National Productivity Championship" sector of the 39th National Productivity Competition | Korea Productivity Center |
| | Apr. 28, 2015 | Asia-Pacific Area Award at the Airport Service Quality Awards 2014 (the first prize) | ACI World |
| | Apr. 28, 2015 | Large Airport Award at the Airport Service Quality Awards 2014 (the first prize) | ACI World |
| | Mar. 11, 2015 | The World's Best Airport for Transit Passengers Award at the 2015 Skytrax World Airport Awards | Skytrax |
| | Mar. 11, 2015 | The World's Cleanest Airport Award at the 2015 Skytrax World Airport Awards | Skytrax |
| | Dec. 09, 2015 | 2015 the Best Mobile App Awards (expected) | KIPFA |
| | Dec. 09, 2015 | Grand Prize at the 2015 Internet Eco Awards (expected) | KIPFA |
| | May 22, 2015 | Presidential Citation for the Excellent Institution at the Korea Disaster and Safety Management Training | Ministry of Public Safety and Security |
| | Environment | Oct. 07, 2015 | 2015 Climate Change Grand Leaders Award |
| Oct. 01, 2015 | | Grand Prize of the Green Report 'International ARC Awards' | Mercomm INC, USA |
| Feb. 25, 2015 | | Platinum Award of the Green Report US LACP Vision Awards | League of American Communications Professionals (LACP) |
| Nov. 06, 2015 | | Outstanding Enterprise at the Involvement of the City Greening Movement | Korea Forest Service |
| Business management | Nov. 10, 2015 | Citation of the Minister of Trade, Industry and Energy at the Large, Medium and Small Enterprises Win-win Growth Awards | Ministry of Trade, Industry and Energy, Small and Medium Business Administration |
| | Mar. 30, 2015 | ICAO TRAINAIR PLUS STP Best Implementation Award | ICAO |
| | Feb. 26, 2015 | 2015 Most Respected Enterprise in Korea | Korea Management Association Consulting |
| | Sep. 15, 2015 | 2015 Korea Sustainability Index (KSI: Korea Sustainability Index) | Korea Standards Association |
| | Sep. 15, 2015 | 2015 Korea Sustainability Report (KRCA; Korea Readers' Choice Awards) | Korea Standards Association |
| | Oct. 15, 2015 | 2015 Korea Sharing National Grand Prize | Ministry of Health and Welfare |
| | Oct. 16, 2015 | 2015 SRMQ Award | Social Responsibility & Management Quality Institute |
| | Oct. 20, 2015 | 2015 Korean Management Grand Prize | Korea Management Association Consulting |
| | Oct. 28, 2015 | 2015 GSMA (Sustainability Report Award) | Korea Management Association Quality Assurance |
| | Nov. 17, 2015 | 2015 Good Enterprise of Korea | Korea Standards Association |
| | Nov. 19, 2015 | Governmental Award at the 3 rd Beloved Enterprises in Korea | Ministry of Trade, Industry and Energy |
| Marketing | Mar. 10, 2015 | Excellent Cargo Service Airport in Asia | Air Cargo World |
| | May 29, 2015 | Korea Logistics Awards | Korea Logistics Society |
| | Oct. 30, 2015 | Presidential Citation at the Korea Logistics Awards | Ministry of Land, Transport and Logistics, Korea Integrated Logistics Association |
| | Jan. 08, 2015 | World's Best Airport Duty-Free Shop Award by the Business Traveler US | Business Traveler US |
| | Sep. 09, 2015 | World's Best Airport Duty-Free Shop Award by the Business Traveler Asia Pacific | Business Traveler Asia-Pacific |
| | Nov. 20, 2015 | World's Best Airport Duty-Free Shop Award by the Business Traveler China | Business Traveler China |
| | Oct. 21, 2015 | Airport Duty-Free Shop of the Year Award selected by Frontier Magazine | Frontier Magazine |
| | Oct. 01, 2015 | The 2015 Best Airport of the Year by TTG Travel Awards | TTG Asia Media |

Organization Memberships

| | | | | |
|-------------|--|----------------------------|-------------|--|
| 1995 | Korea Environmental Preservation Association | Korea Navigation Institute | 2009 | BBB Korea |
| | Korea Civil Aviation Development Association | 2006 | | Lime Globe Innovation Forum |
| 2001 | Airport Council International (ACI) | | 2011 | GWP(Great Work Place) Institute |
| | ISO 9000/14000 | | | Korea CSO (Chief Sustainability Officer) Association |
| 2002 | Incheon Chamber of Commerce & Industry | | 2013 | itsMF Korea |
| | Korea Productivity Center | 2007 | | 2014 |
| 2003 | IPS Ethical Management CEO Club | | | Incheon Environmental Volunteer Association, ISO 50001 |
| | The Forum of Korea Future | 2008 | | 2015 |
| | | | | Korean Society of Civil Engineers, Korea Aviation Security Association |

Financial Performance

The 17th period as of 31 December 2015
The 16th period as of 31 December 2014
The 15th period as of 31 December 2013

Summary of Consolidated Balance Sheet

| IIAC and its subsidiaries | | | |
|---|------------------------------------|------------------------------------|------------------------------------|
| (Unit: KRW) | | | |
| Category | End of the 17 th period | End of the 16 th period | End of the 15 th period |
| I . Current assets | 345,815,126,075 | 234,554,669,977 | 235,127,146,882 |
| 1. Cash and cash equivalents | 96,901,782,660 | 32,237,744,680 | 6,088,143,393 |
| 2. Current financial assets | 1,467,939,007 | 2,327,191,068 | 49,931,246,124 |
| 3. Trade receivables and other receivables | 223,742,712,680 | 182,580,654,512 | 164,615,197,283 |
| 4. Inventory | 18,018,769,544 | 10,875,315,591 | 8,857,170,325 |
| 5. Income tax assets for the year | 201,677,151 | 48,421,958 | - |
| 6. Current non-financial assets | 5,482,245,033 | 6,485,342,168 | 5,635,389,757 |
| II . Non-current assets | 9,091,696,716,327 | 7,978,708,988,135 | 7,594,138,074,679 |
| 1. Non-current financial assets | 31,002,767,346 | 29,378,893,366 | 32,783,889,820 |
| 2. Long-term trade receivables and other receivables | 79,742,446,983 | 787,194,800 | 181,639,595 |
| 3. Tangible assets | 8,229,156,468,631 | 7,274,597,646,896 | 6,889,896,660,882 |
| 4. Real estate investment | 366,201,598,363 | 329,039,480,965 | 327,383,517,807 |
| 5. Goodwill | 177,398,443,930 | 136,865,918,780 | 36,865,918,780 |
| 6. Intangible assets other than goodwill | 58,383,268,798 | 63,831,879,952 | 65,194,980,698 |
| 7. Affiliates and equity of joint investment | - | - | 1,234,229,593 |
| 8. Deferred income tax assets | 126,861,616,665 | 121,286,217,056 | 117,680,537,504 |
| 9. Non-current non-financial assets | 22,950,105,611 | 22,921,756,320 | 22,916,700,000 |
| Total assets | 9,437,511,842,402 | 8,213,263,658,112 | 7,829,265,221,561 |
| I . Current liabilities | 588,658,058,911 | 1,419,038,689,048 | 725,458,146,677 |
| 1. Trade payables and other payables | 197,878,415,443 | 885,372,568,041 | 536,543,951,249 |
| 2. Current financial liabilities | 181,446,147,684 | 345,624,318,147 | 18,868,323,719 |
| 3. Income tax liability for the year | 161,766,247,231 | 124,958,158,398 | 111,121,430,879 |
| 4. Current non-financial liabilities | 34,961,851,441 | 49,957,333,492 | 48,256,941,977 |
| 5. Current provisions | 12,605,397,112 | 13,126,310,970 | 10,667,498,853 |
| II . Non-current liabilities | 2,273,583,349,719 | 789,875,601,661 | 1,581,728,563,658 |
| 1. Long-term trade payables and other payables | 914,735,955,331 | 34,717,335,916 | 319,632,059,651 |
| 2. Non-current financial liabilities | 1,210,857,014,623 | 710,336,980,505 | 1,199,484,668,837 |
| 3. Non-current non-financial liabilities | 135,008,322,183 | 41,655,764,743 | 60,368,159,599 |
| 4. Employee benefits obligation | 8,712,416,900 | 1,033,851,543 | 1,672,480,314 |
| 5. Non-current provisions | 4,269,640,682 | 2,131,668,954 | 571,195,257 |
| Total liabilities | 2,862,241,408,630 | 2,208,914,290,709 | 2,307,186,710,335 |
| I . Paid-in capital | 3,617,845,480,000 | 3,617,845,480,000 | 3,617,845,480,000 |
| II . Retained earnings (losses) | 2,958,346,889,422 | 2,387,607,608,451 | 1,905,299,453,543 |
| III . Other components of equity | 144,173,493 | 1,379,677 | - |
| IV . Equity attributed to the owner of the parent entity | 6,576,336,542,915 | 6,005,454,468,128 | 5,523,144,933,543 |
| V . Non-controlling interest | (1,066,109,143) | (1,105,100,725) | (1,066,422,317) |
| Total capital | 6,575,270,433,772 | 6,004,349,367,403 | 5,522,078,511,226 |
| Total capital and liabilities | 9,437,511,842,402 | 8,213,263,658,112 | 7,829,265,221,561 |

The 17th period from 1 January to 31 December 2015
The 16th period from 1 January to 31 December 2014
The 15th period from 1 January to 31 December 2013

Summary of Consolidated Comprehensive Income Statement

| IIAC and its subsidiaries | | | |
|--|------------------------------------|------------------------------------|------------------------------------|
| (Unit: KRW) | | | |
| Category | End of the 17 th period | End of the 16 th period | End of the 15 th period |
| I . Turnover | 1,940,591,950,986 | 1,754,590,404,091 | 1,686,087,790,858 |
| II . Cost of goods sold | (767,556,236,150) | (758,254,276,749) | 749,583,979,407 |
| III . Gross profit on sales | 1,173,035,714,836 | 996,336,127,342 | 936,503,811,451 |
| IV . Selling and administrative expenses | (119,378,180,453) | (106,289,393,481) | 115,840,552,355 |
| V . Operating income | 1,053,657,534,383 | 890,046,733,861 | 820,663,259,096 |
| VI . Other revenues | 500,544,024 | 2,168,542,095 | 1,839,188,533 |
| VII . Other expenses | (18,762,790,144) | (19,880,047,891) | 13,486,185,373 |
| VIII . Other profit (loss) | 13,585,354,859 | 4,037,578,318 | (34,805,503,007) |
| IX . Financial income | 10,063,946,273 | 9,756,192,213 | 10,450,354,499 |
| X . Financial cost | (33,440,412,324) | (57,223,215,807) | 78,861,740,783 |
| XI . Earnings before tax expenses | 1,025,604,177,071 | 828,905,782,789 | 705,799,372,965 |
| XII . Earnings before tax expenses | (254,240,092,416) | (210,413,902,475) | 233,676,503,113 |
| XIII . Continuous operating income | 771,364,084,655 | 618,491,880,314 | 472,122,869,852 |
| XIV . Current net income | 771,364,084,655 | 618,491,880,314 | 472,122,869,852 |
| XV . Other comprehensive income (after tax) | (2,485,647,087) | 1,289,747,723 | 2,624,538,689 |
| XVI . Total comprehensive income | 768,878,437,568 | 619,781,628,037 | 474,747,408,541 |
| XVII . Recognition of the current net profit | 771,364,084,655 | 618,491,880,314 | 472,122,869,852 |
| 1. Current net profit attributed to the owner of the parent entity | 771,323,499,869 | 618,531,657,382 | 472,102,821,405 |
| 2. Current net profit (loss) attributed to the non-controlling interest | 40,584,786 | (39,777,068) | 20,048,447 |
| XVIII . Recognition of comprehensive income | 768,878,437,568 | 619,781,628,037 | 474,747,408,541 |
| 1. Capital attributed to comprehensive income, owners of the parent entity | 768,838,945,617 | 619,821,515,469 | 474,727,392,284 |
| 2. Comprehensive income, non-controlling interest | 39,491,951 | (39,887,432) | 20,016,257 |

Third Party's Assurance Statement

To the Readers of Incheon International Airport Corporation Social Responsibility Report 2016:

Foreword

Korea Management Association Registration Inc. (hereinafter "KMAR") has been requested by of by Incheon International Airport Corporation (hereinafter "IIAC") to verify the contents of its Social Responsibility Report 2016 (hereinafter "the Report"). IIAC is responsible for the collection and presentation of information included in the Report. KMAR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

IIAC describes its efforts and achievements of the corporate social responsibility activities in the Report. KMAR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMAR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI G4 indices as below, where professional judgment of the team was exercised as materiality criteria.

- G4 Reporting Principles
- General Standard Disclosures
- Specific Standard Disclosures
- Generic DMA of each of following material Indicators of Aspects
 - Market Presence: EC5
 - Indirect Economic Impacts: EC7, EC8
 - Emissions: EN15, EN16, EN19
 - Effluents and Waste: EN22, EN23, EN24
 - Compliance: EN29
 - Employment: LA1, LA2, LA3
 - Labor/Management Relations: LA4
 - Occupational Health and Safety: LA5
 - Training and Education: LA9, LA10
 - Diversity and Equal Opportunity: LA12
 - Equal Remuneration for Women and Men: LA13
 - Non-discrimination: HR3
 - Local Communities: SO1, SO2
 - Anti-corruption: SO4
 - Compliance: SO8
 - Customer Health and Safety: PR1, PR2
 - Product and Service Labeling: PR3, PR5
 - Customer Privacy: PR8
 - Compliance: PR9
- Airport Operators Sector Disclosures
 - AO1, AO2, AO3, AO5, AO6, AO7, AO8

This Report excludes a data and information of joint corporate, contractor etc. which is outside of the organization, i.e. IIAC, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with IIAC on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

• Inclusivity

- Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
- IIAC is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder IIAC left out during this procedure.

• Materiality

- Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
- IIAC is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

• Responsiveness

- Responsiveness is an organization's response to stakeholder issues that affect its social responsibility performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
- The assurance team could not find any evidence that IIAC's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI G4.

Recommendation for improvement

We hope the Report is actively used as a communication tool for stakeholders and recommendation for improvements.

• **Improvement of stakeholder needs responding process:** To establish effective sustainability management strategies, constantly diversifying stakeholder needs should be recognized with precision. It is desired that regularly review the appropriateness of implementation of the responding process - including identification and prioritization of stakeholders through materiality assessment - and improve the process.

• **Improvement of performance management process:** For effective management and improvement of sustainability performance, it is recommended that continuously improve performance management process including performance indicators and performance measurements.

Our independence

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

August 1, 2016

CEO Ki Ho Park



ISO 26000 Implementation Assessment



Assessment standard

As a part of service received from the Korean Agency for Technology and Standard, Korea Standard Association ("We") has developed the assessment checklist of the implementation level for the social responsibility based on ISO 26000, the international standard for the social responsibilities. This assessment report is the result of assessing IIAC's corporate social responsibility process and performance by 7 core subjects in accordance with our assessment checklist.

Assessment scope

We have assessed the process, implementation, performance, etc. for fulfilling the social responsibility of IIAC. To this end, we have assessed its long-term strategy and performance activities, stakeholders' involvement, social responsibility activities, etc.

Assessment method

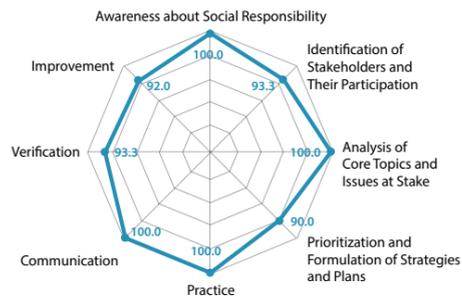
We have performed the following activities for collecting appropriate details based on the assessment criteria of the ISO 26000 implementation level.

- Examine the internal data related to IIAC's activities and performance of the corporate social responsibility
- Carry out interviews with persons in charge of each corporate social responsibility issue of IIAC

I. Assessment result by process of ISO 26000 social responsibility

In the process of issuing the corporate social responsibility report for responding to the higher expectations for corporate social responsibility and sharing IIAC's corporate social responsibility activities and performance with the stakeholders, we have implemented the assessment based on ISO 26000, the international standard of the social responsibility. IIAC has specified the social responsibility in its vision and strategic goals, newly established in 2016 for the systematic promotion and management of the social responsibility. Also, IIAC has set up the department in charge and continuously communicated by holding SR Stakeholders Committee joined by the stakeholders of each area once a year regularly. These efforts are considered to be encouraging. We recommend that in the future IIAC enhance the social responsibility to the value chain of the organization and have the capability to gradually grasp and cope with the influence of the future generation gradually.

[Assessment result of the social responsibility process]



| | |
|--|--|
| Awareness about Social Responsibility | Examining the current status of the organization based on the management's will |
| Identification of Stakeholders and Their Participation | Devising the involvement strategy through examination of stakeholders' interest and requirement |
| Analysis of Core Topics and Issues at Stake | Making issue list through examination of issues and analysis of internal capability of the organization |
| Prioritization and Formulation of Strategies and Plans | Devising priority of the issues, goal and implementation plan to be improved and managed in the light of the organizational capability |
| Practice | Implementing the strategy and vision, goal and implementation plan, and regularly monitoring the social responsibility performance |
| Communication | Making performance report in order to communicate with the stakeholders |
| Verification | Activity and report for enhancing the reliability of the performance |
| Improvement | Examining the performance regularly in order to make sure it leads to continued improvement |

II. Assessment Result by ISO 26000 seven core subjects

Organizational governance

In order to regard the corporate social responsibility as an axis of the company-wide strategic direction and internalize it, IIAC operates the SR Committee composed of the CEO and the management group for examining the overall policy, direction and main performances of the corporate social responsibility. In order to strengthen the governance system of the social responsibility in the future, we recommend that IIAC reorganize the SR Committee under the Board of Directors, foster the culture enabling the principle of social responsibility to be implemented and monitored throughout the organization, and share the result of the examination with the members of the organization.

Human rights

It is outstanding that IIAC has prepared for its own assessment criteria and proceeds with the due diligence related to the human rights including its organization and the affiliates, the ethics management. The human rights criteria are included in the evaluation items of the service performance agreement (SPA) with the business partners and thus are used when selecting and managing the business partners. Furthermore, IIAC expedites enhancing right awareness by holding the female employees workshop (meeting by position level, general meeting, etc.) and meeting with high-school-graduate employees. We recommend that in the future, the education for enhancing the awareness of human rights be expanded more, including all the employees related to the airport operation.

Labor practices

As the safety, work environment and welfare issue for the staff members of IIAC and about 40,000 employees of the business partners striving for the airport operation are standing out as big issues, IIAC recognizes the importance of job security and labor environment, and implements the relevant policy and various activities. IIAC's labor practice was evaluated outstanding across the board, and we recommend that IIAC inspect the safety and security more thoroughly together with the employees of the airport operation and reinforce the system for management of the mental health.

Environment

IIAC has established the low-carbon, eco-friendly management vision of 'the Global Leading Low-Carbon, Eco-Friendly Airport' considering analysis and outlook of the greenhouse gas emission, and has organized and operates the Promotion Committee on Greenhouse Gas Reduction and Energy Saving for reducing the greenhouse gas and managing the energy saving efficiently. However, as the greenhouse gas emission increases due to construction of the second passenger terminal and increase of passengers, there has been a controversy on the fluorine pollution at the construction site. We recommend that IIAC continuously reinforce the endeavor for prevention of the environmental pollution and reduction of the greenhouse gas emission followed by the construction of the second passenger terminal.

Fair operating practices

It is highly rated that IIAC operates the ethical management system under the vision of 'Creating a Global Ethical Corporate Culture through Expansion of Integrity', reinforces the partnership program with its business partners in order to spread the culture of win-win growth, and expands support for capacity building of the airport employees. In the future, it is necessary for IIAC to identify the business area and sector vulnerable to corruption and engage in preemptive prevention, and introduce an actual solution for expanding and internalizing the CSR of the airport employees, including the business partners.

Consumer issues

The customers' safety & health and support of service is highly rated. For example, IIAC has completed the disabled facilities for those with disabilities, mounted the cart bumper, provides service for the hearing-impaired persons, and has changed the children's facilities in the airport into the safe and eco-friendly ones across the board. Furthermore, we recommend that IIAC implement education periodically for enhancing the awareness of the passengers, the airlines, and airport employees for use of the sustainable airport.

Community involvement and development

It is highly rated that IIAC reflects the priorities necessary for the region based on the agreement with the local governments, such as Incheon Metropolitan City, Jung-gu Office, etc. when deciding the social contribution activities. Also, IIAC operates the social contribution program based on the voluntary involvement of the employees, and strives to expand the participants, such as civil servants of the local governments, airport users, as well as the employees of the IIAC. We recommend that IIAC reestablish its social contribution program according to introduction of the sustainable development goals (SDGs), and introduce the performance management system.

[Assessment result of the social responsibility performance]



| | |
|---------------------------------------|---|
| Organizational governance | Complying with social responsibility principles and incorporating these into existing system, policies, and practices |
| Human rights | To protect and respect human rights within the organization and other organizations within influence. |
| Labor practices | Labor policies and practices that have effects on employees' labor conditions, within IIAC and business partner companies |
| Environment | Comprehensive approaches to minimize environmental impact, through organization's decision-making and activities |
| Fair operating practices | To have an interest in ethical actions in transactions among IIAC, partner companies, suppliers, etc. |
| Consumer issues | Consumer education, fair and transparent marketing information and contracts, promoting sustainable consumption |
| Community involvement and development | To recognize and respect the local community's rights and put in efforts to maximize resource and opportunities |

III. Assessment Conclusion

As a result of ISO 26000 response level assessment, IIAC has been assessed to be on the SR Step 4 by achieving 344 out of 360 in the process, 605 out of 640 in the performance, a total score of 949. IIAC has established a long-term strategy plan for a new leap forward for the next 20 years, and carries various social responsibility activities forward to respond to expectation and requirement of the stakeholders. We expect that, in the future, implementation of IIAC's corporate social responsibility will lead to visible performance creation, which will then be shared by all the stakeholders of IIAC as a means of more close communication. Thus, we look forward to IIAC becoming the global leading airport and the representative public corporation in Korea.



Baek, Soo Hyun

Chairman of the Korea Standards Association

June 2016

Soo-hyeon Baek

GRI G4 & ISO 26000

| General Standard Disclosure | | | | | |
|---|--|--|-------------------|-----------|--------------|
| Index | Details | ISO 26000 | Page | Assurance | SDGs Mapping |
| Strategy and Analysis | | | | | |
| G4-1 | CEO Message | 4.7/6.2/7.4.2 | 2-3 | ○ | |
| G4-2 | Provide a description of key impacts, risks, and opportunities | | 13 | ○ | |
| Organization Profile | | | | | |
| G4-3 | The name of the organization | | 10 | ○ | |
| G4-4 | The primary brands, products, and services | | 10 | ○ | |
| G4-5 | The location of the organization's headquarters | | 10 | ○ | |
| G4-6 | Number and names of countries where the organization manages operating sites or which are related to sustainable topics | | 10 | ○ | |
| G4-7 | Nature of ownership and legal form | | 10-11 | ○ | |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries) | | 10 | ○ | |
| G4-9 | Scale of the organization | 6.3.10/6.4.1-6.4.2/6.4.3/6.4.4/6.4.5/6.8.5/7.8 | 10-12 | ○ | |
| G4-10 | Employment type, contract, and regional labor force status | | 10, 58 | ○ | |
| G4-11 | Percentage of total employees covered by collective bargaining agreements | | 61 | ○ | |
| G4-12 | Explanation about the organization's supply chain | | 62-63 | ○ | |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain | | 10-13 | ○ | |
| G4-14 | Whether and how the precautionary approach or principle is addressed by the organization | | 13 | ○ | |
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses | | 76-77, 81, 82 | ○ | |
| G4-16 | Memberships of associations (such as industry associations) and national or international advocacy organizations | | 71 | ○ | |
| Identified Material Aspects and Boundaries | | | | | |
| G4-17 | List of entities included in the organization's consolidated financial statements or equivalent documents | | 10-11 | ○ | |
| G4-18 | Process for defining the report content and the Aspect Boundaries | | 26-27 | ○ | |
| G4-19 | List of Material Aspects identified in the process for defining report content | | 26-27 | ○ | |
| G4-20 | Aspect Boundary within the organization for each Material Aspect | 5.2/7.3.2/7.3.3/7.3.4 | 26-27 | ○ | |
| G4-21 | Aspect Boundary outside the organization for each Material Aspect | | 26-27 | ○ | |
| G4-22 | Effect of any restatements of information provided in previous reports, and its reasons | | About This Report | ○ | |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries | | About This Report | ○ | |
| Stakeholder Engagement | | | | | |
| G4-24 | List of stakeholder groups engaged by the organization | | 20-21 | ○ | |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | | 20-21 | ○ | |
| G4-26 | Organization's approach to 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 | 5.3 | 20-25 | ○ | |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns | | 22-25 | ○ | |
| Report Profile | | | | | |
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided | | About This Report | ○ | |
| G4-29 | Date of most recent previous report (if any) | | About This Report | ○ | |
| G4-30 | Reporting cycle (such as annual, biennial) | | About This Report | ○ | |
| G4-31 | Provide the contact point for questions regarding the report or its contents | 7.5.3/7.6.2 | About This Report | ○ | |
| G4-32 | Organization's 'in accordance' option, GRI Content Index, reference to the External Assurance Report | | About This Report | ○ | |
| G4-33 | Organization's policy and current practice with regard to seeking external assurance for the report, scope and basis of any external assurance, relationship between the organization and the assurance providers, role of highest governance body or senior executives in seeking assurance | | About This Report | ○ | |
| Governance | | | | | |
| G4-34 | Governance structure of the organization | 6.2/7.4.3/7.7.5 | 16-17 | ○ | |
| Ethics and Integrity | | | | | |
| G4-56 | Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | 4.4/6.6.3 | 18-19 | ○ | |

| Specific Standard Disclosures | | | | | |
|---|--|---|-----------------------|-----------|---------------|
| Index | Details | ISO 26000 | Page | Assurance | SDGs Mapping |
| Category: Economic | | | | | |
| Market Presence | | | | | |
| Generic DMA | | | | | |
| | | | 44, 56 | ○ | |
| G4-EC5 | Ratio of standard entry-level wage compared to local minimum wage | 6.3.7/6.3.10/6.4.3/6.4.4/6.8.1-6.8.2 | 59 | ○ | SDG 8 |
| AO1 | Total number of passengers annually | | 45 | ○ | SDG 8 |
| AO2 | Total annual number of aircraft movements | | 46 | ○ | SDG 8 |
| AO3 | Total amount of cargo tonnage | | 47 | ○ | SDG 8 |
| Indirect Economic Impacts | | | | | |
| Generic DMA | | | | | |
| | | | 50, 56 | ○ | |
| G4-EC7 | Development and impact of infrastructure investment and service supported | 6.3.9/6.8.1-6.8.2/6.8.7/6.8.9 | 51, 54-55, 65-69 | ○ | SDG 9, SDG 11 |
| G4-EC8 | Significant indirect economic impacts | 6.3.9/6.6.6/6.6.7/6.7.8/6.8.1-6.8.2/6.8.5/6.8.7/6.8.9 | 41, 66-69 | ○ | SDG 8 |
| Category: Environmental | | | | | |
| Emissions | | | | | |
| Generic DMA | | | | | |
| | | | 30 | ○ | |
| G4-EN15 | Direct greenhouse gas emissions (Scope 1) | | 42-43 | ○ | SDG 13 |
| G4-EN16 | Energy indirect greenhouse emissions (Scope 2) | | 42-43 | ○ | SDG 13 |
| G4-EN19 | Reduction of greenhouse gas emissions | 6.5.3/6.5.5 | 41 | ○ | SDG 13 |
| AO5 | Ambient air quality levels according to pollutant concentrations | | 41 | ○ | SDG 3 |
| Effluents and Waste | | | | | |
| Generic DMA | | | | | |
| | | | 30 | ○ | |
| G4-EN22 | Total water discharge by quality and destination | 6.5.3/6.5.4 | 42-43 | ○ | SDG 6 |
| G4-EN23 | Total weight of waste by type and disposal method | 6.5.3 | 42-43 | ○ | SDG 6 |
| G4-EN24 | Total number and volume of significant spills | | 42-43 | ○ | SDG 6 |
| AO6 | De-icing fluid on the airliners and pavements (m3 or meter tons) | | 42-43 | ○ | SDG 3 |
| Compliance | | | | | |
| Generic DMA | | | | | |
| | | | 30 | ○ | |
| G4-EN29 | Total fines and non-monetary sanctions for violations of environmental laws and regulations | 4.6 | No cases of violation | ○ | SDG 13 |
| Noise | | | | | |
| Generic DMA | | | | | |
| | | | 30 | ○ | |
| AO7 | Number and percentage change of people residing in areas affected by noise | | 41 | ○ | SDG 11 |
| Category: Social | | | | | |
| Sub-Category: Labor Practice and Decent Work | | | | | |
| Employment | | | | | |
| Generic DMA | | | | | |
| | | | 56 | ○ | |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | 6.4.3 | 58 | ○ | SDG 8 |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 6.4.4/6.8.7 | 60-61 | ○ | SDG 8 |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | 6.4.4 | 60 | ○ | SDG 5, SDG 8 |
| Labor-Management Relations | | | | | |
| Generic DMA | | | | | |
| | | | 56 | ○ | |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | 6.4.3/6.4.5 | 61 | ○ | SDG 8 |
| Occupational Health and Safety | | | | | |
| Generic DMA | | | | | |
| | | | 56 | ○ | |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | 6.4.6 | 61 | ○ | SDG 8 |

GRI G4 & ISO 26000

| Specific Standard Disclosures | | | | | | |
|---|-------------|---|-------------------------------------|---|-----------|--------------|
| | Index | Details | ISO 26000 | Page | Assurance | SDGs Mapping |
| Category: Social | | | | | | |
| Sub-Category: Labor Practice and Decent Work | | | | | | |
| | Generic DMA | | | 56 | ○ | |
| Training and Education | G4-LA9 | Average hours of training per year per employee by gender, and by employee category | 6.4.7 | 59 | ○ | SDG 4, SDG 8 |
| | G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending | 6.4.7/6.8.5 | 59-60 | ○ | SDG 4 |
| | Generic DMA | | | 56 | ○ | |
| Diversity and Equal Opportunity | G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 6.2.3/6.3.7/6.3.10/6.4.3 | 16, 58 | ○ | SDG 5 |
| | Generic DMA | | | 56 | ○ | |
| Equal Remuneration for Women and Men | G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 6.3.7/6.3.10/6.4.3/6.4.4 | 59 | ○ | SDG 5 |
| | Generic DMA | | | 56 | ○ | |
| Sub-Category: Human Rights | | | | | | |
| | Generic DMA | | | 56 | ○ | |
| Non-discrimination | G4-HR3 | Total number of incidents of discrimination and corrective actions taken | 6.3.6/6.3.7/6.3.10/6.4.3 | No case of discrimination has been reported | ○ | SDG 5 |
| | Generic DMA | | | 56 | ○ | |
| Sub-Category: Society | | | | | | |
| | Generic DMA | | | 56 | ○ | |
| Local Communities | G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 6.3.9/6.5.1-6.5.2/6.5.3/6.8 | 65-68 | ○ | SDG 11 |
| | G4-SO2 | Operations with significant potential or actual negative impacts on local communities | 6.3.9/6.5.3/6.8 | 41 | ○ | SDG 11 |
| | AO8 | Number of persons physically or economically displaced by the airport operator on its behalf by governmental for other entity, and compensation provided | - | 41 | ○ | SDG 1 |
| | Generic DMA | | | 18-19 | ○ | |
| Anti-competitive Behavior | G4-SO4 | Communication and training on anti-corruption policies and procedures | 6.6.1-6.6.2/6.6.3 | 19 | ○ | SDG 16 |
| | Generic DMA | | | 18-19 | ○ | |
| Compliance | G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | 4.6 | No cases of violation | ○ | - |
| | Generic DMA | | | 30 | ○ | |
| Sub-Category: Product Responsibility | | | | | | |
| | Generic DMA | | | 30 | ○ | |
| Customer Health and Safety | G4-PR1 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | 6.7.1-6.7.2/6.7.4/6.7.5/6.8.8 | 31-34 | ○ | SDG 3 |
| | G4-PR2 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | 4.6/6.7.1-6.7.2/6.7.4/6.7.5/6.8.8 | No cases of violation | ○ | - |
| | Generic DMA | | | 30 | ○ | |
| Product and Service Labeling | G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | 6.7.1-6.7.2/6.7.3/6.7.4/6.7.5/6.7.9 | 35-38 | ○ | - |
| | G4-PR5 | Results of surveys measuring customer satisfaction | 6.7.1-6.7.2/6.7.6 | 37-38 | ○ | - |
| | Generic DMA | | | 30 | ○ | |
| Customer Privacy | G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | 6.7.1-6.7.2/6.7.7 | No cases of violation | ○ | SDG 16 |
| | Generic DMA | | | 30 | ○ | |
| Compliance | G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | 4.6/6.7.1-6.7.2/6.7.6 | No cases of violation | ○ | - |

Sustainable Development Goals of IIAC



The Sustainable Development Goals (SDGs) agreed by all of the 193 UN members on September 2015 is the development satisfying the needs of the present as well as those of the future generation, and it is composed of 17 goals and 169 sub-goals to be attained by the international society for 15 years from 2016 to 2030. IIAC actively supports the US Sustainable Development Goals for changing the world we live in into a better one, and desires to contribute realization of the sustainable development goals by grasping the future business opportunities and reinforcing the sustainability value in response to the challenges of the sustainable development.

1 The end of poverty



- Global social contribution activities in association with the overseas projects
- Expanding the sharing culture through the domestic social contribution activities

3 Health and welfare



- Sponsoring the children with incurable diseases
- Promoting the national sports
- Promoting health of the employees of the business partners
- Physical examination of the employees and introduction of EAP (Employee Assistance Program)

4 Quality education



- Customized HR development program
- Management-technology support to the business partners
- Local fostering program (in phases), such as children nursing- specialized business-autonomous private high school-scholarship
- Training the aviation personnel of the developing countries

5 Gender equality



- Fair recruit and personnel affairs
- Maternity protection program
- Diversity of the employees and prohibition on discrimination
- Rational evaluation and remuneration
- Female HR training program

6 Clean water and hygiene



- Preservation and recycling of water resources
- Treatment of waste water and ice manufacturing/ice solution
- Preservation of the biodiversity

7 Sustainable energy



- Operating the energy management system (ISO 50001) and environmental management system (ISO 14001)
- Promoting the management by objective system of energy
- Supervising occupant's energy management
- Introducing the renewable energy
- Energy storage facility and energy information management system

8 Decent jobs and economic growth



- Open recruitment
- Program for enhancing the life quality of the employees
- Safety and health management
- Win-win labor and management culture
- Creation and distribution of economic value

9 Innovation and building of the infrastructure



- Global social contribution activities
- Promotion of the phase-3 construction project

11 Fostering the sustainable cities and residence



- Realization of Green & Eco Airport
- Contribution to the community
- Noise countermeasure project

13 Climate action



- Attaining the airport carbon certification from the Airports Council International (ACI)
- Responding to the greenhouse gas emission trading scheme
- Expanding the eco-friendly traffic infrastructure
- Operating the carbon offsetting program
- Activity for reducing the greenhouse gas caused by the aircraft

15 Protection of land ecosystems



- Preservation of the biodiversity
- Fostering the World Peace Forest
- Environmental clean-up of the community

16 Establishment of peace, justice and system



- Protection of the customers' personal information
- Integrityethical management (anti-corruption)

UNGC Advanced Level

IIAC is determined to carry out its corporate social responsibility, comply with the 10 principles in the 4 sectors of human rights, labor, environment and anti-corruption followed by joining the UN Global Compact on March 2007, and reports the compliance record. The UN Global Compact has elaborated 'the Communication on Progress (COP)' regulation to the Advanced Level for encouraging implementation of corporate social responsibility and promoting communication with the stakeholders. This corporate social responsibility report contains the content of implementation for 21 criteria required by the Advance Level of the UN Global Compact. UNGC Advanced Level means it declares and makes public that the sustainability governance and management process have been introduced and reported based on 'the blueprint for corporate sustainability leadership' and 'UN Global Compact Management Model' for the performance and public notice of the corporate sustainability.



| No. | Summary of criteria | GRI | Reporting contents |
|-----|--|-------------------------------------|---|
| 1 | Describe the corporate functions and business units | G4-4, 6, 8 | IIAC Overview |
| 2 | Explain the implementation of the Global Compact Principle in the value chain | G4-12 | Corporate social responsibility strategy, win-win growth and partnership |
| 3 | Describe robust commitments, strategies or policies in the area of human rights | | |
| 4 | Describe effective management systems to integrate the human rights principles | G4-56, SO2 | Ethical management |
| 5 | Describe effective monitoring and evaluation mechanisms of human rights integration | | |
| 6 | Describe robust commitments, strategies or policies in the area of labor | | |
| 7 | Describe effective management systems to integrate the labor principles | G4-LA1~3, 9~11 | Human resource management |
| 8 | Describe effective monitoring and evaluation mechanisms of labor principles | | |
| 9 | Describe robust commitments, strategies or policies in the area of environmental management | | |
| 10 | Describe effective management systems to integrate the environmental principles | G4-EN8, 10, 15~16, AOS, 7 | Realization of the eco-friendly airport |
| 11 | Describe effective monitoring and evaluation mechanisms for environmental management | | |
| 12 | Describe robust commitments, strategies or policies in the area of anti-corruption | | |
| 13 | Describe effective management systems to integrate the anti-corruption principle | G4-56, G4-SO2, AO8 | Ethical management |
| 14 | Describe effective monitoring and evaluation mechanisms for the integration of anti-corruption | | |
| 15 | Describe core business contributions to US goals and issues | G4-EC1~2, G4-EN8, 10, AO1~3, 5, 6~8 | Corporate social responsibility strategy, safe airport operation, realization of the eco-friendly airport |
| 16 | Describe strategic social investments and social contribution activities (philanthropy) | G4-EC7 | Community Involvement and Investment |
| 17 | Describe political advocacy and involvement of the public policy | G4-15~16 | IIAC Overview |
| 18 | Describe partnerships and collaborative activities | G4-12 | Win-win growth and partnership |
| 19 | Describe CEO commitment and leadership | G4-1 | CEO message |
| 20 | Describe the decision-making process and governance system for the corporate sustainability | G4-34 | Corporate Governance |
| 21 | Describe involvement of the all of the important stakeholders | G4-24~27 | Stakeholder Engagement |

Reader Survey

Thank you for reading the IIAC's corporate social responsibility Report. In order to make better Corporate Social Responsibility report in the future, we very much welcome inputs regarding the 2016 Corporate Social Responsibility Report from diverse stakeholders, including readers. Please fill out the following form and send it to the following contact information either by mail or fax.

1. To which group do you belong?

- Customer Executives and staff member Government Local resident Business partner NGO and civic group Specialized institution Others()

2. How did you come to know about this report?

- Homepage of IIAC Media source, like newspaper Web surfing Employees of the IIAC Seminar/lecture Others()

3. For what purpose do you use this report? (Multiple replies available)

- To get information on the IIAC
 To understand the corporate social responsibility activities of the IIAC
 To compare and analyze the features of the industry to which the IIAC belongs
 For the purpose of research and education
 Others()

4. Among the followings, what is the most interesting issue in this report? (Multiple replies available)

- Our Approach to CSR
 Strategy1. Operational Excellence
 Strategy2. Global Hub
 Strategy3. Sustainable Growth
 Strategy4. Responsible Corporation

5. What is, if any, the part you think need to be supplemented? (Multiple replies available)

- Our Approach to CSR
 Strategy1. Operational Excellence
 Strategy2. Global Hub
 Strategy3. Sustainable Growth
 Strategy4. Responsible Corporation

6. Has this report been helpful for you to understand the corporate social responsibility activities of the IIAC?

- Very helpful Helpful Average Not helpful Not helpful at all

7. How is the evaluation of this report?

- Comprehensibility of information Very satisfactory Satisfactory Average Not satisfactory Not satisfactory at all
 • Accuracy of information Very satisfactory Satisfactory Average Not satisfactory Not satisfactory at all
 • Quantity of information Very satisfactory Satisfactory Average Not satisfactory Not satisfactory at all
 • Design Very satisfactory Satisfactory Average Not satisfactory Not satisfactory at all

8. Please freely write your opinion on the corporate social responsibility activities of IIAC and overall composition and content of the report.

Send to Social Contribution Team Incheon International Airport Corporation 424-47 Gonghang-gil, Jung-gu, Incheon 22382, Republic of Korea / Tel 82-32-741-2107~8 / Fax 82-32-741-2330



The Initiatives for our Better Future



424-47 Gonghang-gil, Jung-gu, Incheon 22382, Republic of Korea
Sustainability Management Team
Incheon International Airport Corporation



The Initiatives for our Better Future

IIAC Social Responsibility Report 2016



청렴·홍·세상
Korea, a country of integrity

Report unethical behavior to
www.airport.kr (integrity hotline)
Customer Service 82-32-741-2145

Social Responsibility Report 2016

Contact Information

If you have further information regarding this report or any questions, please contact us via the following contact information.

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Previous Publication of IIAC Social Responsibility Report

