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A New Leap Forward, Towards the Global Leading Airport

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*The  
Initiatives for  
Our Better Future*

## About This Report

### Overview

Incheon International Airport Corporation (IIAC) has been publishing its Corporate Social Responsibility (CSR) Report for every year since 2007 in order to share its vision, activities and achievements with stakeholders. In particular, IIAC is promoting a social responsibility management system through an SR Stakeholder Committee composed of experts in each field to reflect the opinions of stakeholders converged through diverse channels of communication.

This is the tenth report published by Incheon International Airport Corporation.

### Reporting Standards

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

### Reporting Period

This report primarily covers CSR activities carried out throughout IIAC's business areas from January through December 2016. Notable qualitative achievements in the first half of 2016 are also included. Comparative figures for three years, starting from 2014, are presented to illustrate quantitative trends.

### Reporting Scope and Boundary

The contents of the report include all sectors in which IIAC operates. If the scope of reporting is different, it is separately indicated in the report. In addition, we set the reporting boundaries by identifying impacts across the value chain of each critical aspect and reflect the boundaries in our management approach.

### External Assurance

The contents of this report have been verified by an independent external institution to provide additional assurance about its accuracy and credibility. The assurance statement can be found in the appendix of 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 "IIAC Green Report 2017"

Additional feedback can be provided using the survey at the end of this report or through the contact points listed below.



### Cover Story

Based on the medium-and long-term brand strategy of Incheon International Airport, Longing, Colorful, Exciting, Marvelous, it expresses people's emotions and feelings through a metaphor of "exclamation point."



When you scan the QR code, you will be linked to a web page where you can download the IIAC Social Responsibility Report PDF file by year.

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## CEO Message



**Dear stakeholders,**

Incheon International Airport Corporation has recorded continuous growth for the past 10 years, leading the innovation and development of the world airport industry despite the difficult global economic environment. As a result, we have achieved remarkable results such as being ranked first in the Airport Service Quality (ASQ) Awards for 12 consecutive years, and second in the international cargo and seventh in international passengers. In addition, IIAC has been fulfilling its social responsibility and role as a solid companion contributing to the local community as well as the domestic economy.

Thanks to your continued interest and encouragement, IIAC has issued its 10<sup>th</sup> report, reflecting our passion and determination to fulfill our social responsibilities and help realize a sustainable society. We are committed to present unrelenting advancement in this field.

### We will build the global leadership of an airport operation.

IIAC has advanced its flight-security- and cyber-terror response level by strengthening its zero-defect safety management and disaster response capability. In addition, we provide state-of-the-art airport management service via creating a ubiquitous system throughout the entire airport service process including check-in procedures, checked and/or carry-on luggage and immigration inspection in order to provide the world's best passenger service by implementing smart airport operation.

### We will strengthen competitiveness as a passenger transport and cargo distribution hub.

Since the opening of our airport, new transit demands have grown via implementing a combined transportation system and continuous expansion of our facilities. Also, we strengthened marketing on core markets thereby increasing aviation demand. Moreover, as a result of improving our foundation as a hub airport by expanding network supply capacity and stimulating the growth of international cargo volume in new markets, we have been ranked 2<sup>nd</sup> for international cargo and 7<sup>th</sup> for international passengers.



### We will secure future growth engines for the airport industry.

Incheon Airport, which opened the era of 70 million passengers by constructing a high-end airport through three phases, is equipped with world-class infrastructure. We will respond to future demand of 100 million by continuously carrying through our airport expansion project. In line with coming trends, we are also developing an Air-City, a new-concept airport complex city where shopping, leisure and business bloom at one place; what we aim is to nurture a city where aviation, tourism and business converge. In addition, we would like to expand and diversify our overseas business in phases by systemizing our expertise in airport operation proven through excellent performance.

### We will build a world-class airport corporation that thrives with the nation.

Incheon Airport is realizing shared societal values with an emphasis on the airport community through improving organizational competitiveness and unified communication based on trust and innovation. In addition, through strategic ICT leadership, we are nurturing experts on aviation through our world-class aviation-training center and systemized curriculum. Also, we plan to spread the culture of sharing with neighbors through corporate philanthropic activities for the local community and the socially disadvantaged.

This is the 10<sup>th</sup> year of IIAC's social responsibility management, so it is a very important moment for IIAC to continue being the very best international airport leading the global airport industry over the next century.

IIAC always conforms to ten principles in four categories, namely, human rights, labor, environment and anti-corruption — presented by UN Global Compact — and we actively implements international standards, such as ISO 26000, GRI and UN SDGs, throughout our entire management system.

In the years to come, IIAC will take the lead in pursuing sustainable management based on innovation. We welcome the consistent support and encouragement from our customers who care for the future of Incheon International Airport.

August 2017  
**Dr. Il-Young CHUNG**  
President & CEO, IIAC

鄭日永

## Highlights 2016

Ranked **1<sup>st</sup>** in ASQ  
for 12 consecutive years

Ranked **2<sup>nd</sup>**  
in international cargo

**340,000**  
total flights

**88** airlines

**186** destinations

Ranked **7<sup>th</sup>**  
in international passengers

**2.71** million  
tons of cargo

**57.77** million  
total passenger

Airport Employees  
about **40,000** employees

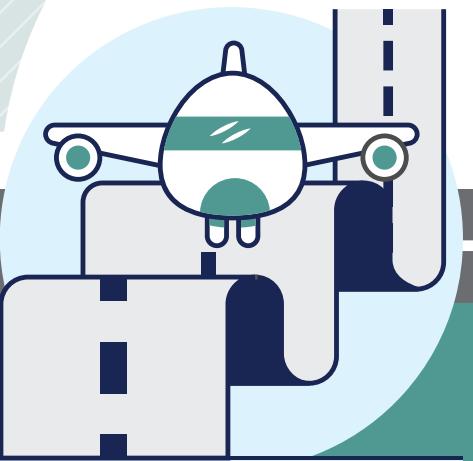
Sales  
**KRW 2.2** trillion



Ranked **1<sup>st</sup>** in Airport Service Quality (ASQ)  
Award for 12 Consecutive Years



Selected as No.1 Korea's Most Admired Company  
for 10 Consecutive Years



Ranked **1<sup>st</sup>** in KSI for 7 Consecutive Years



No. 1 Company in Global Contribution Category at  
KCCI-Forbes CSR Award

Incheon International Airport has won the first place for 12 consecutive years since 2005, the airport's fourth year of operations, in the "Airport Service Quality (ASQ) Awards" in 2016 by Airports Council Internationa (ACI), a consultative body of 1,800 airports around the world. The airport received 4.99 points (out of 5) in the comprehensive evaluation, within the three categories of "Best Airport in Asia-Pacific", "Best Airport by Size (over 40 million passengers per year)", "Best Airport by Size and Region(Asia-Pacific/ over 40 million passengers per year)".

IIAC was selected as the No.1 Company for 10 consecutive years in the SOC facility management category of Korea's Most Admired Companies Survey conducted by Korea Management Association Consulting. In particular, the company was ranked 9<sup>th</sup> among the 30 All-Star Companies in all areas in Korea, and became the only state-owned company to be honored as an All-Star company for eight consecutive years.

IIAC was selected as the No.1 Company among state-owned companies (the Ministry of Land, Infrastructure and Transport) in the Korea Sustainability Index (KSI) for seven consecutive years at the 2016 Korea Sustainability Contest. Moreover, the company won the KRCA Prize four-times running.

IIAC ranked No. 1 in the global contribution category at the 2016 Korea Chamber of Commerce and Industry and the Forbes CSR Award. In particular, IIAC received high scores for its global social contribution activities for eight years since 2009.

# Social Responsibility Management of IIAC over the Past 10 Years

2017 marks the 10<sup>th</sup> anniversary of beginning the "Social Responsibility Management" program under the name of "The Initiatives for our Better Future" of Incheon International Airport. This small island on the Western Sea aims to become an influence to the world and create new values for all. We pledge to make Incheon International Airport a 'People First' airport, and a place where dreams begin.



2007

## Start of Social Responsibility Management towards People's Dreams

- Received Top Asia-Pacific Efficiency Award by the Air Transport Research Society(ATRS)
- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 3 consecutive years
- Established environmental monitoring facilities



2008

## A Leap Forward as an Active Pioneer in Changing Society

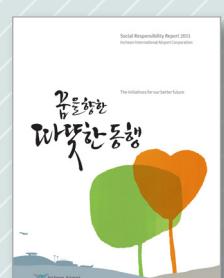
- Completed 2<sup>nd</sup> phase construction and its grand opening
- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 4 consecutive years
- Joined UN Global Compact



2010

## The Initiatives for Our Better Future

- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 6 consecutive years
- Entered overseas business for the first time in the airport industry
- Secured the world's best safety navigation system



2011

## Growth as World-class Airport

- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 7 consecutive years
- Achieved AA in customer satisfaction for public corporations for 2 consecutive years
- Received labor culture award and social contribution award



2012

## Provided Delight and Values beyond Customers' Expectations

- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 8 consecutive years, and inducted to the ACI Hall of Fame
- Entered Global Top 10 for aviation demand
- Accomplished the goals of GHG and Energy Management

2017

# 10<sup>th</sup>

## Anniversary of Social Responsibility Management



2016

## A New Leap Forward, Towards the Global Leading Airport

- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 12 consecutive years
- Established top-class navigation safety facilities
- Implemented strategic social contribution activities



2015

## Incheon Airport, Loved by the World Airport Corporation, Trusted by the People

- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 11 consecutive years
- Achieved maximum air transportation performance
- Ranked 1<sup>st</sup> in duty-free sales for 4 consecutive years



2014

## Global Hub Airport, World-class State-owned Enterprise

- Became 'Large-size Airport,' with more than 40 million passengers annually
- Construction Airport City in the surrounding area
- 3<sup>rd</sup> phase construction of airport in response to the continual growth of passenger volume and saturation of airport facilities



2013

## State-owned Company that Works with the Global Community

- Best air transportation performance
- Ranked 1<sup>st</sup> in Airport Service Quality (ASQ) Award for 9 consecutive years
- Selected as world-class Green Logistics Airport



# Our Approach to CSR

Incheon International Airport Corporation was established to contribute to Korea's national economic development and facilitate air transportation through efficient construction, management and operation of Incheon International Airport.

Based on this establishment purpose, IIAC has been striving to make Incheon Airport a top-tier global hub that stands with passengers for 24hours, while performing its role as a growth engine for the nation's economy.



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# Introduction of IIAC

## Why Is It Important

IIAC was established to contribute to national economic development and to facilitate air transportation through efficient construction, management and operation of Incheon International Airport.

## Company Profile

The purpose of the establishment of Incheon International Airport Corporation (IIAC) was to facilitate air transportation and contribute to the development of the national economy through effective construction, maintenance, and operations of Incheon International Airport by developing itself as a world-class airport business. Based on these objectives, IIAC is making every effort to make Incheon International Airport a first-class global hub airport offering 24-hour customer service while serving as a driving force in realizing the national vision.

## Shareholder Structure

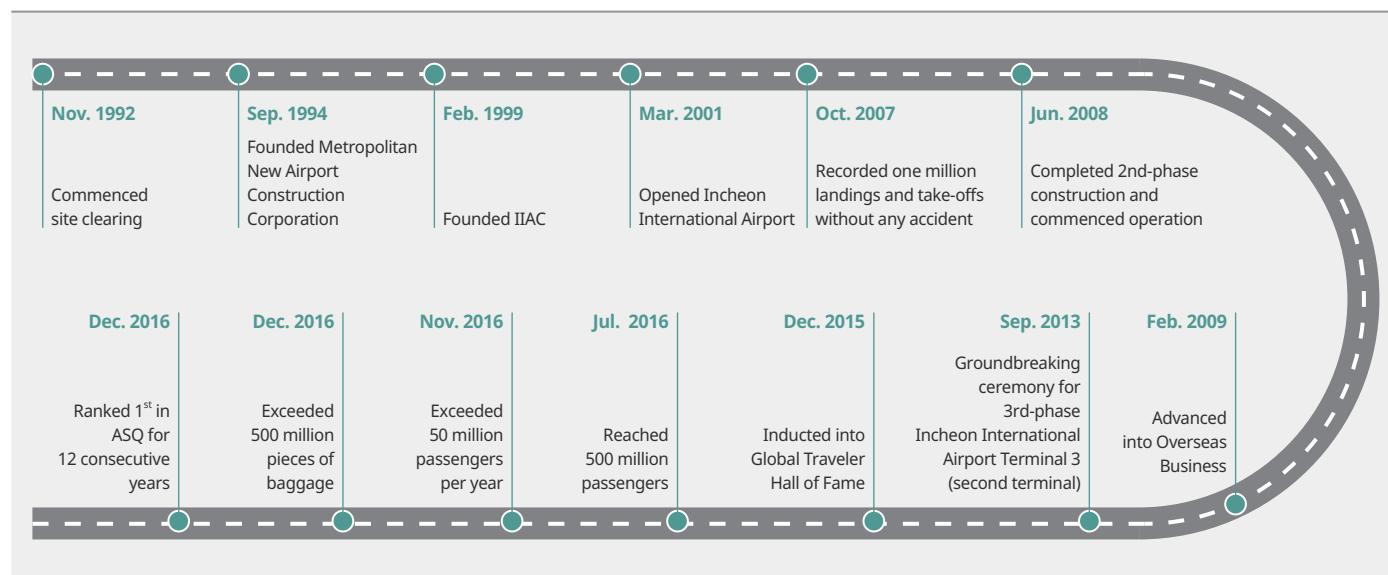
IIAC is a market-based, state-owned corporation founded with government funds. IIAC is wholly owned by the government and does not receive government subsidies.
Statutory capital KRW 8,000,000 million
Shareholder Government
Paid-in capital KRW 3,617,845 million
Ownership 100%

## General Information

Company name	Incheon International Airport Corporation (IIAC)
President & CEO	Il-Young CHUNG
Date of establishment	February 1, 1999
Basis for incorporation	The Incheon International Airport Corporation Act (enacted on January 26, 1999)
Type of institution	Market-type state-owned company
Assets	KRW 10.8688 trillion
Revenues	KRW 2.1860 trillion
Operating income	KRW 1.3012 trillion
No. of employees	1,217
Address of head office	424-47 Gonghang-gil, Jung-gu, Incheon 22382, Republic of Korea

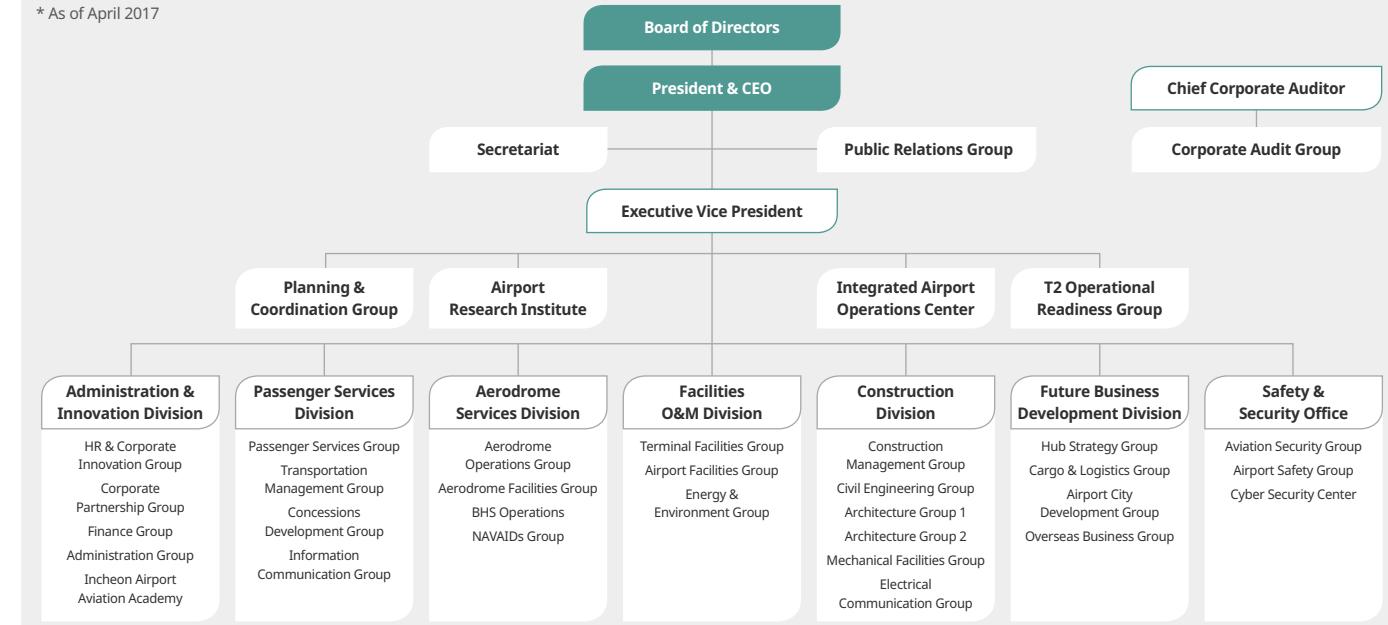
\* Based on the separate financial statements

## History



## Organization Chart

\* As of April 2017



## Introduction of Business

### Core Business Areas



## Flight Operations

**88** airlines

**54** countries

**186** cities

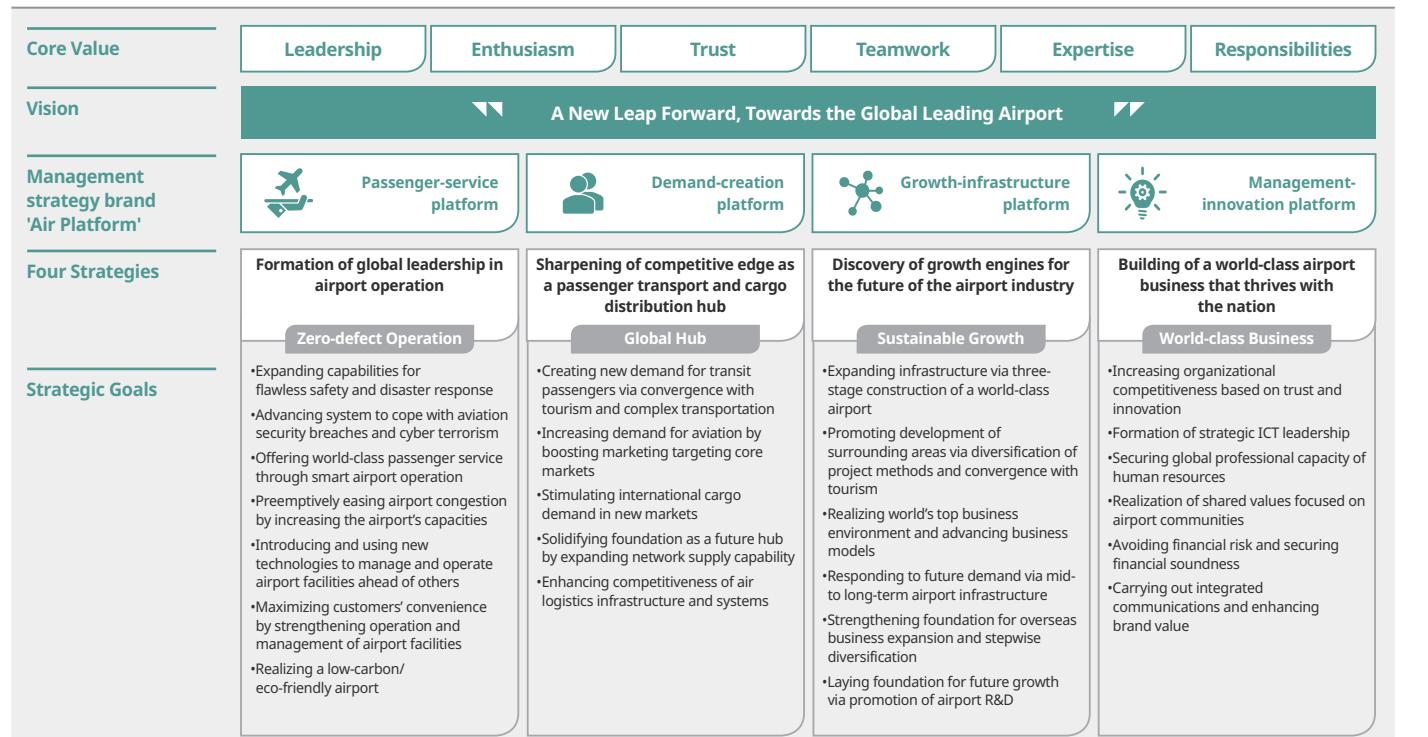


\* Numbers mean the number of cities.

# Corporate Social Responsibility

## Mid-to Long-term Management Strategy

### Vision and Strategy System



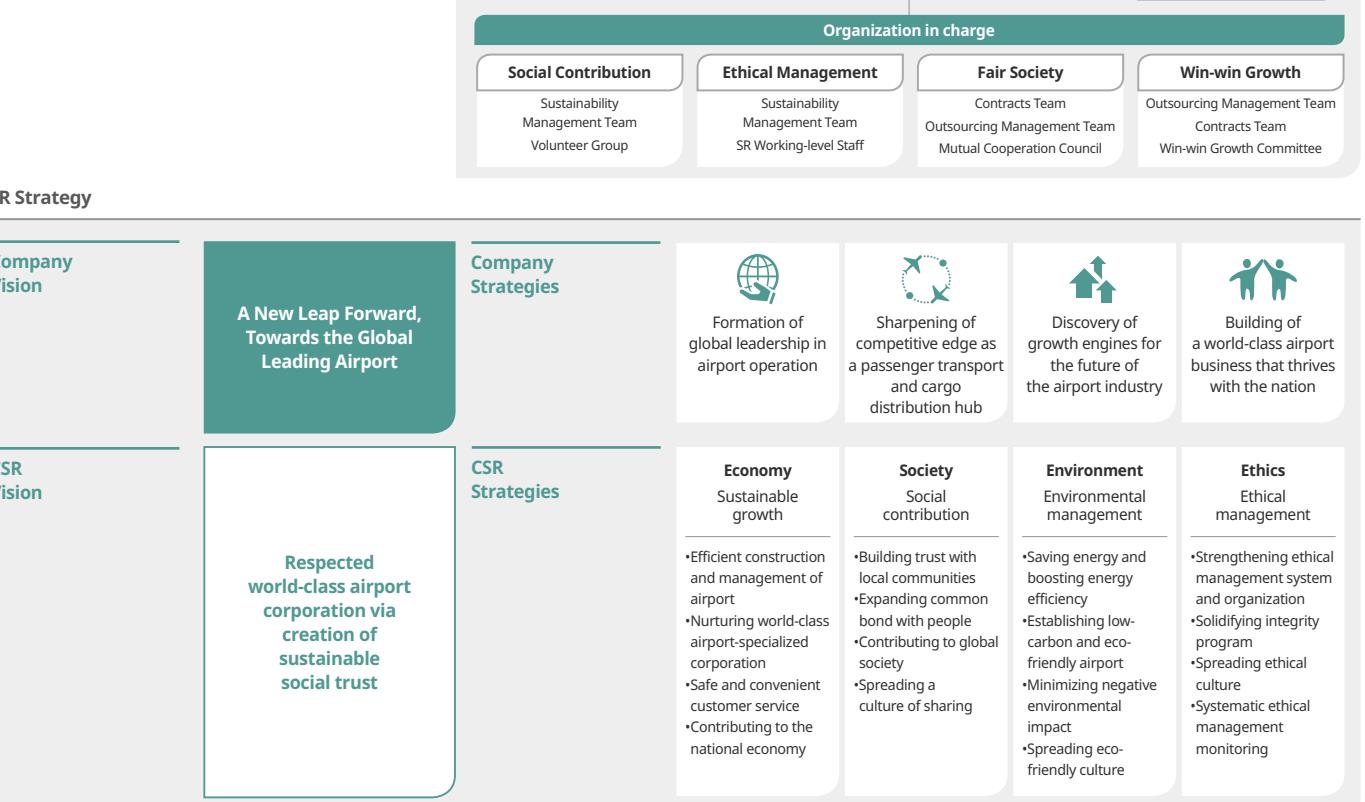
### Why Is It Important

IIAC is becoming a top-tier mega-hub airport through value creation focusing on 24 strategic goals under the company's four major strategies to establish and achieve a new vision.

### CSR System

**CSR Strategy** IIAC is promoting social responsibility management strategies in conjunction with a newly established company-wide vision and strategy framework. In particular, we have incorporated the concept of Creation of Shared Value (CSV) in our review and selection of projects to build a management strategy. As a result, we are striving to achieve sustainable growth and development with diverse stakeholders in the airport industry ecosystem by creating social and environmental value as well as economic value by sharing social responsibility management value in overall management. In order to achieve our goal of becoming a respected global corporation through the creation of sustainable social trust, which is a vision of social responsibility management, IIAC is carrying out its social responsibility management with a focus on the four segments – a global airport company; a respected state-owned company; an eco-friendly green airport; and a trusted ethical culture.

**CSR Implementation System** The SR Committee is attended by the company President & CEO and executives. The Committee reviews and makes decisions on strategies, direction and major achievements related to social responsibility management. In addition, we have a social contribution committee composed of a Sustainability Management Team, Integrity Inspection Team, Outsourcing Management Team, Legal Affairs Team, and a Contracts Team. In addition, the SR Stakeholder Committee, which is composed of experts in related fields, is held every year to share the activities and achievements of the CSR management that the Corporation is pursuing and to share opinions on the development strategies.



# Corporate Governance



## Composition of BOD

### Operation of BOD Committees

#### Planning and Budget Committee

Chairman: Non-executive director  
Composition: Four non-executive directors and one executive director

Budget/operation plan

Review of major business

#### Audit Committee

Chairman: Non-executive director  
Composition: Two non-executive directors and one executive director

Evaluations of management performances

Audit of business operations

#### Executive Recommendation Committee

Chairman: Non-executive director  
Composition: 5~7 members with Non-executive directors and external(private) members

Executive candidate recommendation

Independent operation

## Our Approach to CSR

Intro

## Our Strategic Focus Areas

Appendix

### Why Is It Important

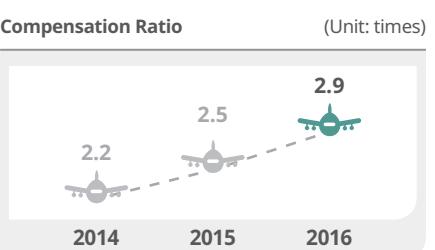
IIAC has aimed to take the lead in clear and fair management, with a board of directors in charge of supervision and management-support for decision-making and management-issues pertaining to major strategies and policies regarding IIAC. A subcommittee was appointed for efficient operation and management of the 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. 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, the Audit Committee and the Executive Recommendation Committee, are in the BOD to review and report to the BOD entrusted matters regarding laws and regulations, and issues requiring in-depth reviews.

### BOD Composition

\*As of July 2017

	Name	Gender	Position / Specialties	Date of Appointment	Roles in BOD
Executive Directors	Il-Young CHUNG	Male	President & CEO	Feb. 02, 2016	
	Yong-Suk PARK	Male	Chief Corporate Auditor	Feb. 25, 2015	
	Kwang-Soo LEE	Male	Executive Vice President	Jul. 04, 2016	
	Young-Ung Kim	Male	Vice President of Construction Division	Feb. 16, 2015	
	Young-Kyu KIM	Male	Vice President of Facilities O&M Division	Jul. 04, 2016	
	Jong-Seo Kim	Male	Vice President of Aerodrome Service Division	Mar. 10, 2017	
Non-executive Directors	Joon-Hee LEE	Male	International relations	Sep. 11, 2014	Chairman of BOD
	Dae-Ho UM	Male	Management / construction	Dec. 16, 2014	Non-executive auditor
	Jai-Yoon YOO	Male	Accounting / management	Feb. 17, 2015	Non-executive auditor
	Jong-Ick SHIN	Male	Legal services	Jan. 12, 2016	
	Tae-Hee CHOI	Male	Management / overseas business	Jan. 12, 2016	
	Seung-Don LEE	Male	Marketing / economy	Mar. 20, 2017	
Vacancy					



**Operation of BOD** In 2016, BOD meetings were held 17 times to deliberate on and resolve 92 issues. The average attendance rate of non-executive directors stood at 95.1%. The board of directors is convened by the non-executive directors at the request of the senior non-executive directors or at the request of at least one-third of the directors, and resolves with the attendance and the approval of a majority of the directors. In addition, directors with special interests in an agenda of the BOD are prohibited from participating in the resolution of the agenda. Except for special matters, IIAC discloses information such as the composition and performance and major decisions of the board of directors and subcommittees in a transparent manner through IIAC website and a disclosure system for public organizations, Alio.

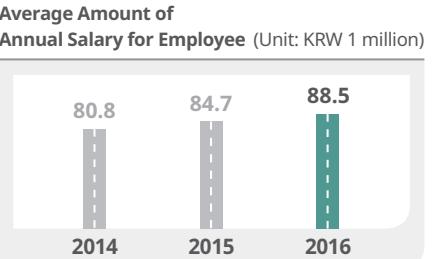
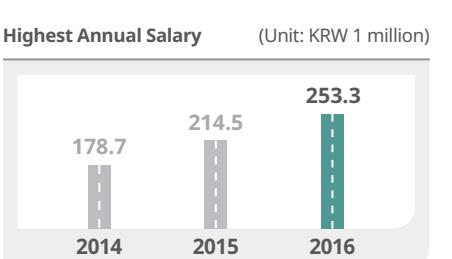
### Results of BOD Operation

Category	Unit	2014	2015	2016
Number of meetings	time	20	16	17
Number of resolutions/reports	case	45/42	49/36	47/45
BOD participation rate	%	94.3	93.7	93.4
Non-executive directors' participation rate	%	95.7	91.1	95.1

**Support for Non-executive Directors' Activities** IIAC guarantees non-executive directors' advisory and management advice activities utilizing their expertise and experience. Management proposals of non-executive directors are actively applied to the management activities of IIAC. The results are reported before the next board meeting. We are proactively providing information on major management issues to enable non-executive directors to carry out checks on management through proactive feedback. In particular, the company operates a board of non-executive directors consisting of non-executive directors only and conducts a preliminary review of matters to be presented to the board of directors.

**Appointment of Directors** Directors are appointed in accordance with qualification criteria set forth in relevant laws and regulations and company rules, taking into consideration professionalism and suitability in carrying out duties. Candidates are recommended by the Executive Recommendation Committee and appointed as President & CEO of IIAC by the President of Korea with a recommendation by the Ministry of Land, Infrastructure and Transport after deliberations and resolutions by the Public Organization Operation Committee. Executive directors are appointed by the president through a resolution of the general shareholders' meeting. Among those with rich knowledge and experience, non-executive director candidates are recommended by the Executive Recommendation Committee. Some of the candidates are appointed by the Minister of Strategy and Finance. The term of the President & CEO of IIAC is three years, and that of a director is two years. They can seek further one-year terms.

**Remuneration and Evaluation** The President & CEO of IIAC is evaluated through state-owned corporation performance evaluations and organization heads' management performance evaluations of the Ministry of Strategy and Finance. Executive directors are evaluated by state-owned corporation performance evaluations and management contract implementation evaluations in terms of efforts to implement management policies and contributions to achieving companywide management goals. Remuneration for directors is paid according to regulations after a resolution of the general meeting of shareholders and is transparently disclosed in accordance with related laws and regulations.



# Stakeholders' Participation

## Why Is It Important

In order to raise the future value of the Airport, IIAC gives top priority to communication and cooperation with stakeholders and shares social responsibility management issues by operating various communication channels. Also, we have been investing efforts into ensuring mutual growth by creating sustainable values.

## Stakeholder Groups and Communication Channels

**Stakeholder Definition** In order to boost the future value of Incheon International Airport where various organizations and companies are residents, communication and collaboration with stakeholders is the top priority. IIAC categorizes stakeholders according to the flow of value through management activities and operates various communication channels for various groups to share social responsibility management issues. In particular, we identified issues that need improving, by monitoring and evaluating our communication channels and applying them to our policies and strategies to create sustainable value. In addition, issues that are deemed important to stakeholders are actively disclosed through our website. IIAC aims to achieve sustainable growth through social responsibility management activities through cooperation with stakeholders.



## Participation through Communication Channels by Stakeholder Groups

Value flow	Stakeholder	Shared value	Direction of communication	Communication channel	Frequency
<b>Value participation</b>	People / National Assembly	Scaling up public interests	Explanation of current issues/ disclosure	Homepage	On demand
	Government	Fulfilling public role, strengthening airport competitiveness	Implementing policies based on cooperation	Company newsletter	Monthly on demand
	Press	Overall management/ operation matters	Press release distribution	Business report	On demand
	Local communities	Mutual growth with local community	Regular consultation	Company briefing	On demand
<b>Value production</b>	Employee / Family	Sustainable growth	Instilling pride	Public disclosure website for public organizations, Allio	On demand
	Labor Union	Reasonable compensation	Trust-based negotiation	Volunteer group	Ten times per year
	Partners	Win-win cooperation	Promoting sense of unity	Local School Committee	Three times per year
	Tenants	Stable airport operation	Sharing development strategy	Dialog with CEO	On demand
<b>Value consumption</b>	Airport users such as passengers	Convenient airport operation and wide choice of entertainment	Customized service	Vision workshop	On demand
				VOE	On demand
				Labor-management conference	On demand
				HR ombudsman	On demand
				Meeting with representatives	Once a year
				Meeting with middle managers	Once a quarter
				Communication Workshop for various rank-levels	Once a half
				Service Improvement Committee	Once a quarter
				Airline Operation Committee	Once a quarter
				Meeting with commercial facility operators	On demand
				Free Trade Zone Operations Committee	Once a quarter
				VOC	Once a quarter
				SNS	On demand

# Stakeholder Surveys

Intro

Our Approach to CSR

Our Strategic Focus Areas

Appendix

## Survey Overview



### Why Is It Important

To collect views on social responsibility management from stakeholders, the Corporation surveys them, and is investing efforts to use the result to derive major issues and reflect it into improvement plans in the future.

We have conducted a survey to collect views related to IIAC's social responsibility management from its key stakeholders, such as the customers, local communities(including government bodies), business partners, and employees. As the survey was designed with questions to evaluate significance and response-levels to corporate social responsibility (CSR) trends and impacts, and internal capability issues (5-point scale), it was able to derive major issues and check on future improvement plans.

### Outline of Survey on Stakeholders

Target	Customers, business partners, employees, local community (including the government), and other*
Content	Trend** / Impact*** / Internal capability****
Period	Aug. 10, 2017~Aug. 24, 2017
Characteristics of Samples	Employees: Complete survey, Customers, business partners/local community and other : Quota-sampling method

\* Other: Universities, research institutions, associations and media

\*\* Trend: External economic, social and environmental issues that affect Incheon International Airport Corporation

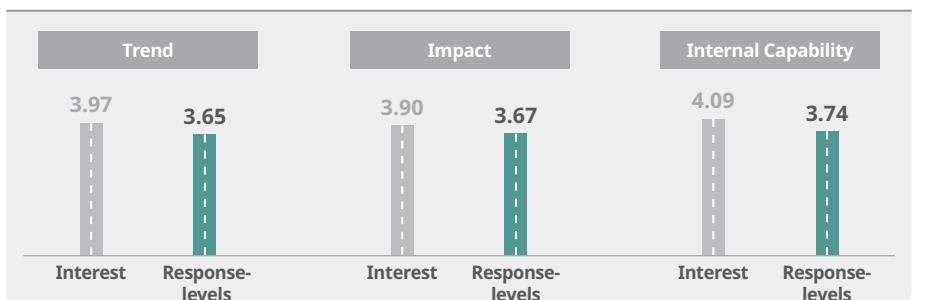
\*\*\* Impact: Economic, social and environmental issues that impact Incheon International Airport Corporation

\*\*\*\* Internal Capability: Internal capability issues according to the value-chain of Incheon International Airport Corporation

## Survey Result



**Customers (Passenger/Customer Committee)** The survey said that the customers of Incheon International Airport Corporation show 3.99 points on average regarding interest/ significance for social responsibility management of International Airport Corporation and 3.69 points on average regarding response-level, which implies that the customers showed above-average interest and response level. In particular, it is analyzed that internal capability is recognized as an important component of implementation of the corporation's social responsibility management as the customer gave higher scores on significance- and response-levels of the internal capability compared with the average.



3.99 points on average

Interest-level (maximum 5 points)

3.77 points on average

Interest-level (maximum 5 points)

4.12 points on average

Interest-level (maximum 5 points)

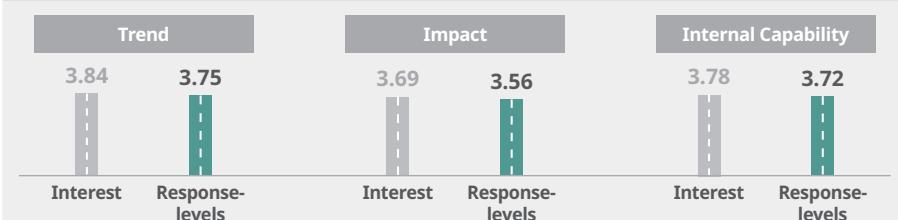
4.28 points on average

Interest-level (maximum 5 points)

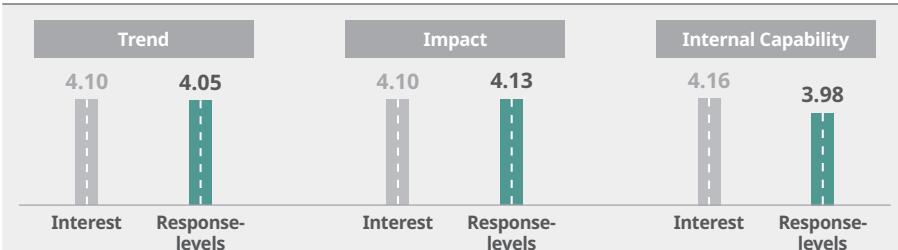
3.98 points on average

Interest-level (maximum 5 points)

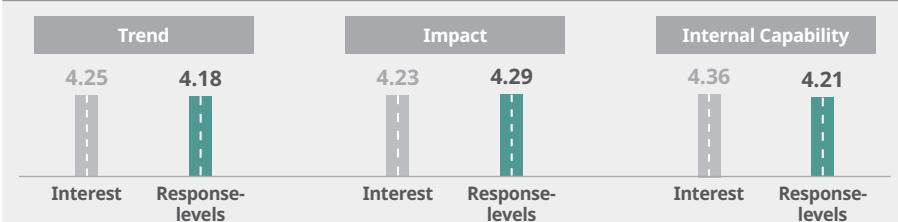
**Business-partner Group 1 (Airlines/Resident Companies)** The survey result showed that the business partners (airlines/resident companies) of IIAC rated 3.77 points on average, which is moderate. Also, they evaluated social responsibility management issues at a moderate level as they gave 3.68 points on average regarding response-levels of social responsibility management issues. In particular, business partner group 1 evaluated the impact to the outside as low as 3.56 points, and the interest of business partner group 1 in social responsibility management issues came out to be the lowest among stakeholders.



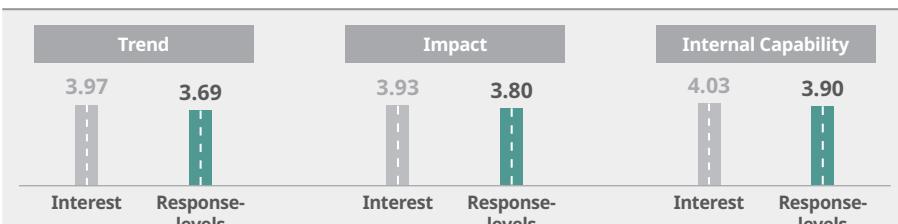
**Business-partner Group 2 (Subcontractors)** The corporate's business partner group 2 (subcontractors) showed higher interest level by giving 4.12 points out of five points for level of interest/ significance, and they gave high evaluation on implementation of social responsibility management (response) by giving 4.05 points on average. Also, this group gave the highest points on significance of internal capability to fulfill successful social responsibility management of IIAC.



**Employees** According to the survey, IIAC employees show much interest in social responsibility management of the corporation as they gave 4.28 points out of five points for interest level/ significance on social responsibility management issues of the Corporation. For implementation (response) of social-responsibility management, they said that it is on a satisfactory level as they awarded 4.23 points on average. Especially, for social responsibility response through business and activities, they gave higher than the average points.



**Local Community** According to the survey for the local community (including the government) of IIAC, they showed high interest in social-responsibility issues of the corporation by giving 3.9 points on average on interest-level/significance, and for implementation(response) of social responsibility management, they gave lower response-levels compared to trends, impacts and internal capabilities.



# Materiality Test and Key Issues



## Materiality Test Processes

### Materiality Test Processes



#### Media Analysis

In order to evaluate external recognition of major issues of IIAC's social responsibility management, we deduced relevant issues by analyzing a total of 2,485 articles published from January to December 2016.



#### Analysis of Relevant Companies

We evaluated the issues related to IIAC by analyzing the sustainable management reports of domestic and foreign companies that implement sustainable management in excellent ways according to detailed issues and GRI performance indicators.



#### Trends & Impacts Analysis

From the perspective of Trend / Impact / Internal capability, we analyzed the issues via which IIAC influences or is influenced, and internal capability issues by conducting a survey for major issues regarding sustainability among employees.



#### Evaluation on ISO 26000 Implementation Levels

Based on the ISO 26000 evaluation tools developed by the Ministry of Knowledge Economy of Korea, we appraised the social- responsibility implementation-levels of IIAC and deduced major issues by focusing on weak points.



#### Interview with Experts

In order to identify detailed issues of social responsibility management and selecting core stakeholder groups considering the impact on the management activities, category of activities and contact frequency with IIAC, we conducted in-depth interviews with six representative experts of each group.



#### Stakeholder Survey

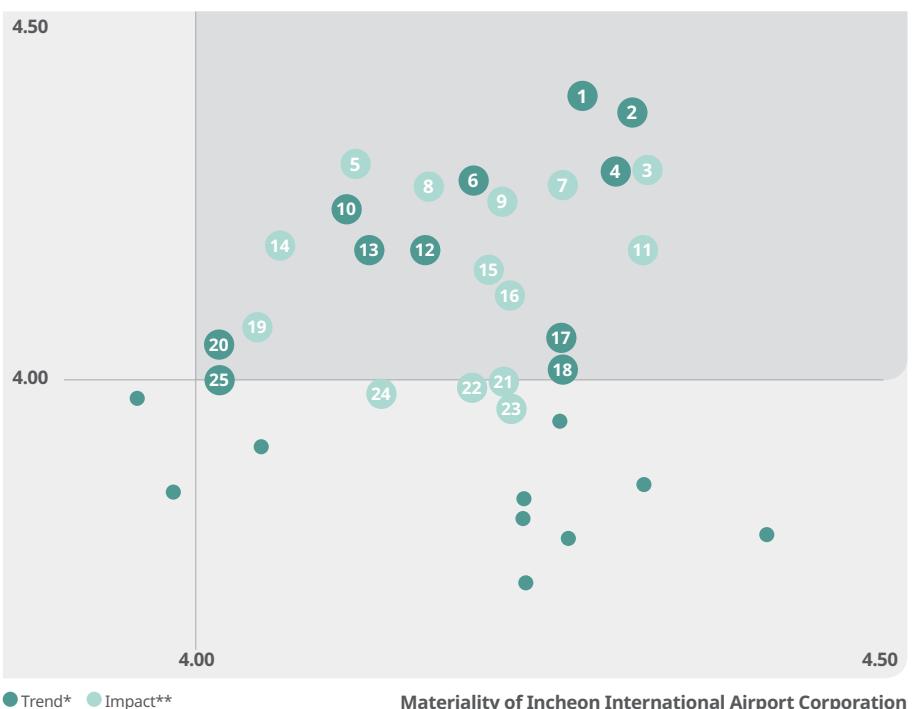
Stakeholders' Committee was held on Aug. 3, 2017 – where experts on economy, society and environment were gathered. Here, they shared ideas and knowledge on social responsibility management activities that the corporation implements. The Committed gathered action plans and issues considered to be important to carry forward more expansive and constructive social responsibility management.

## Identification of Key Issues



The Materiality test was conducted in two stages: Relevance evaluation and Significance evaluation that ISO 26000 presents. At first the relevance evaluation on 102 sustainability issues was conducted, and the first 48 major issues were collected. As a result of the materiality(significance) test through internal and external surveys from the above issues, 25 trends and impact issues that received 4.0 points out of 5 in significance were determined as final core issues. This social responsibility management report contains the Corporation's activities regarding the major issues determined through a materiality test process.

### Materiality of Stakeholders



#### I. Company Profile and Strategy

4 14

#### II. Being Global Airport Leader

8 15 24

#### III. Investing in Our Society

1 2 3 5 6 7 9 12 22 23

#### IV. Creating Green Airport

10 19 20 25

#### V. Acting Responsibly and Reliably

13 16 17 18 21 11

1 Enhanced mutual growth with subcontractors

14 Participation of internal and external stakeholders, and reflection of opinions

2 Increase of demands on safety (responsibility)

15 Social influence (such as recruitment, wage level, purchase)

3 Strengthening products and services (customer satisfaction activities)

16 Compliance with regulations on society category

4 Increase of demands on transparency of IIAC

17 Increase of importance of employees' rights and roles

5 Potential impact on local community (participation in local community development)

18 Increase of demands on respect for human rights (such as gender equality and multicultural families)

6 Increase of various and improved customer demands

19 Compliance with environmental regulations

7 Social contribution to local community

20 Stricter environment regulations

8 Indirect economic effects for public interest (such as investment into infrastructure)

21 Recruitment

9 Customers' health and safety

22 Compliance with regulations in product/service category

10 Environmental damage (air, water, soil pollution)

23 Customers' personal information protection

11 Anti-corruption

24 Profit creation and distribution

12 Easy access to the information on IIAC (Internet, SNS)

25 Climate change (global warming)

13 Increase of youth unemployment and temporary positions

# SR Stakeholder Committee

## Why Is It Important

IIAC derives current challenges and issues regarding social responsibility management led by the corporation through communication with stakeholders. Since the first stakeholder committee meeting in 2012, it was decided that the committee meetings be held on a regular basis. In addition, we review social responsibility strategy assignments through participation of experts on the economy, society and the environment, and share promotion status.



## Topic 1) "Discussion on current status and performance of social responsibility management promoted by Incheon International Airport Corporation"

**Chairman, Gwak Chae-gi, Dongguk Univ.** Under the new Moon Jae-in administration, the focus of policy objectives for public institutions lies on "strengthening publicness and social responsibilities". Therefore, I think that the issues to be discussed are the detailed implementation direction of strengthening publicness and social responsibilities although it has been implemented well by IIAC.

**Jeong Hyun-cheol (Head of safety and security, Unies)** The point of turning irregular employment into permanent positions as instructed in the government policy, should not be overlooked. And I think it is necessary to have enough discussion and contemplation about whether the current methods to promote this point are sufficient and appropriate. As the issues regarding safety have gained more weight since the size of the airport has become bigger, it seems that changes in positions should be made in addition to changes in employment and wage.

**Hwang Won-cheol (Assistant general manager, Lotte duty-free)** Most of the airport profit comes from commercial facilities related to the non-aviation sector. Thesedays we face with difficulties due to unprecedented economic downturn and THAAD challenges as well as global issues. I think all public corporations and institutions have policies regarding regulations, and there parts that should be enforced through contract. However, under the circumstances where we face economic difficulties, it is difficult to maintain undaunted stance against to cost aspects to be enforced by contract.

**Jo Tae-young (General manager, National Commission for Corporate Partnership)** Co-existence and mutual growth itself reflect how much drive the government has to lead the policy. In 2016, the support from the government to public and/or conglomerates was weak. The Moon Jae-in administration implements projects by focusing on coexistence management. I think the mindset of the CEO and management of the company is important for co-existence management and mutual growth. I believe the degree of co-existence and mutual growth are determined by whether corporations focus on this issue with interest. Shared value should be as a matter of fact, created with subcontractors at supporting parts. Rather than one-way support, each of them should see a win-win result by communicating about what kind of synergy effects they create through a give-and-take approach.

**Lee Beom-yeol (Chief manager, Incheon social welfare community chest association)** I think that since 2016, Incheon Airport's social responsibility role has grown beyond the Incheon region. Since quantitative expansion has been achieved by phased growth from the beginning, I think it is necessary to pay more attention to qualitative parts. The trend thesedays is activities taking advantage of the characteristics of a company. And since it is difficult for Incheon International Airport Corporation to find such activities, I would like to suggest performing such parts with themes. If projects with themes carried out based on a certain amount of funding every year, I think it can be expected to achieve qualitative growth as well as benefit society.

**Kim Jae-hyoun (General manager, Forest of Life)** I believe Incheon International Airport Corporation has been conducting various social activities through social contribution and corporate social activities for about 10 years. The Corporation has been working with the World Peace Forest, and not only Incheon International Airport Corporation alone, but also along with green funds, resident companies, and local people, 70% of the forests has been shaped. I think, as various airport facilities emitting carbon coexist with the forest, it will be greatly helpful for air purification. As that the forest will be expanded from now on, I hope that the promotion regarding green welfare and preparation of resting area for local residents be strengthened.

**Jo Chang-hoon (Professor, Seogang Univ.)** I think we need to revise the meaning of CSR (Corporate Social Responsibility). All CSR shows outward-looking aspects, so I think inward-looking aspects of the CSR should be considered. For example, the approach of Japan to CSR is "Ethics+Compliance+CSR". And the goal is to achieve mutual growth for issues regarding inward-looking compliance. Since external evaluations are conducted for public organizations at present, only outward-looking business are seen. For inward-looking CSR, cooperation with the board of directors of corporations is needed.

## Topic 2) "Incheon International Airport Corporation's efforts to improve social responsibility management and stakeholders' expectations"

**Chairman, Gwak Chae-gi, Dongguk Univ.** In public organizations, public characteristics should be strengthened so that core performance goals in fulfilling social responsibility implementation can be achieved. Once Terminal 2 is in operation, safety issues are likely to be more highlighted. Although it is not difficult to control safety in a single terminal, the control over the safety will become more complex when Terminal 2 is in operation. I think it is timely to contemplate countermeasures and improvement points and find solutions. The speed of Incheon International Airport is a great advantage, so I think it is necessary to be a bit more careful to find a compromise between the quick passage of migration procedures and inspection and security.

**Jeong Hyun-cheol (Head of safety and security, Unies)** When 9/11 terror attacks happened, the extent of the damage was very serious. For the security sector of Incheon International Airport, many of the security personnel is allocated based on the principle of airport safety. Since the security sector is not a business sector that generates profit, I believe that the correct scrutiny standards should be legally determined as the government's national defense policy. In addition, I think it is necessary to, through strengthening the level of awareness of the CEO or management, to go through conceptualization for a safer airport. Even when problems are resolved, I don't think it is a fundamental solution if those policies and the awareness-level of the CEO and management are not changed. If the fundamental problem is resolved, jobs will be created.

**Hwang Won-cheol (Assistant general manager, Lotte duty-free)** In 2016, there was an issue about whether Incheon International Airport Corporation should receive tax reduction. In this regard, I understand that many members of the National Assembly and city council supported this issue. I think social contributiveness, not limited to Incheon, is required. The Airport can grow as cooperative partners grow. I hope that institutionally the problems are solved from a partner point of view by contemplating, solving and persuading to grow together, in addition to improvement.

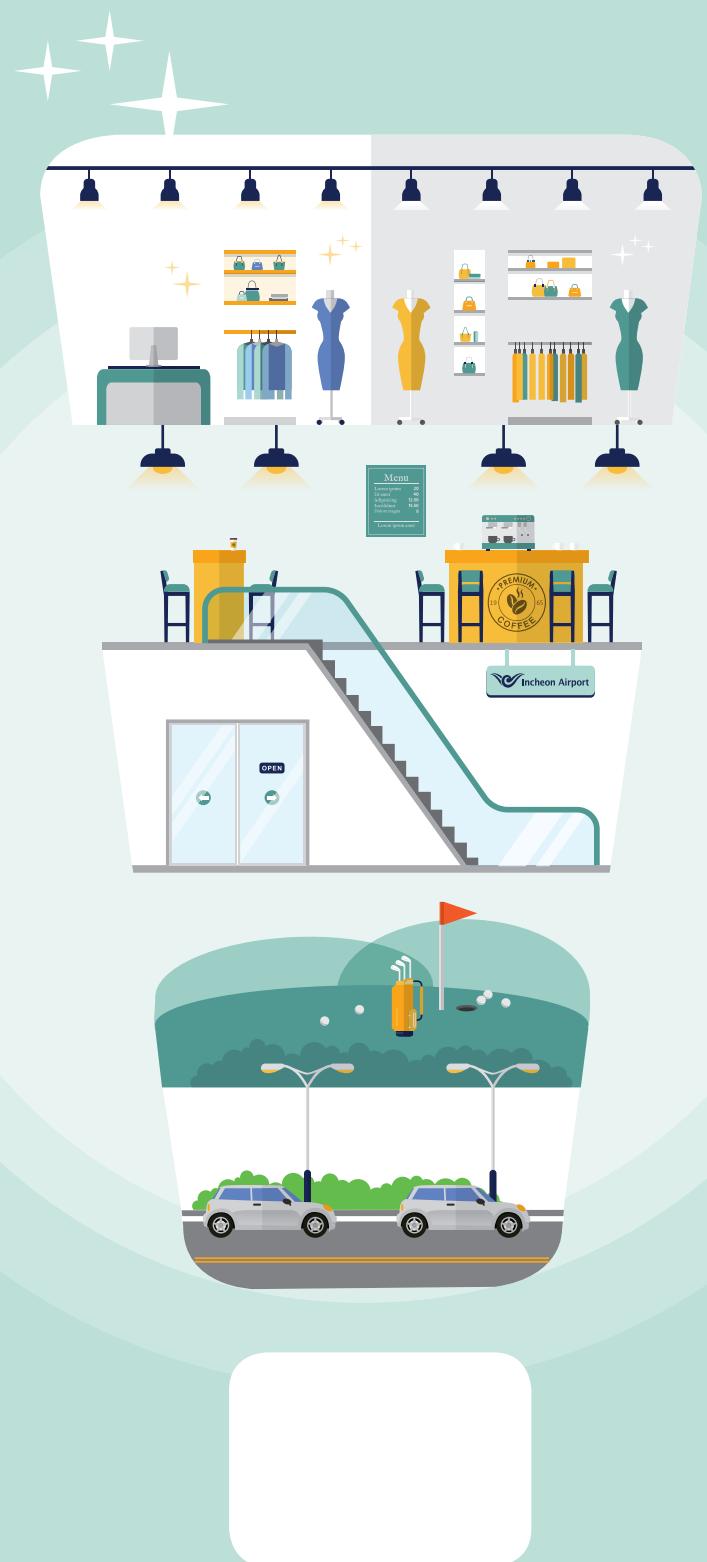
**Lee Beom-yeol (Chief manager, Incheon social welfare community chest association)** Although support projects should be actually helpful for the local community, the Corporation should not be dragged along by projects of other organizations. So, I think it would be better to create jobs that are helpful to the local communities or highlight social enterprise. For example, we could give priority to local people for jobs for necessary positions to maintain the Peace Forest. And if facilities like a solar-powered generator, which is necessary for the local community, is installed in an empty space and can be used, I believe it will lead to the rise of the income of local people and promote the corporation's eco-friendly policies. So, I think it is appropriate to appeal to local people through such win-win projects.

**Kim Jae-hyoun (General manager, Forest of Life)** In the past and present, Incheon International Airport Corporation has consistently given priority to support for the local community, and social activities. While a range of social activities are expanded, local people might be in a position where they have to suffer inconvenience. Various problems such as aircraft noise and inconvenience of local people from construction in the local community have occurred. So, I think anticipation of problems through a pre-investigation and planned support measures are required to address such problems.

**Jo Chang-hoon (Professor, Seogang Univ.)** I believe that the social responsibility management report should be revised so that the governance structure of the performance evaluation is reflected in the performance evaluation. Strengthening the role of the department responsible for social responsibility management can help the department to actively lead the policy. At the moment, projects are limited to possible areas, and further growth has not been achieved. So, I think such aspects should be improved in the future.

# Our Strategic Focus Areas

IIAC is taking on new challenges for a sustainable, better world through innovation and passion toward a brighter future even in the circumstances where customer needs are diversified, competition is more severe, and uncertainty gradually increasing.



## Sustainable Growth\_SUSTAINABLE Economy

- 28 Business Performance
- 30 Take-off towards a Hub
- 32 Strengthening Future Growth Base
- 34 Building Hub Infrastructure

## Social Contribution\_EXCITING Society

- 38 Customer Satisfaction Management
- 46 Mutual Growth and Win-win Cooperation
- 50 Happiness-sharing through Social Contribution

## Environmental Management\_LONGING for Clean Environment

- 56 Eco-friendly Green Airport

## Ethics and HR Management\_COLORFUL Ethics & Human Resources

- 64 Ethical Management
- 68 HR Management

We offer wonders of joy

# SUSTAINABLE Economy

By the development of new growth engines through strategic business diversification, we are moving towards creating an airport that reaches beyond expectations.



**Sustainable Growth**

**TRENDS**

In 2016, the aviation market surpassed 100 million passengers despite the uncertainties of the global economy, including the slowdown of economic growth in emerging economies, Brexit and terrorism. Growth is expected to continue thanks to an increase in domestic and foreign overseas travel demand and the expansion of airline routes. It is emphasizing the importance of creating a more competitive airport industry ecosystem in the era of 100 million passengers. In addition to the threats to Incheon International Airport becoming an hub, such as expansion of the capacity of nearby rival airports, it is necessary to respond to the needs of passengers and freight transport customers and to diversify air transportation items due to IT development.

**OUR APPROACH**

IIAC has the world's best airport operating system and preemptively builds and operates infrastructure. We are striving to secure sustainability by strengthening the foundation for future growth as well as profit-generation through efficient construction, management and operation of Incheon International Airport. We are strengthening our competitiveness as a hub airport by strengthening our aviation network and activating logistics complexes. We are also expanding our business area through exporting our experience and know-how in airport construction and operation to overseas markets. We are also strengthening our position as a global hub airport by operating commercial facilities and constructing an airport complex city.

**OUR STRATEGY**

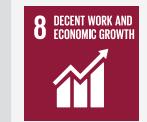
**Take-off to Become a Hub**

Becoming a global hub airport by maximizing passenger and cargo demand

**Implementation Strategies**

- Laying hub foundation
- Expand passenger network
- Creating transfer demand
- Increasing international cargo volume
- Increasing transshipment freight
- Finding future sustainable growth engine
- Strengthening the competitiveness of FTZ (Free Trade Zone)

**SDGs Mapping\***



**8 DECENT WORK AND ECONOMIC GROWTH**

Boosting economic productivity by way industrial diversification, technology development and innovation.

**8.2**

**Strengthening Foundation for Future Growth**

Discovering new growth engines through diversification of strategic businesses

- Building top global business environment
- Creating future value via diversification of overseas business
- Expansion of overseas business by pioneering new market
- Advancement of overseas order and operating system
- Securing capacity to create effective demand for air city
- Development of aviation support facility to cope with future demand



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Supporting technological development, research and innovation expansion in developing countries to ensure diversification of industries and added value of products.

**9.b**



**9.1 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Building good-quality, reliable infrastructure

\* IIAC considers global impacts and keeping in mind the Sustainable Development Goals of the United Nations while promoting major projects.

**NEXT STEP**

**Future Plans**

- Creation of new transfer demand
- Increasing demand for aviation in core markets
- Creation of international freight volume in new markets
- Strengthening hub base by expanding network capacity
- Strengthening competitiveness of airline logistics infrastructure system

- Development of Air City integrated with aviation and tourism industries
- Improving business environment and upgrading business model
- Strengthening overseas business expansion and stepwise diversification
- Promoting airport R&D

- Mid- to long-term expansion of airport infrastructure
- Expansion of 2nd passenger terminal
- New runway
- Apron extension

**PERFORMANCE**

No. of International Passengers  
**57.15 million**

Transshipment Cargoes  
**1.07 million tons**

Progress in 3<sup>rd</sup> Phase  
**86.9 %**

Occupancy Rate of Logistics Complex  
1<sup>st</sup> phase **100 %**  
2<sup>nd</sup> phase **93 %**

Duty-free Sales  
KRW  
**2,293.8 billion**

# Business Performance

## Operation Performance

All flights (times)

**339,673**

### Why Is It Important

In order to improve our position as a global hub in passenger and cargo, we moved towards achievements such as attracting five new airlines and seven new routes through varying marketing activities. We aim towards continuous growth with even more diversified activities.

IIAC is constantly striving to strengthen its position as a passenger and logistics hub through diverse marketing. In 2016, we pursued active marketing by targeting the explosive growth of low-cost carriers (LCCs), servicing 340,000 flights, and reaching a year-on-year increase of 11.2%. In line with higher overseas travel demand, IIAC strived to secure new markets such as the Middle East and Latin America through collaboration with the government.

In addition, we carried out active marketing to attract target airlines and routes, bringing in five new airlines and developing seven new routes. As a result, the number of international passengers grew 17.3% from the previous year to 57.15 million, resulting in the sixth-highest level in ATUs\* (airport throughput units). Along with an increase in cross-border online shopping, we achieved the largest volume of traffic since the opening of the airport through intensive marketing for target routes, the expansion of alliance between airports, and the attraction of new logistics complexes. International shipments rose 4.6% to 2.71 million tons and fourth place by two notches in the world's Work Load Unit (WLU). Transshipment cargoes jumped 3.8% year-on-year to 1.07 million tons, enhancing our competitiveness as a logistics hub.

\* ATU and WLU are representative indices that measure the growth of an airport and its development as an aviation hub by comprehensively taking into consideration air transportation performance including international passengers, cargoes and flights

### Air Transportation Performances

Classification	2014	2015	2016	
Flight	All flights (times)	290,043	305,446	339,673
	International flights (times)	284,575	300,634	334,528
Passenger	All passengers (persons)	45,512,099	49,281,210	57,765,397
	International Passengers (persons)	44,906,813	48,720,319	57,152,206
Cargo	Transit passengers (persons)	7,251,148	7,416,850	7,155,109
	International cargoes (ton)	2,557,525	2,595,554	2,714,341
	Transshipment cargoes (ton)	1,039,376	1,033,002	1,072,560



### Economic Value Flow

#### Sharing Economic Performance (Unit: KRW 100 million)

Stakeholder	Value allocation
Employees	Labor cost*
Partners	Outsourcing cost**
Shareholders and investors	Dividends
	Interest expense
Government	Taxes and utility bills, corporate tax
Local communities	Donations
Etc	Facility management fee, rents, etc.

\* Labor cost: salary + sundry allowance / compensation + retirement benefits + welfare benefits

\*\* Outsourcing cost: The airport industry is a labor-intensive equipment industry and IIAC created about 6,000 jobs.

**Creating Economic Value** IIAC posted KRW 2,186 billion in sales and KRW 965 billion in net income in 2016 thanks to aggressive profitability enhancement efforts. The Corporation is diversifying its revenue sources through the construction of temporary parking lots and cargo terminal lease and is steadily discovering new revenue sources through the development of surrounding areas.

(Unit: KRW 100 million)

#### Airport Operation Performances

Classification	2014	2015	2016
Revenue	16,798	18,785	21,860
Aeronautical revenue	Flight revenue	3,121	3,319
	Passenger revenue	3,243	3,534
	Commercial revenue	8,518	10,040
Non-aeronautical revenue	Rents / utility revenue	1,788	1,810
	Overseas business / other revenue	128	81

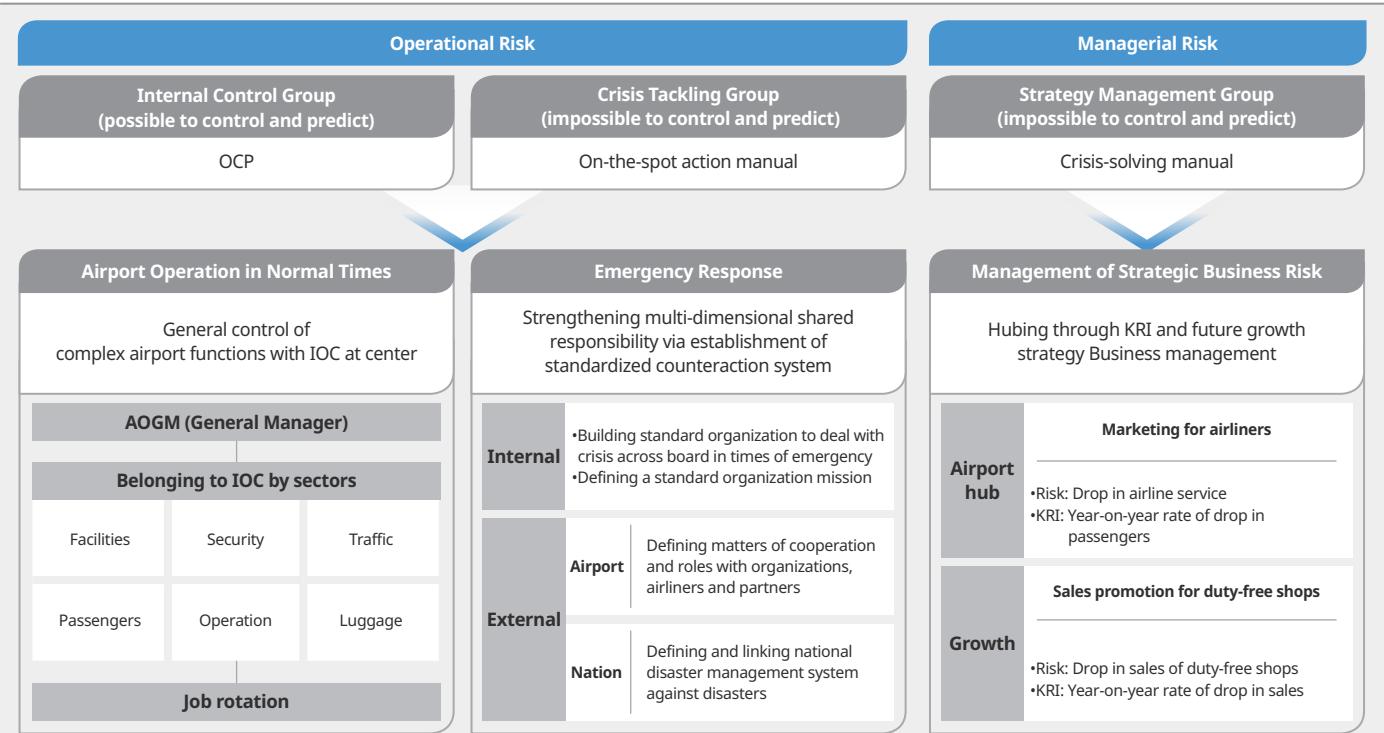
\* Based on the separate financial statements

**Stakeholder Value Distribution** Incheon International Airport Corporation strives to maximize economic value. Created economic value is shared with employees, partners, shareholders and investors, the government and the local community.

IIAC is upgrading its corporate risk management in preparation for an uncertain future management environment. In 2016, a company-wide T/F was created to improve the risk-level diagnosis and risk-management system. In order to realize stable future business, we systemized risk management by classifying 29 core risks into three types according to control possibility and predictability. In addition, we established an emergency response standard model and revised manuals for each type of risk so that we can focus on our response capabilities in case of an emergency. IIAC conducts regular monitoring based on key risk indexes (KRIs), and responds systematically in accordance with response manuals depending on levels of risk such as attention, caution, warning and severity.

### Risk Management

#### Strategic Risk Management by Type

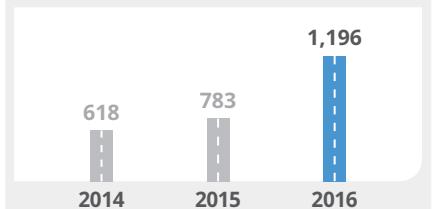


# Take-off towards a Hub

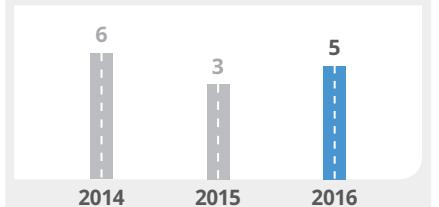
## Strengthening Aviation Networks and Stimulating Passenger Growth

International Passengers **17.3%↑**

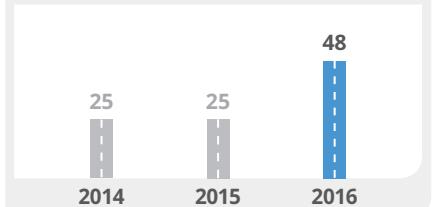
LCC Passengers (Unit: 10,000)



New LCCs



New LCC Routes



### Why Is It Important

IIAC aims to improve its hub competitiveness through stimulating the growth of passengers and expanding airport networks, through systemic marketing and cooperation among various stakeholders.

**Boosting Hub Competitiveness** Incheon Airport is expanding its aviation network and expediting passenger growth through systematic marketing based on its hub strategy and cooperation with stakeholders such as the government, airlines, and overseas local governments. As a result, international passengers grew by 17.3% from the previous year, reaching the highest overall passenger number of 57.15 million people, since the opening of the airport. In March 2016, IIAC established a plan with the government to strengthen the competitiveness of Incheon Airport and is carrying out 17 detailed tasks on aviation network. We are also strengthening our hub competitiveness by signing MOUs to increase transfers with overseas local governments and cooperating with travel agencies and airlines.

In addition, by holding the World Aviation Conference in June 2016, IIAC led discussions on the roles of hub airports, future visions, current issues of the global aviation industry and development directions. We also strengthened the brand value as a hub airport through international conferences by succeeding in attracting the International Air Transport Association (IATA) Slot\* Conference to be held in November 2018.

\* Slot: Time at which aircrafts will take off from and land at airports

**Expansion of Passenger Network** IIAC is working to establish and develop policies for the new aviation market through cooperation with the government to diversify networks with a focus on China and Japan. In order to create passenger and transfer demand, we selected about 70 target airlines and routes according to our hub strategy and market analysis. We also made efforts to maximize our aviation network through customized marketing by region and size. As a result, we attracted five new airlines in 2016 and opened 48 new routes to create an annual demand of 3.64 million passengers. Furthermore, we laid the groundwork for creating a demand for 1.5 million new passengers per year by strengthening our American network.

**Strengthening Transfer Competitiveness** Due to structural factors such as the rapid growth of low-cost carriers (LCCs), transfers slowed down and declined. As a result, IIAC has been implementing comprehensive transfer promotion measures based on an analysis of the causes of transfer stagnation in August 2016. A spike in demand for self-hubbing to transfer by purchasing tickets led IIAC to build an LCC self-hubbing transfer model and expand networks between full service carriers (FSCs) and LCCs. Incentives for non-rush-hours (23:00 - 07:00) were improved to enhance connections with late-night routes. We also secured the competitiveness of transfer fees through performance-based incentives for congestion-type transfers. In addition, we are making diversified efforts such as introducing a customized transfer service according to the needs of transfer passengers, a two-day stopover transfer product, a transfer product linked to the Korean Cultural Wave, and promoting marketing communications using an airline reservation B2B platform.

\* Self-hubbing: A customer's transfer after buying two or more tickets

## Vitalization of the Logistics Complex

Transshipment  
cargoes performance **3.8%↑**

Thermo Fisher Scientific



The world's  
second largest

IIAC Traffic Volume  
(Cargo sector)

**Expanding Transshipment Incentives and Strengthening Networks** IIAC has implemented an incentive system since January 2016 as production and trading showed no growth due to the global economic recession, and transshipment cargo decreased as competition with other air hubs intensified. In particular, we have been monitoring the effects of transfer incentives and expanded the transfer incentive system since July. As a result, we are providing additional incentives for the top-15 routes in terms of transshipment volume and the top-15 routes in terms of transshipment growth rates.

In addition, we set targets by analyzing the effectiveness of attracting freight volume and are strengthening our cargo network exemplified by attracting three new cargo routes by assembling a joint investment support team among the government, IIAC, and the private sector. Furthermore, we have strengthened our network to create demand for transshipment cargo by promoting alliances with airports lacking production bases and long-distance routes, and fresh cargo-specialized airports. As a result, transshipment cargo at Incheon International Airport, which had been on a downward spiral since 2010, grew 3.8% year-on-year to 1.07 million tons.

**Attract Global Delivery Center** IIAC intends to create high value-added freight volume by attracting global delivery companies that have the ability to create transshipment freight volume as competition between Northeast Asia airports to become an air freight hub is intensifying. To this end, we formed a joint public-private investment support team involving the government, IIAC and the private sector and carried out joint IR activities. In August 2016, we launched the Asia Shipping Center of the reagent brand, "Acros," of global medical device specialist Thermo Fisher Scientific. Accordingly, IIAC laid the foundation for the creation of 500 tons of transshipment cargo per year.

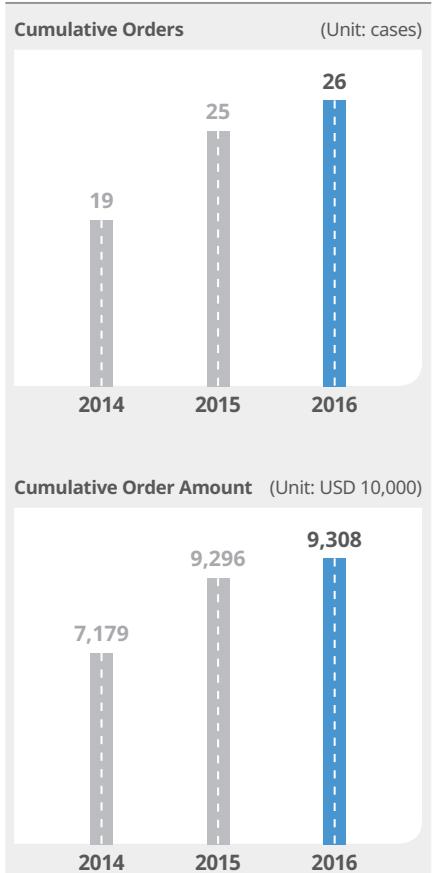
**Development of e-Commerce Business Model** The air cargo market entered a maturity period, showing a low growth rate of 2%. But the cross-border online shopping market is recording a growth rate of 20%. With a prospect of high growth of 11.2% by 2020 through the promotion of e-commerce (B2C) among various countries, IIAC considered a plan to use the bonded warehouse in the Incheon International Airport Free Trade Zone (FTZ) as an overseas warehouse for China. In June 2016, we jointly organized workshops with three Korean logistics companies to identify steps to improve the second-stage customs clearance process and are going ahead with an improvement in the system to implement business models.

**Efforts for Strategic Infrastructure Expansion** IIAC is developing a 3<sup>rd</sup> phase logistics complex to replace the 1<sup>st</sup>/2<sup>nd</sup> phase logistics complexes at Incheon International Airport, which have reached saturation with an occupancy rate of 97. In September 2016, we established a development plan based on stakeholders' opinions. We will establish a development direction as a specialized complex for the creation of transshipment cargoes, the attraction of new growth engine cargoes, and the growth of SMEs. We will complete the construction by 2019 in order to respond to future cargo demand on time. In February, we collected feedback from tenant companies and are developing a BTS (Build-to-Suit) cargo terminal based on the feedback. IIAC will lay the foundation for sustained growth in the future by developing airport logistics complex infrastructure including the 3<sup>rd</sup> phase development of a logistics complex and the development of new cargo terminals on time. Through this, we will increase the freight volume of Incheon International Airport to three million tons per year by 2020 and solidify its position as the world's second largest cargo airport.

3 <sup>rd</sup> phase Logistics Complex Scale	(Unit: m <sup>2</sup> )
3 <sup>rd</sup> phase logistics complex	320,000
Cargo terminal area	1,100,000
2 <sup>nd</sup> phase logistics complex (not developed)	280,000
Early supply lot	90,000
2 <sup>nd</sup> phase logistics complex (completed)	550,000
1 <sup>st</sup> phase logistics complex scale (completed)	990,000

# Strengthening Future Growth Base

## Activating Overseas Business



### Why Is It Important

In order to become a "Global leading airport," IIAC is also promoting overseas projects related to the airport construction and operation sector. Also, we are investing efforts into the public-private cooperation development industry through strategic marketing focusing on target regions.

**Expansion of Overseas Business Area** IIAC is promoting overseas business based on its accumulated experience and know-how in airport construction and operation. We are expanding our overseas business become a global-leading airport. In 2009, we started consulting services for the operational support for a new airport in Arbil. By 2016, we secured 26 projects from 13 countries. Especially in the Philippines, we successfully completed many projects including the establishment of a master plan for Mactan-Cebu International Airport, the establishment of a master plan for the development of airports across the nation, and the consultation on facility improvement at Terminal 3 of Manila Airport.

In 2016, IIAC is reorganizing its focus on winning investment development-type projects, thereby diversifying its business. In this regard, we are pursuing landing public-private partnership (PPP) projects through strategic marketing centered on target areas. In particular, we carried forward PPP projects in the Philippines where we acquired local knowledge and networks. We also strived to increase the likelihood of winning orders by responding to changes in the environment through local partnership. By 2016, overseas orders had added up to about US\$ 9.38 million.

### Overseas Projects

Project Type	Airport	Period	Remark
Operational Support	1. Arbil airport in Iraq	Feb.2009-Mar. 2014	completed
	2. Surabaya Airport in Indonesia	May 2012-Apr. 2015	completed
	3. Istanbul New Airport in Turkey	Jun. 2015-Oct. 2020	underway
	4. Jakarta Airport T3 in Indonesia	Sep. 2015~ Aug. 2017	underway
PM, CM, Technical Support	5. Siem Reap New Airport in Cambodia	Dec. 2010~ Jun. 2011	completed
	6. Manila Airport T3 in Philippines	Nov. 2012~ Aug. 2015	completed
	7. New Dohuk Airport in Iraq	Mar. 2013~ Mar. 2016	completed
	8. Palawan Airport in Philippines	Dec. 2012~ Apr. 2018	underway
Consulting	9. Jakarta Airport in Indonesia	Jun. 2013-Dec. 2015	completed
	10. Immigration office at Dominica Airport	Mar. 2015~ Aug. 2016	completed
	11. Mactan Cebu Airport in Philippines	Aug. 2015~ Aug. 2020	underway
	12. Imam Khomeini Airport in Iran	Dec. 2016~ Jan. 2017	completed
Master Plan, Feasibility Study	13. Khabarovsk Airport in Russia	Dec. 2009~Dec. 2011	completed
	14. Mactan Cebu Airport in Philippines	Aug. 2010~Dec. 2011	completed
	15. New Airport in Nepal	Apr. 2010~Jan. 2011	completed
	16. New Airport in Bangladesh	Jul. 2012~ Mar. 2013	completed
Dispatch of Experts	17. National Airport in the Philippines	Dec. 2013~ Jun. 2015	completed
	18. Surabaya Airport T3 in Indonesia	Nov. 2014~ May 2015	completed
	19. National Aviation Development in Paraguay	Nov. 2015~ Jun. 2017	underway
	20. Tashkent Airport in Uzbekistan	Dec. 2015~ Aug. 2016	completed
Equity investment	21. Ministry of Transport and Communications of the Philippines	Jul. 2010~Jul. 2012	completed
	22. Khabarovsk Airport in Russia	Dec. 2011~Dec. 2013	completed
	23. Delhi Airport in India	Sep. 2011~Oct. 2011	completed
	24. Jakarta Airport Indonesia	Apr. 2012~ May 2012	completed
	25. Paraguay Airport Authority	Oct. 2014~ Oct. 2014	completed
	26. Khabarovsk Airport in Russia	Jul. 2011~Oct. 2017	underway

**Pioneering New Markets such as Iran and South America** In an attempt to advance into the Iranian market that re-opened after 37 years, we sought new business opportunities through collaboration with the government. In May 2016, we established a bridgehead to expand our entry into the airport business in the Middle East by signing a memorandum of understanding (MOU) on cooperation with Iran's Imam Khomeini Airport. In addition, the CEO visited Iran to agree on cooperation directions, and conducted training sessions with Iranian airport executives by inviting them to Korea. We signed an MOU on investment cooperation with multinational companies for stable financing. In December 2016, we received a technology consulting project for Iran's Imam Khomeini Airport through preemptive marketing to win orders such as joint efforts between the government and IIAC. In addition, the Corporation successfully drew up a master plan for Paraguay's national aviation development for the first time in in South America by forming a consortium with leading Korean companies. We will continue to seek opportunities for new market development and to lead Korean companies to advance overseas.

## Commercial Facility Operation



World airport  
duty-free sales

1st

## Construction of Multifunctional Airport City



### Opening Complex Resort in IBC-I



Paradise City Complex Resort

Investors
Paradise, Segasami (Japan)
Business scale
330,000□, 1.6 trillion won
Major facilities
Casino, Hotel, Convention center, Plaza, Spa, Club
Development concept
K-Style complex resort

### Investment in Complex Resort in IBC-II



Inspire Complex Resort

Investors
MTGA (US) and KCC
Business scale
2,674,000□, 6 trillion won
Major facilities
Casino, Hotel, Convention center, Arena, Large theme park
Development concept
Family-friendly complex resort with focus on arena and theme park

In 2010, IIAC mapped out a multi-resort development plan and began systematic process management. In April 2017, the Paradise City Complex Resort opened in Incheon International Airport's international business area (IBC-I). Paradise City is comprised of hotels, a convention center, and a casino. IIAC is planning to implement a follow-on facility construction project scheduled to be completed in the first half of 2018 without any hitch and secure additional facilities such as shopping malls, boutique hotels, spas, and family entertainment facilities.

IIAC concluded an agreement with Inspired Integrated Resort selected as the developer of a large-scale complex resort in the international business zone (IBC-II) of Incheon International Airport in August 2016. We formulated a master plan in order to complete the complex resort on time and are proceeding with the development of the resort with the first-phase operation in 2010.

# Building Hub Infrastructure



7-year (2009-2015)  
Air traffic

annual average  
**9.6 % ↑**



## Why Is It Important

To respond to airline demands in a timely manner and improve competitiveness as a hub airport, IIAC is proceeding with construction projects. Airport infrastructures are under construction in phases, and we are trying to cement our position as the most convenient and safe airport and the airport leading the world airport industry by combining state-of-the-art IT technology and the best service know-how.

## 3<sup>rd</sup> phase Construction site



## Schedule of 3<sup>rd</sup> phase Construction Project

Jun. 2013

Broke ground for construction of second passenger terminal

May 2014

Began construction frame and exterior of 2<sup>nd</sup> passenger terminal

May 2015

Began to install baggage handling facility at 2<sup>nd</sup> passenger terminal

Aug. 2016

Began to integrate information and communication systems

Sep. 2017

Will complete trial operation

Dec. 2017

Will be ready to operate

## Baggage Handling Facility



**Laying Foundation for Mega Hub Airport** IIAC redefined its mid- to long-term development strategy to cope with dynamic competition in the aviation market, including intense global competition to be hub airports and the rapid development of advanced technologies. We made development plans realistic by gathering opinions from stakeholders such as Korean and foreign experts and airlines and reviewing various alternatives. Based on various future airline deployment scenarios, we drew up mid- to long-term facility plans and established capacity adjustment and development strategies in consideration of the growth potential of the aviation market. IIAC is leading technology innovation as the driving force to grow into a global mega-hub airport by 2030. We aim to maintain our world-class service competitiveness by introducing various IT technologies to realize an advanced smart airport.

This is a most interesting place to be!

# EXCITING Society

We seek to be an interesting airport that works together with small-and-medium sized companies and the local community and brings happiness to the people.



Social Contribution

TRENDS

OUR APPROACH

As the number of flights continues to increase, efforts to improve customers' safety and convenience need to be strengthened. Since the terrorist attacks on airports have increased recently, as well as natural disasters like earthquakes and extreme weather events, effective disaster management and security capabilities are required. In addition, most companies have shown increasing interest in corporate social responsibility.

Incheon International Airport Corporation (IIAC) strives to ensure a safe journey for the public, by comprehensively promoting the enhanced airport security plan in the face of recently increased terror threats and natural disasters. In addition, as the demand for air transport increases, we provide differentiated services by expanding airport infrastructure and introducing a smart airport, in order to meet the needs of passengers and freight customers. Moreover, we have established a mutual growth strategy in line with the government's mutual growth policy to expand social responsibility management in the airport industry ecosystem. We also contribute to solving global social problems through community contribution activities.

OUR STRATEGY

Customer Satisfaction Management

Mutual Growth and Win-win Cooperation

Happiness-sharing Through Social Contribution

Building a safe airport and maximizing customer convenience

Implementation Strategies

- Upgrading the safety flight system
- Preventing airside accidents
- Strengthening disaster and emergency response ability
- Constructing preemptive airport and aviation security system
- Reducing congestion in passenger terminal
- Strengthening airport facility management
- Expanding the Smart Airport services
- Upgrading the quality of airport services

SDGs Mapping\*



9.1

Build economic development centered on fair access at a reasonable price for everyone, as well as a quality infrastructure that is reliable, sustainable and resilient.



10.3

Ensure equal opportunities and reduce inequality in outcomes by eliminating discriminatory laws, policies and practices and pursuing appropriate legislation



1.1

By 2030, eradicate extreme poverty for all people everywhere.

\* IIAC considers global impacts and keeping in mind the Sustainable Development Goals of the United Nations while promoting major projects.

NEXT STEP

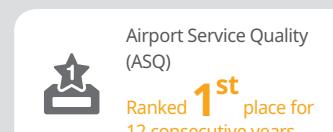
Future Plans

- Strengthening flawless safety and disaster-response capabilities
- Advancing airport security and cyber-terrorism response system
- Providing the world's leading passenger terminal service
- Introducing and operating a world-class airport facility and new technology
- Strengthening airport facility management

- Implementing social-sharing values centered on the airport community (Strengthening partnerships among airport communities and promoting the airport mutual culture, establishment of cooperative between labor and management relations for airport growth)
- Create high-quality jobs by transferring the irregular workers to becoming regular workers

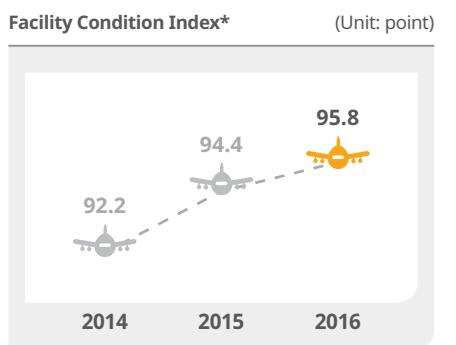
- Implementing social-sharing values centered on the airport community (Activating the strategic social contribution activities to expand social-sharing values)

PERFORMANCE





**Preemptive Response to Earthquake Activity** Due to the massive earthquake that occurred in Gyeongju in September 2016, our country is no longer considered an "earthquake-safe zone." As earthquake disaster became a social issue, IIAC confirmed the 92 seismic performances of major facilities in the airport, as well as the seismic design of 89 major facilities under Incheon International Airport's 3<sup>rd</sup> Phase Construction Project. Based on the operational analysis results of the earthquake monitoring system, we have established short- and long-term plans to strengthen the seismic safety of airport facilities and implement them gradually. In 2016, the seismic safety of three facilities including the reservoir pumping station was verified in accordance with the strengthened design standards. We are upgrading the seismic grade of eleven facilities, under Incheon Airport's 3<sup>rd</sup> Phase Construction Project. As a result, we secured the higher earthquake-proof level of major facilities in Incheon International Airport compared to the legal standard. The safety of 116 important Grade I facilities have been confirmed. In addition, we improved the Hybrid Mass Damper, and carried out the reparation and reinforcement works on facilities. In 2016, the facility condition index was increased to 95.8 points. We plan to establish a preemptive earthquake evaluation plan for major facilities in the future.



\* Facility Condition Index: Index developed by IIAC, in order to evaluate quantitatively the quality of airport facilities based on the Special Law on Safety Management of Facilities

#### Ensure Seismic Performance of All Facilities at Incheon International Airport (2016)

Category	Special Grade (6.5)	Grade I (6.3)	Grade II (6.1)	Total
Operating (unit)	10	50	32	92
Construction (unit)	14	42	33	89

**Construct Airport Drainage System** In order to minimize natural disaster risks, IIAC is establishing measures to cope with climate change at airport facilities preemptively, as well as pursuing a mid- and long-term roadmap. We are continuously improving risk protection by evaluating the risks of climate change and implementing countermeasures for optimal management of facilities. In particular, as the probability of high rainfall events has increased due to the global warming and extreme weather, IIAC has improved the drainage system to reduce the risk of flooding due to heavy rains and high tide. The initial response time has been shortened, by improving the water-level measurement system, and constructing real-time water-level measurement and alarm notification. In addition, in preparation for the expansion of the airport in line with the 3rd-phase construction project, we expanded the flood prevention facilities and conducted preemptive maintenance through preliminary examination in order to prevent flooding. Therefore, IIAC has not suffered damage from heavy rain during the past three years.

**Information Security** IIAC operates a breach detection and blocking system that is linked to the national information security policy, and aims to achieve "zero" cases of cyber breach accidents amidst the increasing number of cyber-attacks. We protect the important information system resources of Incheon International Airport from external malicious cyber-attacks. By placing top priority on protecting the security of airport operations and customer information from advanced, intelligent cyber threats, we are working closely with the government and cyber security agencies to maintain the breach detection and blocking system. In addition, through the detection analysis and preventive activities, improvement on security equipment and self-inspection that is applied with the latest security policy, we have strengthened the cyber breach accident response system. Through these efforts, we have been keeping cyber breach accidents to zero by blocking 100% of cyber-infringement threats since the establishment of Incheon International Airport until 2016 (present), as well as continuously striving to prevent cyber breach accidents in connection with various external organizations. In addition, in order to prevent malicious leakage of personal information caused by many social problems in recent years, IIAC collects minimum personal information of airport users in principle. In particular, for sensitive personal information, we apply and manage strong encryption methods in accordance with national standards, and set the retention period for each personal information category. Personal information that expired from the retention period will be terminated automatically. We also examine the access rights and records for each personal information processing system in order to prevent misuse and leakage of personal information. IIAC conducts quarterly training on the importance of personal information management to the relevant department, company and person in charge of the system. In case of disposal or destruction of personal information, we disclose the destruction reports every month via IIAC website, and manage the reports transparently.

#### Ensuring the Best Flight Safety



EXCITING

**Upgrading the Flight Safety Implementation System** As the aviation traffic volume has increased by an annual average of 7.4% over the past five years and the development of new technologies in the aviation sector is accelerating, it is necessary to improve the operation support system and the management of facilities and workers to handle air traffic volume in a timely manner. In order to support aircraft safety operations, IIAC has established flight safety support plans in preparation for changes in the aviation industry. Starting from September 2016, we appointed ten employees from flight operation, operation, control, and navigation departments to form a task force team for four months to analyze the airside operations and identified 10 improvement tasks for air traffic congestion in the future. We analyzed the Aviation System Block Upgrade(ASBU) of ICAO, and the "Next-Generation Aviation System Construction Plan" of the Ministry of Land, Infrastructure and Transport, then established safety flight support plan by phase. Thus, IIAC has established a safety flight support system to prepare for future changes in the aviation system.

**Leading Global Flight Safety** IIAC is strengthening its safety management activities to prevent the possibility of accidents caused by the continuous increase in the number of flights, as well as to ensure the best flight safety. In the process of completely replacing the control system in 2016, we have established an integrated management system (Integrity CNS 4.0) for ensuring uninterrupted service of air traffic control (1,500 vehicles per day) and stable operation of new and old equipment. IIAC has utilized the data-based maintenance system to prevent potential obstacles in advance, and has contributed to the achievement of 3.3 million safety operations through 100% passing of operation of flight safety management system (SMS) and flight inspection. Through these efforts, we have achieved national aviation safety objectives and are now providing navigation safety services of ICAO's highest performance level (CAT-IIIb\*) for 15 consecutive years.

\* Airport operating ratings by which aircraft can safely land at less than 75 meters of runway visual range

#### CAT-IIIb

ICAO's highest performance level for 15 consecutive years

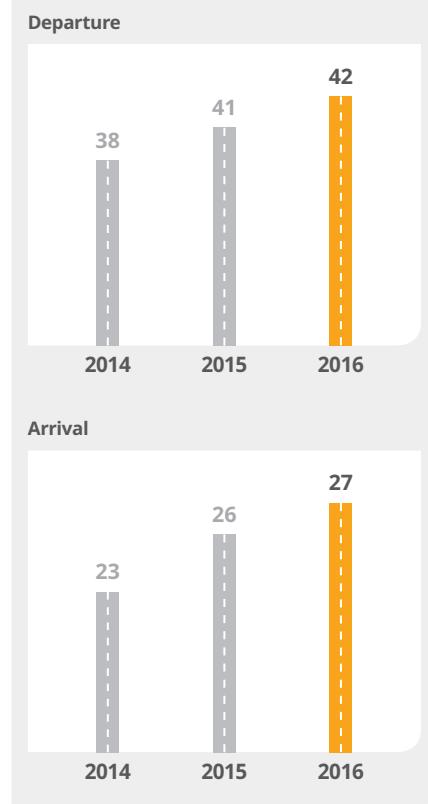
#### Integrity 4.0 Promotion Strategies and Performance (2016)

Continuity (efforts to ensure continuous operation, seven tasks)	Network (enhancing human capabilities, four tasks)	Safety (advancing the crisis response system, four tasks)
<p><b>Eliminate the potential risk of existing facilities</b></p> <ul style="list-style-type: none"> <li>Modernize 20 facilities including radar facilities</li> <li>Operate new control system testing (61 times)</li> </ul> <p><b>Introduce the advanced control function</b></p> <ul style="list-style-type: none"> <li>Electronic strip, automatic control transfer, departure and arrival management, multi-fiber inspection</li> </ul> <p><b>Develop domestic-produced airport information broadcasting</b></p> <ul style="list-style-type: none"> <li>3 times improvement in sound quality, cost reduction about KRW 2,400 million</li> </ul> <p><b>Secure the integrity of navigation service</b></p> <ul style="list-style-type: none"> <li>Flight inspection 100% pass (23 times)</li> </ul>	<p><b>Increase the rate of legal certification</b></p> <ul style="list-style-type: none"> <li>Target 85%, Achievement 96%</li> <li>Certification training (16 times, 50 participants)</li> </ul> <p><b>Assess and improve job competency</b></p> <ul style="list-style-type: none"> <li>Self-diagnosis of job competency (2 times)</li> <li>Training of production company (18 times, 156 participants)</li> </ul> <p><b>Secure technology for self-analysis of radio wave impact</b></p> <ul style="list-style-type: none"> <li>13 cases (Reduction of KRW 200 million and time reduction)</li> </ul> <p><b>Establish ICAO accreditation international program</b></p> <ul style="list-style-type: none"> <li>Flight inspection 100% pass (23 times)</li> </ul>	<p><b>Advance the reserve operational system of control system</b></p> <ul style="list-style-type: none"> <li>Two channel → four channel system</li> <li>New and old equipment parallel operation started from October 2016</li> </ul> <p><b>Pre-elimination of safety hazards (Nine cases)</b></p> <ul style="list-style-type: none"> <li>Self-assessment of safety management system (7 times)</li> </ul> <p><b>Improve response ability of handicapped crisis</b></p> <ul style="list-style-type: none"> <li>Simulation handicapped crisis response training (96 times)</li> <li>Disabled persons first-aid training (4 times)</li> </ul> <p><b>Establish unmanned on-site safety security detection system</b></p> <ul style="list-style-type: none"> <li>Temperature, humidity, fire and intrusion (38 places)</li> </ul>

**Enhance Surface Safety Flight** As the need for safety enhancement for ground movements of aircrafts due to the rapid increase in air traffic volume has increased, the importance of zero defect management for Advanced Surface Movement Guidance and Control System (A-SMGSCS) has been emphasized. IIAC collaborated with the control agencies to draw up the problems and improvements for strengthening the runway protection function. Therefore, we provide runway incursion prevention facilities and systems to aircraft pilots and controllers. We also improved the A-SMGCS system in order to provide route guidance and departure warning services to aircraft controllers during daytime. We have achieved the world's highest rating (Level-IV) continuous operation with the A-SMGCS improvement.

### Providing Convenient and Distinctive Services

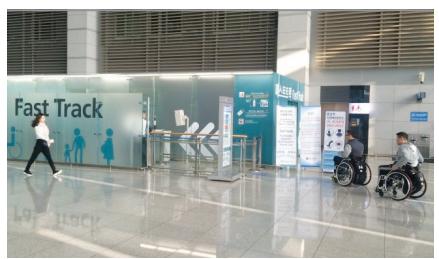
**Immigration Waiting Time**  
(Unit: Minutes, 95% Passengers)



**Implement Fast and Convenient Immigration Process** The total number of passengers at Incheon International Airport in 2016 was 57.77 million, an increase of 17.2% over the previous year. IIAC is continuously promoting the "Smart Airport" project that utilizes cutting-edge technology to provide fast and convenient service for passengers. Passenger waiting time has been minimized by providing the automated departure control services such as automated ticket and boarding passes, automated baggage handling, and automated immigration inspection. In response to peak departure time (06:00 to 09:00) in the morning, we expanded the immigration early operations. In conjunction with this, we operate the domestic check-in counter early, and contributed to relieving congestion of the core bottlenecks. Real-time congestion management is being carried out by utilizing the integrated Passenger Flow Management System (PFMS) and providing real-time congestion information. In addition, the integrated management system in the arrival hall has been established in order to enable real-time situation management. We manage the arrival hall systematically by expanding the numbers of guide employees and guided the passengers in a certain direction upon their arrival. In addition, by utilizing the information held by the administrative agencies, we improved the automated Entry-exit system and pre-registration process for Koreans over the age of 19, thus shortening the waiting time. Also, we made efforts to improve convenience by improving the retrieval procedure and introducing the self-tagging system, through which the passengers can attach their own baggage tags by themselves, thereby reducing unnecessary waiting time for passengers.



### Fast Track



**Expand the targets of Fast Track** IIAC now operates exclusive immigration check-points for the convenience of the transportation vulnerable and social contributors. In 2016, the number of fast tracks increased by 143% over the previous year to 9,000 passengers a day. IIAC will continue to make improvements to ensure that the transportation vulnerable and social contributors do not face inconvenience when using airport facilities.

Targets (Standard)		Targets (After Modification)	
The elderly	Over 80 years old	The elderly	Over 70 years old
Social contributors	Immigration privilege card holder	Social contributors	Include patriots and veterans as an immigration privileged group
Accompanying persons	Two	Accompanying persons	Three
Cabin crew	Not available	Cabin crew	Available for flag carrier cabin crew

### Best Practice

### Introduce "Self Check-in" to Passengers

IIAC has introduced "Self Check-in," a mobile check-in counter service, in order to overcome the space limitations of existing fixed check-in counters due to the constant increase of passengers. IIAC has formed a joint consortium with the airline to reflect the opinions of actual users, implement continuous testing to improve the problems, as well as enhance the security and ease of use by utilizing the latest technology. When the airline increases check-in demand, they may apply the portable check-in machine as an additional check-in counter.

In 2016, eight domestic and overseas airlines used the 20 portable check-in machine, in order to eliminate the shortage of check-in counters at peak times and shorten the passenger check-in time. In recognition of these efforts, we received the Grand Prize of Best Innovative Case for Public Organizations in 2016 hosted by the Ministry of Strategy and Finance. IIAC plans to utilize the portable check-in machine in Olympic Village during the PyeongChang Olympic Games to assist foreign athletes in their arrival and departure procedures.

### All Round Mobile counter

- Multi-use function that loaded in the functions related to departure procedures



### User-based Security Management System

- Established security management system using latest IT technology (Beacon, RFID)
- Counter payment function by users themselves
- Management through payment information monitoring
- Secure facility security according to user/operator operation area classification

### Implement "Airport outside the airport" operating base

- Propose the implementation of "Airport outside the airport" services by establishing the first wireless communication at a Korean airport
- Used in CALT and PyeongChang Winter Olympics without establishing additional infrastructure in the future

\* Airport outside the airport: Future airport model that can process check-in procedures even outside the physical airport such as from home, a hotel, or a station

**Improve the Outbound Flows** In order to solve the problem of delayed departure time caused by the parking saturation due to increasing numbers of passengers, IIAC has introduced parking payment service through mobile application since July 2016. In November, we introduced High-Pass payment system in the parking lot and operated High-Pass billing system at four short-term parking lots. As a result, the car departure time has been drastically shortened from 14.3 seconds to 1.9 seconds, as well as improving the flow of departure. In the future, we will also provide High-Pass payment service in the 2nd passenger terminal parking lot in order to improve the convenience of the passengers.

**Baggage Handling System (BHS)**

**Maintain Baggage Handling Service Quality** IIAC has restructured the overall status management system for all baggage-handling procedures, including replacing computer servers, strengthening the partner employees, and constructing a real-time baggage traffic management system to prevent recurrence of baggage delays in January 2016. IIAC and its partners formed a T/F team, and improved facilities, accumulated technology capacity, and optimized processes through the innovation of the IB 3.0 project. We are currently carrying out 68 tasks in 11 fields to construct the Smart baggage handling system. In addition, to strengthen cooperation with airlines and operators, we have formed a baggage management council and regularly conduct joint emergency drills. In 2016, we signed an MOU with our subcontractors and established a company-wide emergency response system in order to conduct defect-free operations on baggage handling facilities, and conducted a total of 58 large-scale emergency drills based on 24 hypothetical scenarios. Through training, we focused on our ability to cope with all kinds of accidents to minimize damage, as well as ensure a quick recovery.

**Increasing Customer Satisfaction through CS Enhancement**

1st Ranked place for 12 consecutive years

Airport Service Quality (ASQ)

Achieved grade A

Customer Satisfaction on Public Corporations

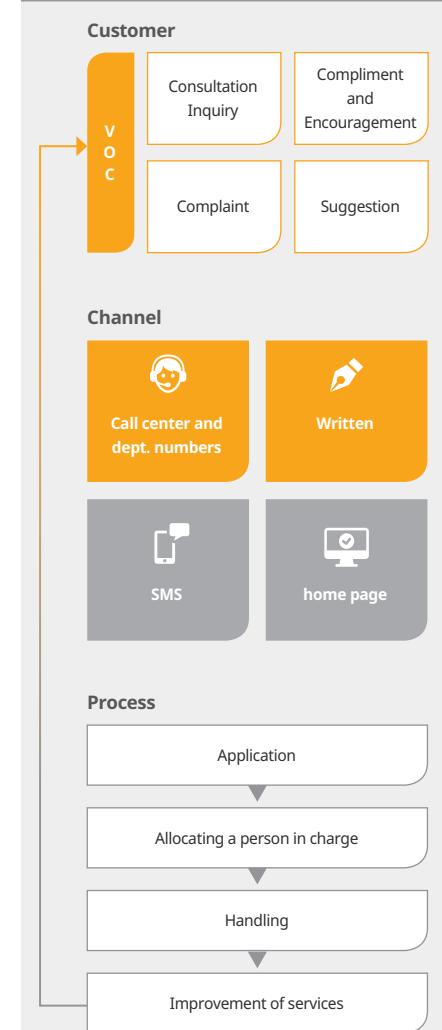
**Upgrading the Quality of Airport Services** Incheon International Airport has been ranked No. 1 in 2016 Airport Service Quality for 12 consecutive years, and achieved the No.1 in service category, despite a significant increase in airport users. IIAC strives to achieve the highest grade in service category of ASQ evaluation by improving inadequate services. Through a variety of customer feedback channels, we have identified important services, and focused on seven items that need to be improved by linking them with the low-ranking indices of ASQ evaluation. As a result, 30 of the 33 ASQ sub-sector indicators showed a year-on-year increase in satisfaction scores.

**Strengthening Customer Satisfaction** In order to continuously provide high quality services, IIAC has developed the "Ten Incheon International Airport Service Indicators" by analyzing the major service factors experienced by customers during their actual airport experience in 2016. In particular, we have clarified management responsibilities in connection with the KPIs indicators of the relevant department. The achievements of each quarterly indicator are disclosed on the airport's official website.

**10 Incheon International Airport Service Indicators (as of 2016)**

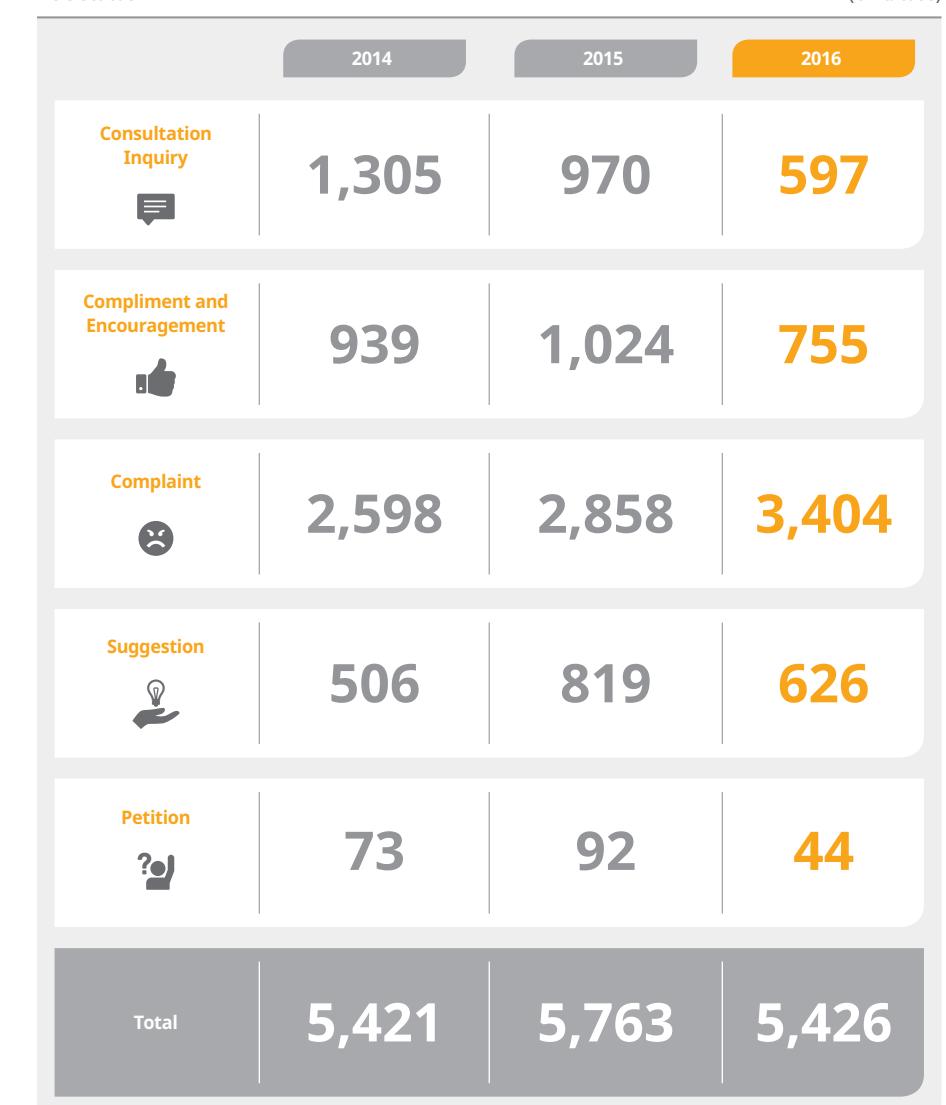
Departure	Check-in	A
	Security Check	S
	Immigration Check (Departures)	S
Arrival	Immigration Check (Arrivals)	S
	Baggage Claim	S
Transit	Transit Security	S
Transportation	Parking/Public Transportation	A
	Commercial/Convenience	A
Services	Directions	A
	Internet Accessibility	A

\* Grade S (100-91 point), Grade A (90-81 point)

**VOC System**

\* SMS, E-mail (Notification on progress and respond) / Satisfaction survey on VOC handling process

**VOC System** IIAC has developed the VOC 3.0 system that provides customized service focused on the customer, and improved the external customer communication system that collects the feedback from customers. In addition, we established the comprehensive mid- to long-term CS improvement strategy, and improved the internal service innovation system by expanding the resident support center. We are responding to customer feedback collected through the VOC channel in accordance with the goal processing time according to request category.

**VOC Status****Best Practice****Launch of Korea's First "Capsule Hotel"**

Since January 2017, we have offered passengers temporary accommodation in "DarakHyu," the first capsule hotel in Korea, at Incheon International Airport. The capsule hotel was opened for the convenience of passengers who have often have long waiting times between flights, especially since the expansion of the operation of "red-eye" flights. After a thorough preliminary survey of customer requirements, we have implemented the customized passenger space concept. We have developed 60-rooms in idle space on the first floor of the Incheon International Airport Transportation Center, which is directly connected to the passenger terminal. In particular, we introduce a "Keyless" system that combines with IoT. Reservations, check-out, room lighting and temperature control are all available via smartphone. We have installed a noise isolation system in our rooms and managed to keep the noise-level below 40 dB. We have tried to improve the convenience of our customers with reasonable prices and the best relaxation service.



Capsule Hotel 'DarakHyu' (达)

# Mutual Growth and Win-win Cooperation

## Why Is It Important

IIAC has been consolidating its competitiveness and capacity, and coexistence culture for mutual growth with small-and mid- sized enterprises. We also promote activities to create mutual benefits between the Corporation and SMEs, and we are trying to continuously pursue the improvement of systems and implementation capacities.

## Strengthening Mutual Growth

### Public Corporation Mutual Growth Evaluation Result

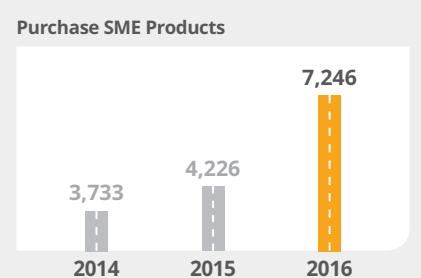
Category	Korea Commission for Corporate Partnership Evaluation Result
2014	Average
2015	Average
2016	Average

**Mutual Growth Vision and Strategy** IIAC is strengthening the competitiveness of SMEs and their capacity in order to achieve the mutual growth vision – “Global airport corporation that grows with SMEs” – as well as spreading a win-win cooperation culture. In 2016, we focused on activities that create mutual benefits between SMEs and IIAC through strengthening the competitiveness of SMEs. We are continuing to enhance the execution ability and improve the system to implement a fair transaction order. We are pursuing mutual growth activities centered on win-win management, and are managing the consultative group with the stakeholders and thereby enhance execution ability.

### Mutual Growth Vision and Strategy System



### Purchase Performance of SME Products (Unit: KRW 100 million)



### Diversification of Communication Channels



**Business Partner Win-win Cooperation Program Sanctification** **94.4 point**

**Spread Values of Social Responsibility Management** We are striving to share CSR management values with our subcontractors so that they can fulfill their social responsibilities through the social responsibility management system. We are supporting training programs for our subcontractors such as ethics management, environmental management, and conflict management. We also operate communication channel by hierarchy to identify and resolve the difficulties of our subcontractors. We are striving to improve employment and working conditions of our partners by raising the salary of partner employees, improving the treatment of irregular workers, and strengthening the employment succession system. In 2016, we resolved 12 problems that were reported through our communication channel.

### Communication channels with subcontractors

<b>Offline</b>	<ul style="list-style-type: none"> <li><b>Subcontractors</b> <ul style="list-style-type: none"> <li>•CEO meetings (once per year)</li> <li>•Site representative workshops (once per year)</li> <li>•1st subcontractor meetings (once per quarter)</li> <li>•2nd subcontractor meetings (once per quarter)</li> <li>•Site employee round table meetings (once per year)</li> <li>•Operate communication channel in the site division (once per quarter)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•Tenants survey analyses (twice per year)</li> </ul>
<b>Contractor</b>	<ul style="list-style-type: none"> <li>•Government recommended policy supporting manager</li> <li>•Public purchase presentation session</li> <li>•Purchase consultant session</li> </ul>	<ul style="list-style-type: none"> <li>•Manage Win-win cooperation committee</li> <li>•SMEs satisfaction survey (200 companies)</li> </ul>
<b>Online</b>	<ul style="list-style-type: none"> <li><b>Stakeholders</b> <ul style="list-style-type: none"> <li>•Collaborative Portal System</li> <li>•Customer suggestion (website)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•E-complaint (website)</li> <li>•Report the illegal subcontracts (website)</li> </ul>

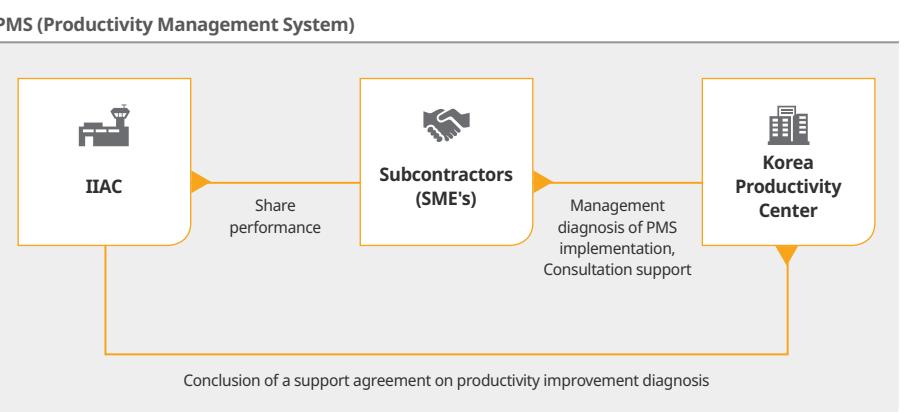
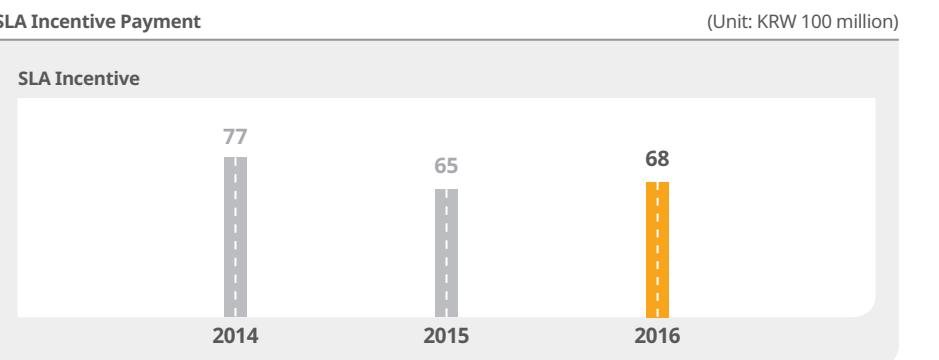
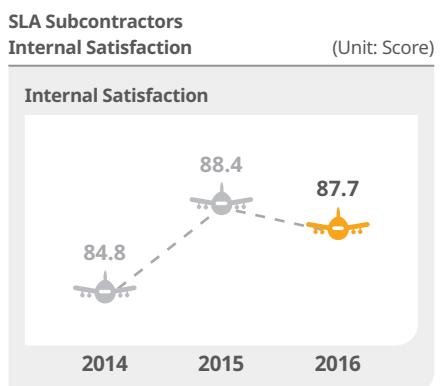
**Customized Win-win Cooperation Program** IIAC operates a mutual win-win cooperation program to enhance our partners' employee satisfaction, as well as establish collaboration with our partners. We offer direct benefit programs such as domestic and overseas training, family events, and provide a workplace day care center. In addition, we are striving to improve the subcontractors' employee health, including support for comprehensive screening and flu vaccine costs, as well as offering health counseling. In 2016, we provided support of KRW 3.5 billion to the direct benefits program. With these efforts, the satisfaction of the subcontractors on win-win cooperation program reached 94.4 points, recording 90 points or higher for the fifth consecutive year.

### Customized Win-win Cooperation Program

Support Family Events	Support the Domestic Training for Regular Employees	Support the Oversea Training for Excellent Employees
Operate Recreation Center	Support Seasonal Flu Vaccination	Provide Gifts at Major National Holidays

**Spread Profit-sharing Culture** IIAC has shared the service quality performance between the subcontractors and IIAC according to the Service Level Agreement (SLA). In 2016, we strengthened on-the-spot inspections and simplified evaluation twice per year to ensure effectiveness. IIAC has abolished the fixed-cost reduction system and expanded the dispersion of profit-sharing rewards, thereby inducing efforts to improve the voluntary service. Also, the results of the evaluation will be reflected in the next bidding, and we have enhanced our responsibility for airport operations. As a result, we share a certain percentage of operating profits with our subcontractors. In 2016, we distributed KRW 6.8 billion and shared a maximum of KRW 1.2 million per person. In addition, we adjusted the base salary standards of all the fields of outsourcing based on the remuneration level of public officials. We have made efforts to improve the treatment of employees of subcontractors by categorizing outsourcing job titles into seven categories.

**Strengthen the Productivity and Management Capacity of Subcontractors** In order to improve the productivity and management ability of small and medium-sized suppliers, IIAC provided KRW 20 million for consulting and facility investment. Through the consulting with subcontractors, we supported the establishment of a vision system, improvement of the personnel management system, and introduction of productivity improvement facilities. Improvement of management and competitiveness of participating companies will lead to competitiveness of airport service; therefore, we are spreading the influence throughout the airport industry.



## Leading the Way toward a Fair Society

### Fair Transaction Implementation Strategy

#### Establish fair competition

##### Improve procurement procedures and system

- Improve procedures and systems to enhance transparency and fairness of contracts

#### Protect the disadvantaged social and economic groups

##### Protect SMEs and subcontracts

- Strengthen subcontract direct payment system
- Prevent unfair subcontract transaction

#### Strengthen fair transaction compliance

##### Establish a fair transaction compliance system (CP)

- Upgrade the fair transaction system

**Fair Transaction Implementation Strategy** IIAC has promoted the bidding procedures and system improvement, protecting SMEs and subcontractors, and establishing a fair transaction compliance program by setting the goal of establishing a fair transaction order through improvement of the system and enhancing management ability in 2016. In addition, in order to promote systematic and effective activities, a fair transaction compliance committee, composed of the members of the contract team, mutual growth team and legal affairs team, has been formed. We manage and supervise the fair transaction implementation strategies through monitoring the fair transaction, integrity call and public purchase activities.

### IIAC CP Vision and Strategy system

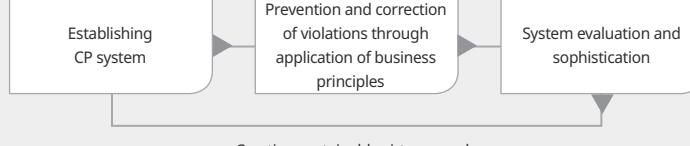
#### MISSION

Preparation of a growth foundation toward becoming the world's best public organization through ethical management, mutual growth and law-abiding management

#### VISION

Settlement of autonomous fair trade compliance company culture

#### STRATEGY



**Strengthen Transparency and Fairness of Contracts** IIAC is conducting the preliminary- and post-monitoring in order to prevent unfair practices in advance during the bidding and contracting process. We analyze the preliminary- and post-monitoring implementation results semi-annually, and attempt to seek improvement plans. In 2016, we expanded the preliminary release of ordering plans and purchasing specifications, strengthened the accessibility of bidding information as well as the transparency of the bidding process. Moreover, we included the service bidding as the preliminary specification release target. After the preliminary release, the system has been improved so that if the specifications change, such changes should be released immediately. We have amended the contract management procedures to specify reasons for not protecting SMEs during the bidding process. In addition, we have revised the eligibility criteria for SMEs and introduced a performance review system for goods purchasing, in order to enhance fairness and prevent overt low-price bidding problems.

**Mitigate Duty-Free Stores Entry Barriers for SMEs** In order to create an environment in which SMEs can survive on their own, IIAC has independently allocated seven business licenses to airport duty-free stores, including four in the passenger terminal 1 and three in passenger terminal 2, to SMEs. In addition, in terms of lease deposit, we have improved the payment system so that the guarantee payment can be paid in two installments in case of cash payment. IIAC has relaxed the bid conditions and granted SMEs more opportunities to enter the airport duty-free business by reducing the financing burden; for instance, calculating the deposit based on first year rental in which the amount is low.

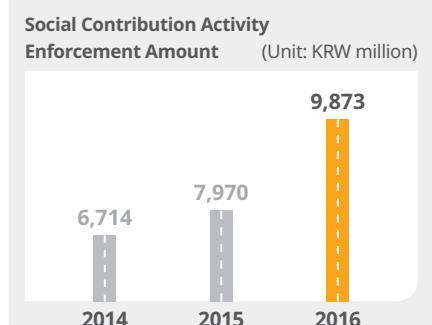


**Appropriate Management of Subcontract Payment** IIAC applies the “subcontractor protector” system and strengthens the protection of subcontractors by continuous examination. In 2016, the number of projects has increased by 28 or 33.3% from the previous year by expanding the monitoring target through construction, facility construction, and project management support. This allows elimination of the financial difficulties for subcontractors. In addition, to prevent subcontracting unfair transactions, we operate the “Unfair Transaction Prevention and Inspection Team,” which involves external experts. By operating the inspection on violation of laws and regulations, implementation of contracts condition, operation of public procurement and win-win consultive groups, the supervision functions are also being strengthened. We have thus achieved zero cases of delayed payment and insufficient payment cases in 2016. In addition, we have made every effort to provide timely payment, such as the introduction of contract cost claim notification, which automatically notifies to the person in charge of the project by SMS or e-mail.

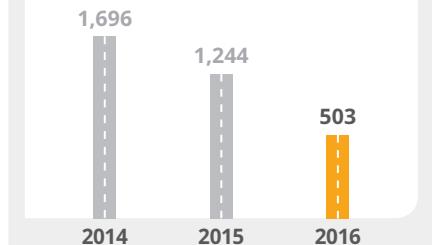
# Happiness-sharing through Social Contribution

## Introducing our Social Contribution Activities

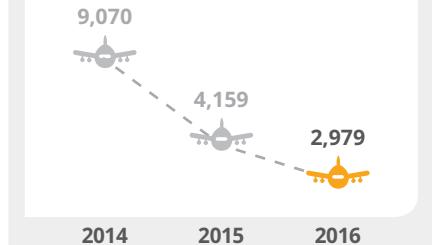
### Social Contribution Activities Promotion Performance



### Volunteers (Unit: person)



### Volunteer Time (Unit: hours)



### Why Is It Important

IIAC, as its vision for social contribution implements social contribution projects according to strategic goals such as "Trust-building with the local community," "Empathy with the people," and "Contributing to the global community." IIAC strives to spread a sharing culture focusing on employees of the Corporation and leads passengers and airport visitors to participate in creating social values through voluntary donation, talent donation and financial donation.

**Social Contribution Promotion System** IIAC seeks to grow as a respected institution by sharing our vision of "Global Airport Cooperation that accompanied with people by dreams and hopes." Therefore, we are implementing the social contribution business in accordance with the following strategy goals, namely, "Build trust with the local community," "Empathy with the people," and "Contribute to the global community." In 2016, by setting the goals of "Connecting with the local community and carry out social contribution activities that serve the people", we strive to solve the environmental and social problems that occur in Korea and overseas. IIAC is spreading the sharing culture centering on its employees. In particular, we are contributing to creating social value through voluntary donations such as monetary donations, talent donations, and donations through SNS communication, with customers who use airports as well.

### Social Contribution Strategy System



**Implement Organization** Decisions on IIAC corporate social contribution activities are conducted by the SR Committee, the highest decision-making body regarding this issue. We are making more strategic social contributions by reflecting the needs of stakeholders through consultation with the SR Stakeholder Committee, which consists of social contribution experts and stakeholders. IIAC's social contribution activities are conducted by the sustainability management team and it enables employees, subcontractors and shoppers to participate actively in the social contribution activities. In addition, we are spreading the value of sharing through the Incheon International Airport Volunteers formed by our employees and the public.

## Social Contribution Activities

### Contest Poster



Harmonious Cooperation MOU with Incheon Metropolitan City to create shared values with the local community and to nurture the aviation industry



**IIAC Creating Sharing Value Program 'Job Creation Competition to Promote Incheon International Airport Service'** IIAC hosted a "Job Creation Competition to Promote Incheon International Airport Service" in 2015. As one of IIAC's Creating Shared Value Programs, it aimed to develop excellent ideas for promoting the Incheon International Airport service. By supporting these ideas, we are promoting services and contributing to creating jobs in the local community.

### Select innovation corporate

- Consulting
- Marketing
- Funding

### Enhance airport service competitiveness



### Hosted 2016 Job Creation Competition to Promote Incheon International Airport Service

The 2<sup>nd</sup> Job Creation Competition was hosted in August 2016. A total of 87 new positions were provided to 20 companies, which were selected for excellent ideas, along with professional consulting and financial support. In 2016, participating in the competition were teams that possess business models that enable enhancement of the services through ICT-based ideas for the fourth industrial revolution such as virtual reality, big data, electronic security, and mobile. We expect to be able to utilize those ideas to improve the service quality of Incheon International Airport in the future.

**Launched 'Seinustar,' the Apparel Sharing Services** IIAC launched the apparel sharing service, "Seinustar" within Incheon International Airport in November 2016. 'Seinustar' is a service developed by Smile Banner System Co., Ltd., which was selected as an excellent contender in the competition of the CSV program in 2015. 'Seinustar' is a service that allows foreign visitors who arrive in Korea to rent clothing during their visit periods. The primary target for this service is the visitors originating from tropical climate regions. During the trip, they can borrow winter clothes from the airport to reduce the volume of travel baggage. IIAC is expected to create secondary jobs that are required for laundry, repair and redistribution, derived from "Seinustar."



## Strategic Social Contribution Activities



### Increase Local Community Happiness

#### Promote Local Community Happiness, Regional Social Contribution Program

IIAC seeks to build trust with the local community by promoting social contribution activities based on communication that actively reflects the needs of the local people. By providing various supporting activities that reflect the characteristic of the industry around education, the environment and welfare, we strive to create benefits to regional society. In 2016, we strengthened the trust with the local community by expanding the supporting range of Bukdo-Myeon community program, and providing legal system to support the local community.



**Training Support** In order to cultivate future talent, we launched step-by-step training programs that cover early childhood to university education. We provided various talent and after-school programs including aviation science, orchestras, and acting programs to approximately 37,000 students over the past 10 years through the "Local School Specialization Project" that aimed to improve local educational conditions. As many as 92% of respondents in the satisfaction survey of the programs indicated that they were satisfied, and 90% of them answered that the programs were helpful in reducing private education expenses. The "Local School Specialization Project" has been evaluated as contributing to reduction of private education expenses and improvement of local educational environment. Meanwhile, we also offer the Incheon Airport Scholarship, providing scholarships for outstanding students and university students who major in aviation logistics, in order to cultivate future talents. In 2016, we provided KRW 400 million to four leading universities that offer excellent aviation and logistic education programs for purchase of the latest aviation education equipment to provide the best education environment. In addition, we also provided KRW 150 million to 48 high school and university students.

**Environmental Support** IIAC has created a 472,910m<sup>2</sup>"World Peace Forest" in surrounding areas of the airport city in connection with Forest For Life, and strive to create an urban environment where people and nature can co-exist in harmony. We are striving to create and manage the forest through various activities, such as tree planting with citizens, citizens' plant-site tree management, and ecology learning grounds. In addition, we have developed programs for diverse residents and operate programs such as spring and autumn forest festivals, volunteer activities, family gardening, ecological education, and campaigns. We organized a citizen-volunteer group – 'Peoples of World Peace Forest', and strengthened group secretariat functions. We also train specialist volunteers to manage the World Peace Forest by conducting basic training and on-site training. These activities share the value of building community culture through forests. In 2016, a total of KRW 30 million, which was collected through the fundraising campaigns of seven World Peace Forests in Incheon Airport Terminal, was used for forest ecological management of World Peace Forest, purchasing trees and forest festivals.

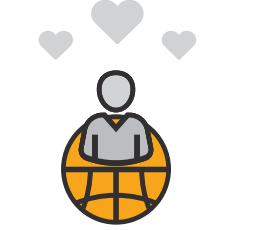
**Welfare Support** IIAC opened the Sky Culture Center, in order to enable the residents who are living in the vicinity of the airport to enjoy various cultural experience activities. We also provide various cultural and arts programs such as the annual Sky Festival and "Wings On Culture" campaign, giving the opportunity to residents who are living in the vicinity of the airport to enjoy cultural performances for free. In addition, IIAC employees are actively participating in volunteer services such as providing the "Runway of Hope" educational service for community child center, supporting the social welfare facilities and underprivileged groups. We also support the local low-income households for providing winter living costs and heating expenses. In 2016, through the Incheon Airport Warm Winter Project, we provided a total of KRW 1.2 billion in welfare support for rice and briquettes.



### Increase Public Happiness

#### Promote People's Happiness, Customized Social Contribution Activities

IIAC strives to help those in blind spots, in order to ensure there are no places where sharing cannot reach. Based on the characteristics of the airport, we are promoting social contribution activities with airport visitors and the public.



### Increase Global Happiness

#### Promote Global Happiness, Contribution to Global Society

IIAC is pursuing global social contribution activities in connection with the overseas business. We strive to solve global problems, such as poverty and the lack of education for underdeveloped and developing countries, and we are promoting activities that center around educational volunteer services and labor services.

**2016 BBB Interpretation Service Campaign** In order to resolve the language barrier between Koreans and foreigners who use Incheon International Airport, we are implementing the BBB (Before Babel Brigade) campaign, a talent-sharing activity for volunteers who are fluent in foreign languages. We provide interpreting services in 19 languages through the BBB Interpretation application, and have launched the Incheon Airport Hotline, which is linked to a volunteer group consisting of 185 interpretation volunteers. In 2016, as many as 101,531 communication difficulties were resolved.

**Programs along with Customers** In 2016, IIAC conducted the "Make-A-Wish with Incheon Airport" campaign sponsoring children diagnosed with incurable diseases. We provided a total of KRW 250 million, matching KRW 50,000 for 10,000 passengers at the airport, to the campaign. In addition, we installed donation boxes at passenger terminals and concourses. Customers can donate directly at these places. The donation is used to contribute regularly to UNICEF and the Korean Red Cross, as well as create forests protecting the Earth. In addition, we offer a variety of programs inviting participation from all of our customers.

**Sponsorship on Sport Promotion** In order to accelerate the development of football and expansion of the footing of football, IIAC has sponsored the Korean National Youth Football Championship, Incheon United F.C., the U-League, the Korean National League, and so on. In order to help young players achieve their dreams, we have retained the title sponsorship of Youth Club League since 2013, as well as the 2017 Incheon Youth Football Championship since March 2017.

**Support Olympic Winter Games PyeongChang 2018** For the successful operations of Olympic Winter Games PyeongChang 2018, IIAC provides comprehensive support to help the participants enjoy convenient access to and from the airport. We push forward several processes, such as supporting exclusive immigration desks, on-site check-in counters and Terminal 2 Grand Opening before the opening of the Olympic Winter Games.

**Social Contribution Activities of Overseas Business Areas** IIAC has concluded an international relief agreement with COPION, and we continuously support the dispatch of volunteers and sponsorship funds for international relief and development, to the underdeveloped areas of overseas business targets. We dispatched 37 Incheon International Airport overseas volunteers, formed by airport and subcontractors' employees to Batam and Bogor, Indonesia, in 2016. We renovated the poor school facilities and conducted educational services such as lectures on arts and physical education for elementary school students. In addition, the university overseas volunteer service conducted educational volunteer services and labor services in Bogor's elementary schools to improve the educational environment, for seven nights and nine days.

**Aviation Training for Developing Countries** IIAC carries out free training for the aviation personnel of developing countries by our world-class aviation technology. In 2016, there were 79 airline employees from Bangladesh and Kenya invited to the five training programs. IIAC aims to contribute to the development of the aviation industry by improving the expertise of aviation personnel in developing countries based on accumulated know-how as a global airport-specialized company.



This is the place to be

# LONGING for Clean Environment

By completing a global-leading, low-carbon, and eco-friendly airport, we would like to be the airport that people all around the world look forward to visiting.



Environmental Management

## TRENDS

The environmental regulations of the international community, such as the Paris Agreement, are being strengthened to reduce GHG emissions and minimize environmental impact. The South Korean government has proposed its 2030 target of reducing greenhouse gas emissions (GHG) by 37 percent from business-as-usual (BAU) levels, as well as promoting eco-friendly policies; for instance introducing the greenhouse gas emissions trading program and renewable energy. In addition, environmental management is being strengthened throughout the operation and construction of the airport. In particular, the environmental impact management based on airport operations such as noise, and anti-ice, de-icing waste fluid operations are continuously needed. As micro-fine dust pollution has recently become major social and environmental concern, a response system is required.

## OUR APPROACH

IIAC complies with the domestic and international environmental regulations by extending the preventive-oriented environmental management system and publishing the regular monitoring results on the official website. Moreover, with the establishment of the "Committee on GHG Reduction and Energy Saving," we discuss the items that cope with climate change and energy saving, identify and respond positively to the risks and opportunities that arise from climate change. In response to the government's eco-friendly policies, we are promoting greenhouse gas emissions trading and expansion of renewable energy facilities.

## OUR STRATEGY

Low Carbon,  
Eco-friendly Airport

GHG and Energy  
Management

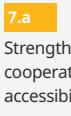
Minimize  
Environmental Impact

### Global Leading Low Carbon Eco-friendly Airport

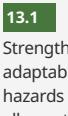
#### Implementation Strategies

- Strengthening of Eco-friendly management system
- Construct and operate the comprehensive energy management
- Expansion of training and promotion
- Expansion of the Eco-friendly transportation infrastructure
- Reduction of aircraft GHG emissions
- Expand the carbon offset programs

#### SDGs Mapping\*



- 7.a Strengthen international cooperation to enable the accessibility of Eco-friendly energy research and technology development, as well as increase investment in energy infrastructure and green energy technology by 2030.



- 13.1 Strengthen resilience and adaptability to climate-related hazards and natural disasters in all countries.



- 15.1 Ensure the conservation, restoration and sustainable use of land and inland water ecosystem services, particularly forests, wetlands, and dry land, by 2020 under the obligations of international conventions.

\* IIAC considers global impacts and keeping in mind the Sustainable Development Goals of the United Nations while promoting major projects.

## NEXT STEP

#### Future Plans

- Expansion of BEMS operation

- Promote government renewable 2020 energy plans

- Improve airport environment and supporting management

## PERFORMANCE



Ministry of Land, Infrastructure and Transport GHG Target Management System

Selected as excellent institution for three consecutive years



ACI Airport Carbon Accreditation

Level 3



Greenhouse Gas Emissions  
**177,060 tCO<sub>2</sub>**

# Eco-friendly Green Airport

## Why Is It Important

According to IIAC's four main promotion strategies — advancement of low-carbon eco-friendly management; energy-efficiency improvement; expansion of low-carbon operation; and reinforcement of environmental resources management — we strive to achieve targets of each category and are doing our utmost to create an eco-friendly airport by strengthening our eco-friendly management system to match global standards.

## Low Carbon Eco-friendly Airport Implementation System

**Low Carbon Eco-friendly Airport Strategy** IIAC has set a low carbon, eco-friendly management vision, namely the "Global Leading Low Carbon Eco-friendly Airport." We are striving to achieve our targets in accordance with our four strategies: enhancement of eco-friendly management; improvement of energy efficiency; expansion of low-carbon operation; and strengthening of environmental resources management. IIAC has strengthened its environmental management system through the energy management system (ISO 50001), environmental management system (ISO 14001) and ACI carbon accreditation-level 3. We are fully committed to responding to greenhouse gas/energy target management system and greenhouse gas emission trading system through comprehensive energy management.

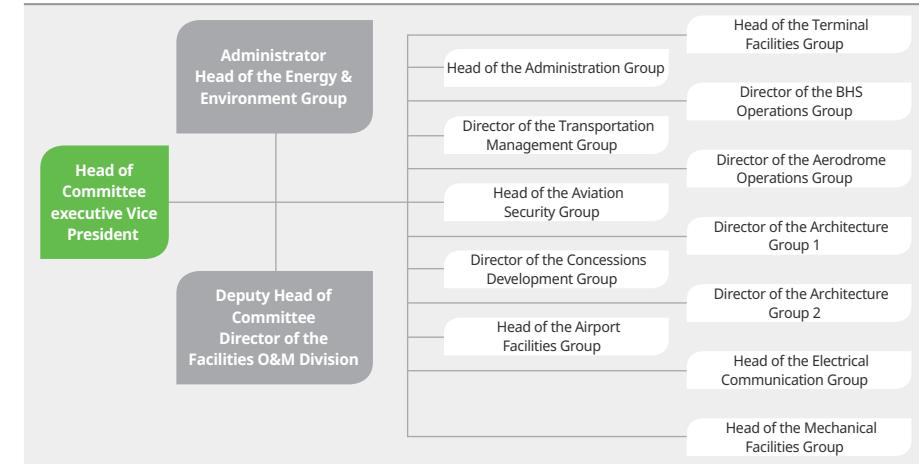
Medium and Long-Term Strategy of Low Carbon Eco-friendly Airport (2020)



## LONGING

**Implement Organization** IIAC conducts the "Greenhouse Gas Emissions Reduction and Energy Conservation Promotion Committee" quarterly, to reduce greenhouse gas emissions and save energy efficiently. Through the committee, we discuss matters regarding the low-carbon eco-friendly strategies and basic plans, analysis and evaluation of performance, measures for climate change, and energy saving. In addition, the Energy Management Working Committee is held quarterly to share information on the achievement of targets and reduction plans by each department. In addition, the environmental management team oversees the environmental issues such as waste, water quality, air quality, and aircraft noise. The environmental management center is responsible for the operation of environmental facilities that are installed within the airport, and continuously monitoring the airport environment.

## Greenhouse Gas Emissions Reduction and Energy Conservation Promotion Committee



## GHG and Energy Management

**GHG Emissions Trading System** According to the GHG emissions trading system which was implemented in 2015, IIAC established the mid-to long-term road map, and improved energy efficiency, as well as expanded the infrastructures in order to achieve assigned target volumes. As a result of voluntary efforts to reduce greenhouse gas emissions at the airport, IIAC achieved a 75% replacement rate for high-efficiency LED lighting. We also introduced solar power generation facilities at the airport sports ground in response to the government's eco-friendly policy. In addition, IIAC will reduce airport's carbon emission volume by increasing the number of green stoppages that minimize the movement of aircraft, expanding the ground power supply system for magnetic levitation trains and aircraft, improving facilities and operating techniques through introduction of highly efficient equipment, as well as comprehensive management of energy on airport's moving in enterprises. Despite the increase in total passenger numbers and 3rd-phase facilities, we emitted 177,060tCO<sub>2</sub>, which is 7% less than the 2016 government GHG emission target of 190,388tCO<sub>2</sub>. IIAC has been selected as the excellent institution, implementing the Ministry of Land, Infrastructure and Transport GHG target system for three consecutive years.

## Performance of Airport GHG Management (2016)

Item	Promotion Projects	Detailed Promotion Contents
<b>GHG and Energy</b>	GHG emissions trading system	Achieved 7% reduction compared to government quotas
	GHG management domestic and overseas accreditation	Airport Carbon Accreditation - Level 3 (Re-accreditation)
	Energy Management System (ISO50001) (Re-accreditation)	
<b>Renewable Energy Equipment</b>	Solar equipment	Introduced solar equipment (96kW) at Incheon International Airport sports ground.
<b>Low Carbon Eco-friendly Transportation</b>	Construction of electric car charging infrastructures	Purchased and installed two rapid chargers
	Opening of magnetic levitation trains	Operated the first phase of magnetic levitation train
<b>Eco-friendly Facilities Including the High-efficiency Equipment</b>	Installation of LED lights	Achieved public institution duty rates and management evaluation standard (75%)
	Introduction of high efficiency equipment	Facilities improvement for passenger and terminal buildings (26 cases)
	Improve the operations	Improvement of airport facility operation (14 cases)

**Voluntary Reduction of GHG and Energy** In order to respond to climate change and reduce the GHG, IIAC signed a voluntary reduction agreement with a large-scale energy consumer in Incheon International Airport to promote GHG mitigation in November 2016. This is the second agreement following the first agreement in 2013, and IIAC will continue to implement GHG reduction efforts together with 12 contracting companies in the airport area. We are expanding energy management targets throughout the airport, including the occupants, to strengthen management. Energy managers are designated for each occupant facility to manage energy saving targets of facilities. The energy saving assessment will be carried out by the managers, reflecting the energy saving performance during the assessment.

In 2016, we conducted an energy saving assessment for 34 subcontractors and occupants, and provided incentives based on the results in order to induce energy reduction. In addition, in order to realize a low-carbon eco-friendly airport IIAC maintains the highest level of accreditation in Asia at the airport carbon accreditation conducted by the Energy Management System (ISO 50001) and the Airports Council International (ACI). The passenger terminal 2, which is under construction has achieved a 37% reduction in energy consumption compared to existing terminals through eco-friendly architectural design that acquired the highest grade in green building preliminary certification.

**Expansion of Renewable Energy** In June 2016, IIAC revised the aviation law for the installation of new and renewable energy in the airport area and aimed to continuously expand the renewable energy facilities such as solar and geothermal power. We have introduced solar power generation facilities at the airport sports ground, and a geothermal system at passenger terminal 2, which is under construction. We will continue to reduce GHG emissions by utilizing low-carbon, eco-friendly energy such as providing building cooling and heating energy. By the operation of new and renewable energy equipment, we have the capacity to reduce GHG by 6,619tCO<sub>2</sub> per year.

**Energy-conservation Campaign** IIAC has selected the energy protector for all divisions and subcontractors, and aimed to implement energy saving in daily life. In addition, we are promoting efficient energy use by implementing a company-wide energy saving campaign, such as the Cool-Biz campaign and the car parking assign campaign during winter months. In addition, we are actively promoting energy saving throughout the airport as well as surrounding areas of airport through energy-saving training for employees and occupants, hosting energy-saving contests and the "Energy Saving Month."

**Environmental Impact Prevention Management** IIAC promotes environmental management based on standards stronger than legal standards throughout the airport operation and construction. We are expanding the environmental management system centered on prevention by improving the environmental care level of private companies in the airport. We conduct real-time monitoring of air, noise, water, and indoor air quality 24 hours a day, and we have established a remote monitoring system to watch each effluent treatment facility in the airport. In order to minimize the environmental impact of airport construction, we entrusted external experts to conduct environmental impact assessments. We conduct the reservoir and marine water quality assessment, odor assessment, radio interference assessment, soil pollution assessment, among others. We release the fluorine post-monitoring results via our official website every month.

**Noise Management** In order to reduce aircraft noise, we operate the Committee on Aircraft Noise Reduction. Based on the measurement results, the committee aims to discuss continuous noise reduction issues with airlines. In addition, based on legal standards, we execute noise reduction measures and resident support projects in noise-affected areas, such as constructing soundproofing and air-conditioning facilities, and funding the electricity and subscription fees. In order to establish rapport with residents in noise-affected areas, we provide support programs such as financial support on education and funeral service expenses, and host the airport understanding promotion programs. Executive level meetings were held regularly in 2016, and the number of resident representatives in the Noise Countermeasures Committee was increased from one to three. In particular, we expanded the Noise Measurement Bureau to reflect residents' opinions, and regularly monitor the noise level of aircrafts and release them in our official website.

## PV Power Stations



## Self-introduction (including phase 3)

	PV
Power generation capacity	10,531MWh/year
Greenhouse gas reduction	4,910tCO <sub>2</sub> /year
Period	2011~2020
Scale	3MW

	Geothermal
Power generation capacity	3,609MWh/year
Greenhouse gas reduction	1,682tCO <sub>2</sub> /year
Period	2014~2020
Scale	960RT

## Minimizing Environmental Impact



## Noise Measurement



## LONGING

## Environmental Monitoring System

**Office of Environment Management**  
•AOMS, ITS  
(Incheon International Airport AOMS, ITS)  
•Incheon city, Ministry of Environment,  
Seoul Regional Office of Aviation

Aircraft noise monitoring station  
(20 stations)

Air quality monitoring station  
(Three stations in normal area; three  
stations in construction area)

Indoor air-quality monitoring station  
(Three stations)

Water quality monitoring station  
(Two stations)

Resource-classification and  
treatment plant

Flight track information

Weather information

Flight operation information

Mobile monitoring utilizing the  
environmental survey vehicle

Discharge facilities of air and  
water pollutants

**Atmospheric Management** In order to maintain clean air in operating the airport, we run a comprehensive air-quality management system for air pollution facilities, vehicles, and aircrafts. In March 2016, IIAC concluded the Agreement for Incheon Clean-up Council Environment Improvement Project with major Incheon area organizations in March 2016 to promote systemic air-quality improvement activities. Through the council, the amount of air pollutant emissions from the resource recovery facility was kept within 10% of the legal limit, and regular examinations were carried out quarterly to take improvement measures on exhaust emissions vehicles and equipment.

**Indoor Air Quality Management** In accordance with the Indoor Air Quality Control Act for Multi-Use Facilities, we installed indoor air-quality measurement equipment in the passenger terminal and concourse, as well as monitor them in real time. In particular, we maintain nine of the indoor air quality standards and recommendation standards in accordance with our own standards, which are stronger than legal standards. For the micro fine dust problem that is emerging as a social and environmental issue, we have set up a step-by-step system for the dust storm operation and the self-replacement standard for the air conditioner filter. In addition, we entrusted an external professional measurement institution to launch the objective assessment of the air quality in passenger terminal and concourse waiting room. We strive to maintain an optimal indoor air environment by measuring air quality once a year against maintenance standard and recommendation standard.

**Integrated-Waste Management** All the waste generated by airport operations are managed through resource classification and resource recovery facilities (incineration facilities). Waste that can be self-incinerated is disposed of through incineration facilities. By recovering the waste-heat generated from the incineration process and supplying it to the local power plant, we are taking the lead in implementing a resource-circulating and environment-friendly airport. In 2016, we expanded the resource classification plants and the number of operational personnel. On-site inspections were conducted for waste handling contractors to ensure their compliance with relevant laws and regulations.

**Water-Quality Management** The wastewater that is generated from airport areas, is handled in water reclamation and reuse facilities. The wastewater is processed to reuse water, and recycled as toilet cleaning water, mechanical equipment cooling water and landscape water. In addition, environmental management personnel regularly measure water quality around the airport. By operating early rainstorm-water facilities, we minimize the water pollution that can occur in the airport runway area during rain. We entrusted a specialized processing company to process properly the wastewater sludge that is generated during the storm water handling. In addition, we are improving water quality through comprehensive examination of private facilities.

**Biodiversity Conservation** IIAC conducts quarterly environmental impact surveys every year to identify the status of plant and animal ecosystems around the airport. If protected species are found, appropriate management measures are present and measures will be taken. We confirmed the appearance of the black-headed gull, which is designated as Endangered Wildlife Category II. We then implemented measures to prevent entry of vehicles into the area until the end of the spawning season.

**Aircraft Ice and De-ice Fluid Waste Management** De-icing agent is used on the surface of the aircraft to prevent and remove frost, ice, and snow. De-icing PAD is installed and operated separately, in order to dispose properly the anti-ice and de-icing fluid waste, which pose risks to the environment. We prevent pollution accidents through the examination of the anti-ice fluid tank and water quality of eight storage tanks inside the airport. We collect all the fluid waste and consign it to specialized companies.



INPUT

## Energy Use

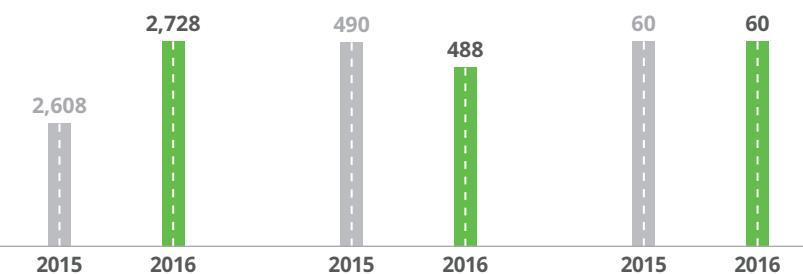
## Energy Consumption (Unit: TJ)

	2015	2016
	3,158	3,276

## Energy Consumption per unit (Unit: TJ / KRW million)

	2015	2016
	0.0018	0.0015

Electricity (Unit: TJ)      Middle Temperature Water (Unit: TJ)      Other (Unit: TJ)



## LONGING



OUTPUT

## Greenhouse Gas Emissions

## 2015 2016

	2015	2016
Total Emissions (tCO <sub>2</sub> eq)	168,891	176,879
Emissions per unit (tCO <sub>2</sub> eq / KRW million)	0.0973	0.0789
Scope 1 (tCO <sub>2</sub> eq)	20,921	22,636
Scope 2 (tCO <sub>2</sub> eq)	147,970	154,243

## Water Resource Recycling

Wastewater Flow (Unit: m<sup>3</sup>)      Recycling Amount (Unit: m<sup>3</sup>)      Recycling Rate (Unit: %)

	2015	2016	2015	2016	2015	2016
Wastewater Flow (Unit: m <sup>3</sup> )	4,809,813	5,079,000	3,426,172	2,616,649	71	52
Recycling Amount (Unit: m <sup>3</sup> )						
Recycling Rate (Unit: %)						

## Waste Production

## 2015 2016

	2015	2016
Total Production Amount (Ton)	36,596	31,010
Regular Waste (Ton)	15,756	17,568
Construction Waste (Ton)	19,468	12,012
Designated Waste (Ton)	1,372	1,430

## Waste Disposal

## Recycling Amount (Unit: Ton)      Recycling Rate (Unit: %)      Incineration (Unit: Ton)      Landfill (Unit: Ton)

	2015	2016	2015	2016	2015	2016
Recycling Amount (Unit: Ton)	25,357	18,195	69.3	58.7	11,613	1,203
Recycling Rate (Unit: %)						
Incineration (Unit: Ton)						
Landfill (Unit: Ton)						

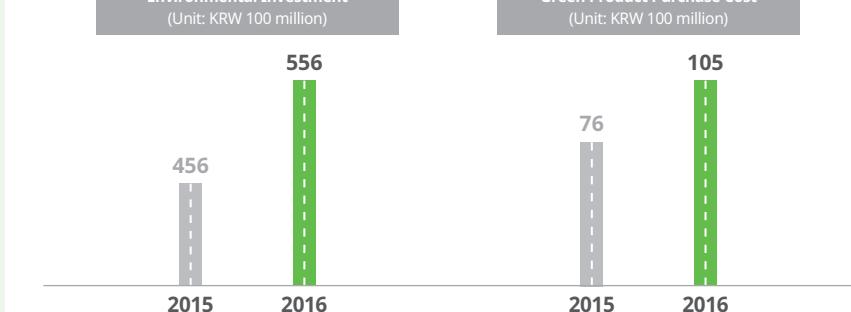
## Ice and De-icing Fluid Waste Amount

## 2015 2016

	2015	2016
Ice and De-icing Fluid Waste Amount (Unit: Ton)	5,070	5,397

## Environmental Investment

## Environmental Investment (Unit: KRW 100 million)      Green Product Purchase Cost (Unit: KRW 100 million)



We represent a new level of airport

# COLORFUL Ethics & Human Resources

Through creation of a global ethical company culture and efficient management of human resources, we propose new and multi-level standards of ethical and people-based management.



## TRENDS

Higher levels of transparency and ethics are required in the civil service as the Anti-Corruption Act has been enacted and enforced since 2016. According to the 2016 OECD Employment Outlook, the annual average working hours of Korean workers is 2,113 hours, which is the second highest among OECD nations (average annual working hours are 1,766). Moreover, health-related issues from overworking and family issues are so common that they have become major social issues. Thus, social issues including human rights, gender equality, and the balance of work and personal life are highlighted.

## OUR APPROACH

Various stakeholders operating within the airport, including airlines, subcontractors, and construction firms, operate in tandem as IIAC increases its transparency for such stakeholders as well as the Corporation's employees. IIAC reflects the government's equity quota in recruiting planning and is implementing its social responsibility as a state-run company. In addition, IIAC secures highly qualified talent, trying to create workplaces where employees can maximize their capabilities. IIAC fosters a Work Smart environment and improves the employees' conditions of life. In particular, with the CEO's policy of communication, IIAC has been building trust through the constant and fluid communication between the company management and the labor union.

## OUR STRATEGY

### Ethical Management

Building a global ethical corporate culture through advancing integrity

#### Implementation Strategies

- Transparency and service growth of partners
- Simplify work procedures
- System improvement and training related to Anti-corruption Act
- Foster a transparent environment
- On-site communication with stakeholders
- Expand transparent activities
- Diversify reporting channels

#### SDGs Mapping\*



16.5

Reduce any and all forms of corruption and bribery

\* IIAC considers global impacts and keeping in mind the Sustainable Development Goals of the United Nations while promoting major projects.

## NEXT STEP

### Future Plan

Enhance organizational competitiveness based on innovation and mutual trust(achieving the highest transparency level by expanding a culture of transparency)

## PERFORMANCE



Integrity Assessment Conducted by Anti-corruption and Civil Rights Commission

8.24 Score



Training Hours Per Employee

144 hours

### Talent Management

Reform the system to manage human resources in an effective way, as well as improve productivity

- Strengthen open recruiting and improve organizational vitality
- Develop human resources and promote fair treatment
- Establish a performance-based compensation system
- Benefits that the public finds agreeable
- Implement salary peak system
- Fair compensation and benefit system



5

GENDER EQUALITY

Guarantee equal opportunities for women's leadership

- Enhance organizational competitiveness based on innovation and mutual trust(expanding communication in organizational culture for innovation)
- Strengthen capabilities of talent and constructing voluntary performance system



Anti-corruption Initiative Assessment Conducted by Anti-corruption and Civil Rights Commission

Achieved highest overall grading



Satisfaction Level of Employees (out of 5)

4.74 Score

# Ethical Management

## Ethical Management Implementation System

### Why Is It Important

By spreading an ethical culture across Incheon Airport through communication with internal and external stakeholders, IIAC strives to share commitment to ethical management, and consolidate its position as a transparent airport company with the goal of "Building a global ethical corporate culture through advancing integrity."

**Vision and Strategies for Ethical Management** IIAC will realize the goal of "Global Clean Airport" based on ethical business administration, with the purpose of creating an ethical working environment through integrity. IIAC is communicating with domestic and international stakeholders with commitment to implement ethical management, as well as expanding ethical culture throughout Incheon Airport. IIAC is becoming a transparent corporation that leads the international airport industry.

### Vision and Strategies for Ethical Management

#### Vision of ethical management

Building a global ethical corporate culture through advancing integrity

#### Mid-to long-term strategies



Improve prevention system



Internalize ethics and strong culture of integrity



Improve the infrastructure for integrity and ethics

#### Vision and tasks in 2016

##### Excellence in integrity assessment

- share achievements on integrity and achieve growth of both integrity and service with subcontractors
- lead changes in working methods through a taskforce

##### Prioritize anti-corruption policy

- promote system improvement and training related to anti-corruption law
- train workers in Incheon Airport and foster culture of integrity

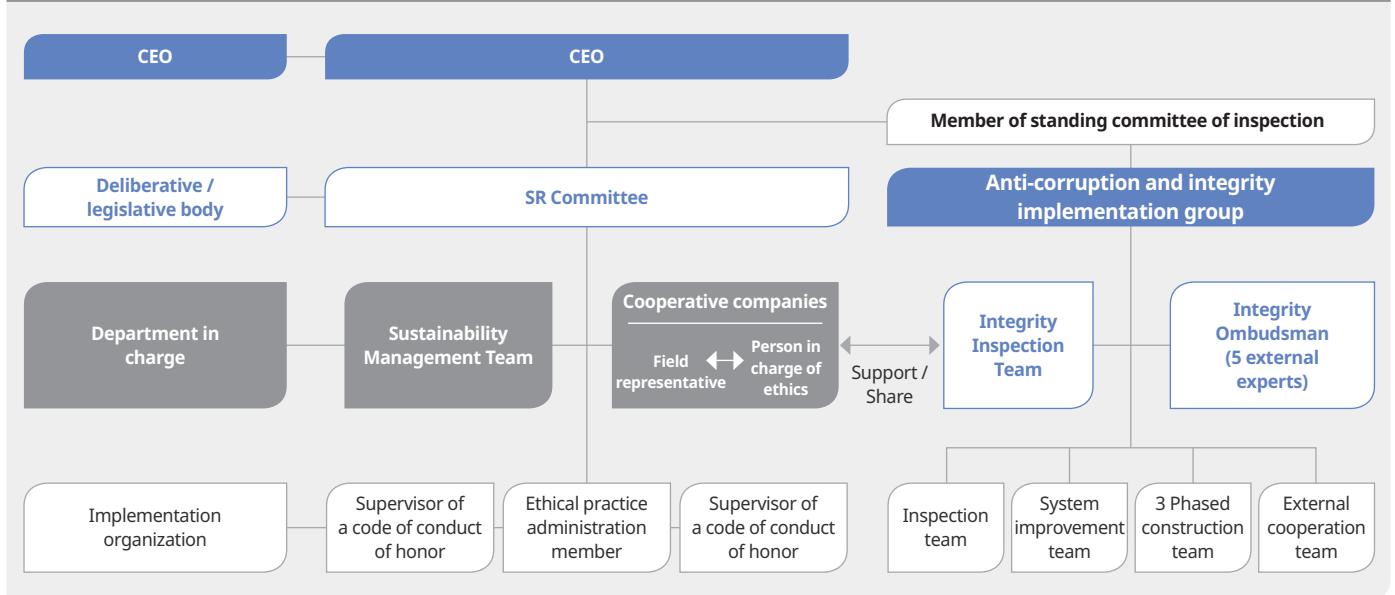
##### Zero corruption

- strengthen on-site communication with stakeholders
- expand systems to promote integrity
- diversify reporting channel through adopting anonymous reporting option

## COLORFUL

**An Organization Promoting Ethical Management** The Sustainability Management Team is in charge of ethical management, and the anti-corruption working group makes major decisions regarding ethical matters. One member from each division is selected to support putting ethics into practice. In addition, IIAC makes efforts to support and expand the ethical culture throughout not only IIAC but the entire airport, cooperating with subcontractors operating inside the airport.

### The Organization that Promotes Ethical Management



**Code of Ethics** The code of ethics, which can be considered a standard for the work of employees, consists of the charter's ethics and code of conduct. Code of conduct for employees indicates specific criteria of action. In 2016, the code on audit and ethics was revised, as well a guideline on reporting was legislated according to the enactment of Improper Solicitation and Graft Act.

### Efforts to Internalize Ethics

**Agreement on Observing Transparency and Ethics** All employees agreed on observing transparency- and ethics rules and promised to observe and implement the code of ethics and conduct. The CEO prohibited all types of corruption and misconduct and it is written on an integrity pledge that includes strong disciplinary action against duty of integrity. Anti-corruption and a transparent culture will take root, and the factors that might cause corruption will be eradicated through the CEO's strong resolve. Under the duty of integrity for executives, executives of IIAC must implement duties of integrity, and will be held accountable if such responsibilities/mandates are violated.

**The Implementing Programs** IIAC helps employees to internalize awareness on ethics through implementing related programs. IIAC developed and distributed cartoon contents for the employees to understand the ethics in a simplified and direct way. The directives on anti-corruption, including the current trends on transparency, ethics and Q&As on anti-corruption acts, have been released. Also, the programs that employees can participate in, such as the quiz contest are being phased in. IIAC connects anti-corruption achievements with Key Performance Indicators. IIAC promotes the voluntary anti-corruption and ethics measures by expanding the range of transparency mileage system, and the ratio of KPI as well as evaluating activities to improve the weaknesses of each division.

**Reporting and Consulting System** IIAC adopted an anonymous reporting system, the "Incheon International Airport Corporation Helpline," which is operated externally to ensure protection of anonymous information on corruption, in March 2016. The subcontractors and businesses operating with the airport as well as any employee can report misconduct, improper solicitation, and corruption using smartphone applications or visiting the web-site. Through the Helpline consulting, the problems of employees and with subcontractors can be identified and remedied. Thus, the number of consultation and reporting has increased to 75, an increase of 6.3 times over the previous year. The issues are transmitted to the audit department in real time, and the person who is in charge of the issues register the results on the system after a prompt and thorough investigation. The person who reports an issue can check the results on the homepage or via their smartphones.

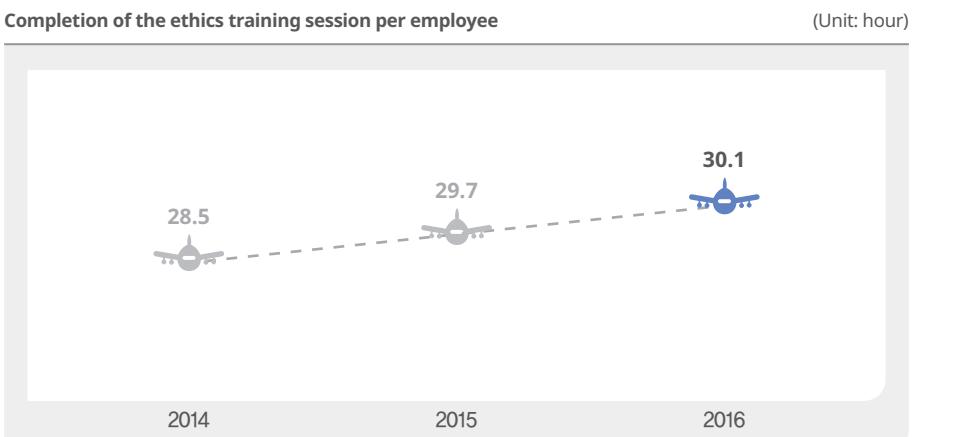
**Training on Ethics and Transparency** IIAC conducts training sessions for employees to develop ethics awareness and foster practical knowledge on ethical business administration that they can apply to their work. Collective education classes are available for new-comers, newly promoted officers, and managers. Classes on anti-corruption are available according to one's respective career level. In particular, workshops and team meetings working on ethical issues are held regularly and therefore, risks that might occur on-site can be discovered in advance and prevented. IIAC conducted training sessions to strengthen ethical awareness for subcontractors operating inside the airport in July 2016. In October 2016, IIAC opened a special training session on the anti-corruption act for the 400 workers operating inside the airport, airlines, Subcontractors, and construction firms. Through said opportunities, IIAC constructs a trustworthy and transparent airport in which all the workers within the airport become actively aware and promote the anti-corruption.

### Efforts to Expand the Ethics Culture

Workshop for Members of Ethics Committee



Training of Persons in Charge of Ethics in Companies



**Expand the Anti-corruption / Transparency Culture** IIAC implements an "anti-corruption clinic" which gathers opinions of employees of all different levels, and meetings that stakeholders including partners, and airlines at Incheon Airport can attend under the audit committee. In addition, IIAC expands the culture of transparency that reflects on-site opinions. In particular, IIAC has strengthened the partners' duty of integrity and obligation by weighing on the achievements of integrity in evaluating the Service Level Agreement in 2016. The sharing system of achievements on eradicating corruption has contributed to the expansion of a transparent and ethical culture/nature of subcontractors. In conjunction with such a well-organized system, IIAC participates in the network of public and private sectors from Jung-Gu district and Incheon Airport, to make efforts to be a leader in transparency in public sectors.

### Monitoring and Assessment

Received a  
**First Level**

2016 assessment on  
anti-corruption

IIAC monitors Transparency Calls, its transparency clinic, and ombudsman system for transparency on a regular basis, and reflects the outcomes on the revised ethical management system. Based on such outcomes from internal and external assessments, next year's plan will be implemented accordingly (including 'the survey on transparency by Anti-corruption and Civil Rights Commission). It is a part of the continuing efforts to developing the concept of comprehensive transparency. IIAC achieved perfect marks in anti-corruption (zero corruption) for three consecutive years while conducting large public works projects, and received a first level which is the highest order in the 2016 assessment on anti-corruption. The efforts to create a transparent culture were recognized by the government.

### The Outcome of the Internal and External Assessment on Transparency

	Internal assessment	External assessment
2014	Integrity assessment of IIAC	Integrity assessment on executives
2015	-	9.81    8.24    Most excellent
2016	9.33    9.86    8.21    Excellent	9.53    9.90    8.24    Most excellent



Integrity Call System

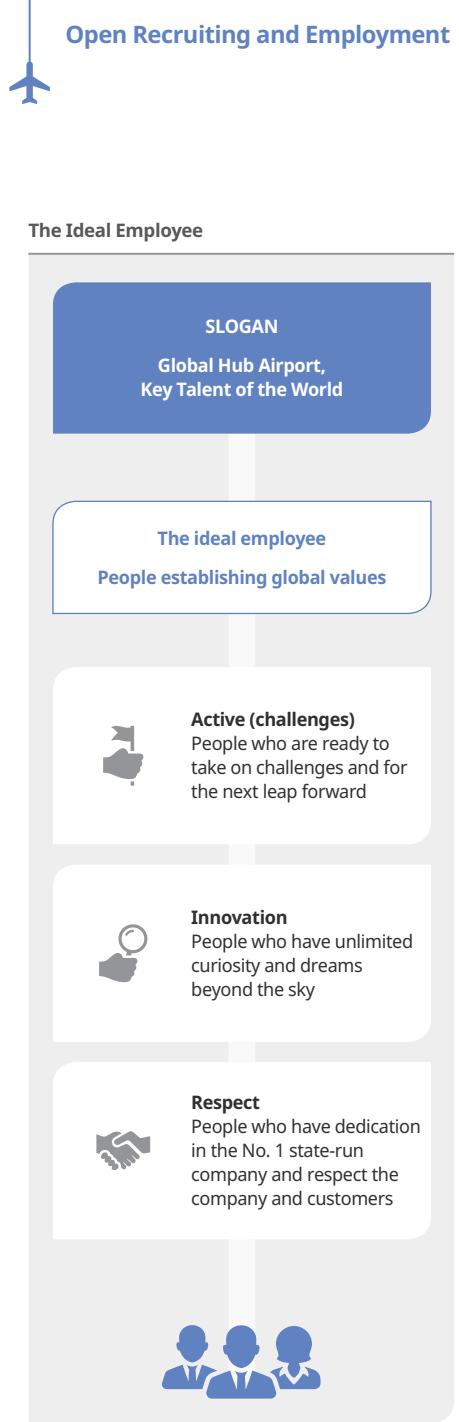


Integrity Mileage System



Integrity Assessment of Management

# HR Management



## Why Is It Important

To secure outstanding individuals, IIAC nurtures global outstanding individuals and respects diversity by preparing a program for the development of human resources promoting the concept of righteous people with "Global Value Creation Type Individuals" as its concept of righteous people. Also, we strive to allocate the right person in the right position through fair personnel management.

**Key Principles for Human Resources Management** Securing and training qualified human resources greatly influences the competitiveness of corporations. IIAC thus focuses on human resources management to lead the competitive airport industry. "Human resources establishing global values" is the ideal human resource model of IIAC. Based on IIAC's vision for the future, the Corporation trains qualified global HR staff members, and focuses on fostering a working environment in which they can achieve great things.

**Respect Diversity and Human Rights** IIAC prohibits discrimination based on gender, age and religion, and respects employees' human rights and diversity. Also, it observes the Labor Standards Act and other laws, as well as strictly prohibiting and preventing child labor and illegal labor practices. According to employment and human resource management regulations of IIAC, fair evaluation and equal opportunities are guaranteed for all employees, and the compensation and benefits without discrimination are mandated.

**Open Recruiting and Social Equity-Based Recruitment Policy** IIAC adopted National Competence Standards (NCS) in 2015, and constructed the NCS-based recruiting process that is optimized specifically for the company. In particular, IIAC deleted the GPA in the application form, and constructed a qualification-based recruiting system through blind interviews and situational interviews. Furthermore, IIAC reflects the target values of the government's social equity-based recruitment policy on company recruiting plans and has implemented corporate social responsibilities. IIAC has eased the standards on the score of language tests and the qualification for the disabled. IIAC also operates an additional point system for the Patriots-Veterans and the low-income groups. In addition, IIAC creates positions for human resources with high school diplomas and women with interrupted careers. All these policies are designed to achieve equal opportunities in employment.

## Overview of Recruiting and Employment (Unit: the number of people)

	Category	2014	2015	2016
The total number of employees		1,107	1,152	1,217
Retirement due to age-limit		2	4	0
Voluntary retirement		2	1	1
The number of total full-time positions		1,107	1,152	1,217
20s or younger		244	261	237
30s		321	326	343
Employment By age		413	418	422
40s		128	147	206
50s		1	0	9
60s		30	27	24
Contract position		6,288	6,481	6,863
Gender equality	The number and ratio of female employees in full-time positions	257 (23.2%)	271 (23.5%)	294 (24.2%)
	The number and ratio of female employees in manager and higher level positions	6 (4.0%)	6 (3.7%)	9 (5.3%)
The number of total full-time positions		102	69	80
female		38	22	29
Recruiting Social Equity-Based Recruitment	The disabled	4	3	3
	Local (non-Seoul metropolitan region)	31	18	29
	High school graduates	10	3	8

## COLORFUL

### Capability-building Program



**Talent Development System** The curriculum of IIAC consists of common subjects and leadership training, competency development training, and self-directed learning programs. In 2016, IIAC held an average of 144 hours of training sessions per employee. To foster qualified leaders, leadership training is divided into preliminary and intensified courses and preliminary training according to their career levels is conducted. Also, Action Learning, which is discussion-based learning, has been adopted, and the three pending issues, such as placing LCCs, have been resolved. IIAC conducts competency assessments throughout the company, compiles organizational and individual needs, and by developing each capability, improves the training satisfaction as well as application to real work.

### Overview of Training Operation

Category	Unit	2014	2015	2016
Training hours per employee	Hours	152	137	144
Training budget per employee	Million KRW	237	238	244
Level 1 to level 2	The number of people	129 (12%)	127 (11%)	151 (12%)
Level 3	The number of people	272 (25%)	279 (25%)	318 (26%)
Level 4	The number of people	339 (31%)	381 (34%)	390 (32%)
Level 5 and under level 5	The number of people	354 (32%)	337 (30%)	365 (30%)
Training satisfaction (out of 5)	Score	4.73	4.66	4.74
Application level (out of 5)	Score	4.27	4.36	4.52

### Training System According to One's Career Level

Objective	Staff	Assistant Manager	Manager	Deputy General Manager	Manager	Management	Required	Partially Required	Selection	Option	Foreigners, College students									
							Energizer •Build Basic Capabilities	Employees Who Conduct Business Practices •Take Initiatives when Working	Experienced in Business Practices •Solve Problems •Reach Achievements	Preliminary Manager •Manage Achievements •Planning and Coordination •Organizational Change Management	Guardian •Operate Organization •Support Subordinates •Make Decisions	Vision Leader •Company Vision •Insight •Strategic Thinking								
Years of Working experience	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Common / Joint Education	Basic Value	Special Lectures (Manager, all employees) / Cooperation Academy																		
	Organization Vitality	Workshop for communication/Training for achievement/Refresh Training for Long-term Employees																		
Leadership according to one's career level	Leadership according to one's position	Basic / 3 months / 1 year / 1 year and 3 months / Level 4 Basic	Level 4 Leadership Intensive	Level 3 Leadership Basic	Level 3 Leadership Intensive / Preliminary Manager Leadership	Manager Leadership														
	Specified Training Courses	Junior Leadership		Leadership that is promoted / Female Leadership		Transparent Leader / Experts / 일파제														
Strategic Leadership	Domestic Outsourcing	Education Programs at Universities and Research Institutes in Korea																		
	Overseas Outsourcing	Education Programs at overseas Universities for more than six months																		
On-the-job Training	In Common	Improve Planning Skills / Problem-solving Course																		
	Specialized Courses	Financial Accounting / Contract Practice / Airport Operations / Airport Management / Overseas Business / Construction / Aviation / Machinery																		
	Department, Cooperation	(Department) Team Work Training (Cooperation) Training to cooperatively work with other teams																		
	Domestic and Overseas Outsourcing	Domestic and Overseas Outsourced Training (shorter than 6 months, domestic and overseas training center)																		
	Aviation Safety and Security	Navigation Aid, Airport Safety, Disaster Management, Emergency Training, Aviation Security, etc.																		
	CS	CS Welcome / CS Healing / Airport CS Basic, General, Manager / CS MindUp / CS Communication / CS Instructor Training / Corporate Instructor Training																		
	Corporate Instructor Training	Corporate Instructor Courses																		
Global Education	Specified Courses	Operation of Iran Airport / Operation on Paraguay Airport / Operation of Chinese Airport / Lectures in Thailand / Connection with Overseas Business																		
	Courses on International Organizations	International Certification Courses on ACI / CAO / IATA																		
	Courses on assisting developing countries	Courses linked with KOICA / Lectures in Africa and Latin America / Aviation Policy Course, CS Engineering Courses, etc.																		
	NGAP Course	Airport Operation Courses in Hong Kong, Thailand, Northern Part of Bangkok / Courses on inspecting landing field for college students																		
e-Learning	General e-Learning (Requirement, Leadership, Job, Liberal Arts, etc.) / SERI-Pro																			
Foreign Language	Language Learning over the Phone / Language Learning Online / Lecture / Courses on Overseas Business / Language Courses for Airport Workers																			

**Nurture Global Specialists** IIAC implements capability-building programs for employees who will lead the future of the aviation industry. IIAC reformed the domestic and international outsourced training programs to build employees' global capabilities strategically from the previous 11 courses to 26 courses. The curricula have been extended and diversified. The number of non-director level domestic trainees has increased. In addition, previously international trainees were selected irregularly, but now they will be selected annually. IIAC has also created a basic course for high potential employees to develop their capabilities in airport operation at an early stage and continually provide tailored intensive courses to strengthen their expertise.

**Fostering Female Employment** IIAC establishes employment planning on female employees and nurtures female employees in conjunction with government policies. IIAC held training sessions to develop capabilities of level 4 (and higher) female employees to boost the potential female employees pool from which managers can be selected, and found nine talented female employees in September 2016. IIAC provides opportunities for women to complete domestic and international Master of Business Administration degrees, as well as work-abroad opportunities and opportunities to work in major departments and supports to develop their capabilities. With these efforts, two were promoted to team directors and four were promoted to level 3. In addition, IIAC expanded part-time positions for women with interrupted careers and hired women in this category for 17% of new available positions for women.

#### The Programs to Support and Foster Female Employees' Capability

Item	Long-term and short-term MBA	Domestic and overseas graduate schools	Leadership training	Dispatch abroad
Number of employees	11	3	52	2
Courses	Strategy / human resources/finance, etc.	Public policy, public administration, etc.	Nurturing female leaders	Overseas branches

**Fair and Transparent Human Resources Management** IIAC conducts talent management in an equitable way based on competency and performance. In 2016, IIAC built the foundation for a transparent performance management and constructed an assessment structure for a more fair and rational management after scrutinizing the existing system. First, IIAC went through interviews from an external assessment group and deliberative process from joint consultative committee. It gained objectivity and fairness through those assessments. Also, IIAC adopted a fairness-verification tool and verified the assessment system and subsequent results. Accordingly, the acceptance level of employees on the assessment results have improved. By conducting blind evaluations and multi-source evaluations of performance, IIAC secures transparency on promotion policies. In particular, IIAC encourages fair personnel appointments and capability-building by establishing a virtuous cycle system for manager-level employees.

**Fair Human Resources Compensation System** IIAC establishes a fair human resources compensation system according to an employee's competency and performance and strengthens its support for rewards for employees who have achieved high performances and made great improvements. IIAC operates a reward system to motivate employees who have achieved great performances and provides capability building opportunities for the employees who have made such high improvements. As well, IIAC grants an intensive six-month period to employees who have made great improvements to solve structural problems and supports them to make further practical achievements.

KRW  
**88.54 million**

Average salary of an employee

KRW  
**42.16 million**

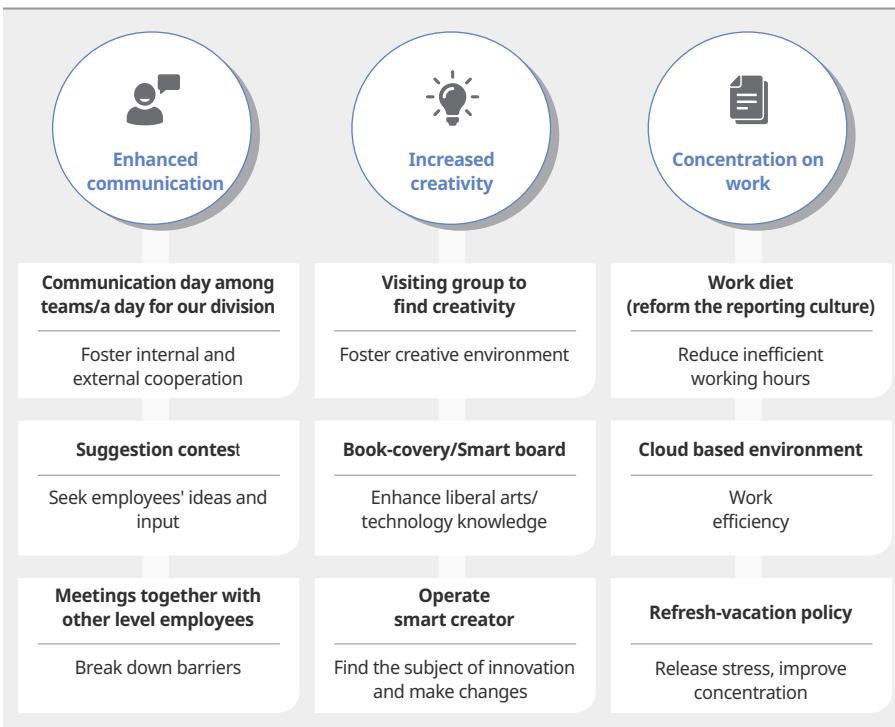
Starting salary (Bachelor's degree)

#### Advanced Welfare System Operation



**Fostering a Culture for Better Quality of Life** IIAC strives to boost an enjoyable and happy business culture with the slogan of "A company where employees are excited to go work for." Communicating with the CEO through various opportunities such as Chatting, Jung-gam Talk, Hwal-Dong-Bang (Activity space) and conducting surveys on satisfaction from all employees, which led to sharing opinions on good companies to work for and benefits. Various opinions on airport operation, the way to work, and company culture from smart board were reflected in business agendas. Smart Board is comprised of 20 employees who represent each level, gender, and division and discuss the agenda that the CEO selects every month and makes relevant decisions. Based on opinions from employees, IIAC is creating a future-oriented organizational culture to pursue strengthened communication, increased creativity and concentration in work.

#### Fostering a Future-oriented Culture



**Expanding Flexible Working Hours** IIAC reformed its organizational culture and system through studies on the current working environment and how to pursue flexible work. Employees are eager to work under such a flexible work system. However, there were limitations to implementing such a system, so IIAC promoted a lifetime flexible work system and strengthened accessibility. The types and periods of flexible work were diversified, as well as the procedure of permission was simplified. The system was revised exemplified by easing standards for extra points in key performance indicators. As the managers participated in the system, it was stabilized.

#### Flexible Working Hours and Working Reduced Hours

Category	2014	2015	2016
Part-time working	15	15	19
	Set the time to start work and finish work	253	77
Flexible working hours	Select the working hours	103	26
	Intensive work	1	-
	Self-directed work	-	-
Telecommuting	Work from home	-	-
	Smart Work	226	31
			231

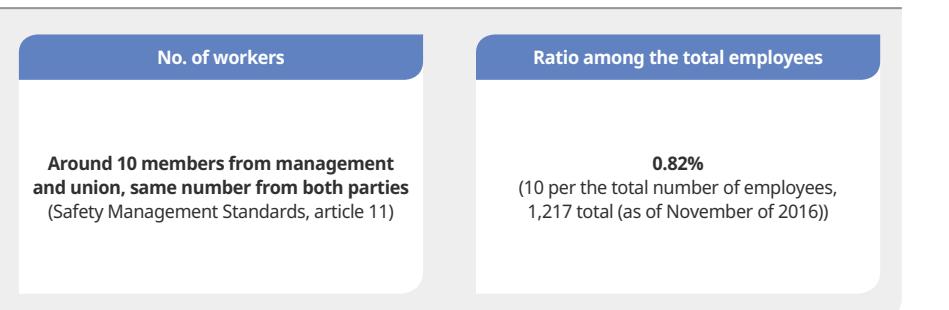
**Boost Family-friendly Policies** Fostering the Work Smart working environment where employees concentrate on working is important for their quality of life. IIAC improved its reporting culture by organizing a reporting system and by standardizing reporting forms. It also created a cloud-driven working environment to share information. Throughout discussion between the labor union and company management, both recognized overtime in airport. Therefore, both parties agreed on operating a flexible work system. When employees go to work early, they leave early. Also, when they work during holidays they can take alternative leaves. The "Working for specific hours" system, based on the peak time of the airport has been enacted, too. The system guarantees on-site employee break times during week days. Moreover, the Refresh-vacation system for employees to relax from fatigue is being operated. IIAC also encourages managers and executives to take block leaves (for five consecutive days). In particular, IIAC operates a "family day" on Wednesdays whereby employees leave work on time. IIAC operates a workplace childcare center and the reduction of working hours for pregnant employees. It also supports easing the burden of raising children by encouraging not only spouse leave of absence but maternity leave for male employees.

#### Operation of Childcare Leave

Category		2014	2015	2016
<b>The number of employees who take leave</b>	Male	3	3	6
	Female	31	27	42
<b>The ratio returning to work</b>		100	100	100
<b>The ratio of employees returning back to work</b>		100	100	100

**Safety and Health Management System** IIAC operates an occupational safety and health management committee that deliberates and decides on the employees' health and safety related issues based on agreements between company management and the labor union and tries to offer a safe working environment for employees. IIAC holds a "Day of checking safety" events on a monthly basis and implements safety training for all employees for at least one hour a month. IIAC also offers employees general health check-ups every year and comprehensive health check-ups every other year. It also operates a health-grading system and supports tracking and counseling. The Employee Assistance Program is operated to manage employees' stress at work and mental health. Workplace stress is diagnosed and managed eight times per year.

#### Operation of the Safety and Health Management Committee (2016)



#### Labor-Management Relations Based on Communication and Harmony



**Advanced Management-Labor Relations** The labor union of IIAC was founded in November 1995 and is affiliated with the Federation of Korean Public Industry Trade Unions. The employees who are level 3 and under are qualified to join the labor union, and 99.8% of them do so, which amounts to 1,016 employees of a total 1,018 employees. IIAC observes domestic and international labor law, and discusses critical issues which might affect working environment and employment with the labor union.

**Communication for Mutual Prosperity** IIAC strengthens the cooperative relationship between labor and management based on mutual communication. Not only the formal channels such as labor-management council and labor-management meetings, but also bottom-up, mutual and top-down communication channels are in operation for constant and satisfactory communication. In 2016, reflecting the CEO's business policy highlighting communication, the CEO has actively conducted discussions with employees and on-site workplace staff. Messages that the CEO writes are shared with all employees through in-company mail. Round table discussions take place on a regular basis to share CEO's business policies with on-site employees. With these events, common understanding on the CEO's management philosophy will spread.

#### The Channels of Communication between Management and Union

Category	Prevention
<b>Problem solving (group)</b>	Discussion between management and union
	Collective bargaining
<b>Onsite resolution (top-down)</b>	Sharing current business issues
	Lunch Meeting
<b>Actualize public opinions (two-way communication)</b>	Happy Gallery
	Mashup
	Suggestion Contest

**Future Problem Prevention** IIAC operates a union-management cooperation system for preemptive conflict management. The company finds labor related grievances and problems occurring in the company, and resolves the issues in advance through formal and ordinary channels. It prevents conflict from spreading and improves working conditions. Labor-management signed on the wage agreement in 2016 and working conditions have improved via the labor-management council.

#### Operation on Management and Union (2016)

Category	Agenda	Outcomes
First quarter	•Creating a resting room inside the Incheon Airport Aviation Academy •Improve peak season special work	•Installing camping grounds for weekend getaways •Negotiate with committee for institutional improvement
Second quarter	•Installing keyboard rest •Create space for meeting rooms in the concourse of Incheon Airport	•After checking needs, install them •Utilizing unused office space, install extra meeting rooms
Third quarter	•Improving document management system •Stronger enforcement for family days	•Enhancing search function to search documents produced by other departments •Broadcasting of music at the end of the workday to signal employees to head home
Fourth quarter	•Secure effectiveness for refresh vacations •Improving working environment of original company house	•Disconnect the network access for extended period holidays (longer than 10 days) •Promoting office space expansion and convenient facilities

# Appendix

## 75 List of Awards and Group Membership

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## List of Awards and Group Membership

### List of Awards

Category	The date of winning awards	Award	Award organization
Operation/ service	Feb. 2016	The best airport in Asia-Pacific in Airport Service Quality (for 11 consecutive years)	ACI World
	Mar. 2016	2016 Skytrax World Airport Awards, best airport for transit passengers	Skytrax
	Mar. 2016	2016 Skytrax World Airport Awards, best airport staff service	Skytrax
	Sep. 2016	2016 Building Information Modeling Awards, Grand Prize of the Ministry of Land, Infrastructure, and Transport	Building Smart Korea, Korea Institute of Civil Engineering and Building Technology
	Feb. 2016	Annual Report Awards (Social Responsibility Reports) in Vision Awards, Platinum Awards	League of America Communication Professionals
	Sep. 2016	2016 Korean Sustainability Index among the state-run companies (the Ministry of Land, Infrastructure, and Transport), first place	Korean Standards Association
Business administration	Sep. 2016	2016 Korean Sustainability Index, excellent KRCA	Korean Standards Association
	Sep. 2016	2016 The Korea Chamber of Commerce & Industry-Forbes, Grand Prize in Corporate Social Responsibility	The Korea Chamber of Commerce & Industry, Joongang Ilbo
	Nov. 2016	2016 Global Standard Management Awards, Grand Prize in public sector, Sustainability Reports	Korea Management Association, Korea Management Association Registrations & Assessments
	Nov. 2016	The 3th Government 3.0 Citizen Experience Stage, Commendation Award from the Minister, Ministry of Interior and Safety	Ministry of Interior and Safety
	Nov. 2016	2016 Good Company in Korea, first place in transportation	Korean Standards Association
	Dec. 2016	2016 The Management Grand Awards, Excellent in Customer Value	Korean Management Association Consulting
Marketing	Mar. 2016	2015 Business Traveler US Award-Best Duty-free Shop, Business Traveler US	Business Traveler US
	Mar. 2016	2016 Air Cargo Excellence Awards-Best Cargo Airport in Asia	Air Cargo World
	Jun. 2016	2016 Food&Beverage Awards, Innovation Division of the Year Award	The Moodie Report&The Foodie Report
	Sep. 2016	2016 Business Traveler Asia Pacific, Best Duty-free Shop	Business Traveler Asia Pacific
	Sep. 2016	2016 TTG Travel Awards-Best Airport	TTG Asia Media
	Nov. 2016	2016 Business Traveler China- Best Duty-free Shop	Business Traveler China
	Nov. 2016	2016 Business Traveler US- Best Duty-free Shop	Business Traveler US

### Present State of Group Memberships

1995	Korea Environmental Preservation Association (KEPA)	2009	Better Business Bureau (BBB) activity
2001	Korea Civil Aviation Association (KCA), Airports Council Association (ACI)	2010	Korea Industrial Technology Association
2002	ISO 9000 / 14000, Incheon Chamber of Commerce and Industry	2011	GWP Management Research Society, Korea CSO Association
2003	Korea Productivity Center (KPC)	2013	itSMF Korea
2005	IPS Yun-Kyeong CEO Club	2014	Incheon Environmental Volunteer Association, ISO 50001, Korea Institute of Construction Engineering & Management
2006	Korea Navigation Institute, IPS Yun-Kyeon SM Forum, Korea Management Association (KMA)	2015	Korean Society of Civil Engineers, Korean Aviation Security Association
2007	The International Air Cargo Association (TIACA), UNGC, UNGC Republic of Korea	2016	The Korean Operations Research and Management Science Society, Korea International Trade Association(KITA)
2008	The Korean Association for Public Administration		

# Financial Performance

The 18th as of December 31st of 2016  
 The 17th as of December 31st of 2015  
 The 16th as of December 31st of 2014

## Summary of Statement of Financial Position

Incheon International Airport Corporation and affiliated companies

(Unit: Korean Won)

Item	The 18th	The 17th	The 16th
I. Current Assets	592,945,210,582	345,815,126,075	234,554,669,977
1. Cash and Cashable Assets	281,867,978,793	96,901,782,660	32,237,744,680
2. Current Financial Assets	1,163,531,683	1,467,939,007	2,327,191,068
3. Account Receivable and Other Bonds	270,697,308,550	223,742,712,680	182,580,654,512
4. Inventory	19,757,410,341	18,018,769,544	10,875,315,591
5. Deferred Tax Asset	106,096,403	201,677,151	48,421,958
6. Current Non-Financial Assets	19,352,884,812	5,482,245,033	6,485,342,168
II. Non-Concurrent Assets	10,359,093,286,932	9,091,696,716,327	7,978,708,988,135
1. Non-Concurrent Financial Assets	32,058,496,652	31,002,767,346	29,378,893,366
2. Long-Term Accounts Receivable and Other Bonds	50,961,538,875	79,742,446,983	787,194,800
3. Tangible assets	9,472,778,737,704	8,229,156,468,631	7,274,597,646,896
4. Investments in Real Estate	363,151,089,038	366,201,598,363	329,039,480,965
5. Good Will	177,398,443,930	177,398,443,930	136,865,918,780
6. Tangible Fixed Assets excluding Goodwill	52,104,968,915	58,383,268,798	63,831,879,952
7. Deferred Tax Asset	126,030,120,047	126,861,616,665	121,286,217,056
8. Non-Current Non-Financial Assets	84,609,891,771	22,950,105,611	22,921,756,320
<b>Total Assets</b>	<b>10,952,038,497,514</b>	<b>9,437,511,842,402</b>	<b>8,213,263,658,112</b>
I. Current Liabilities/Assets	701,725,442,511	588,658,058,911	1,419,038,689,048
1. Accounts Payable/Purchase Liabilities and Other Liabilities/Debt	256,831,591,295	197,878,415,443	885,372,568,041
2. Current Financial Liabilities	195,823,959,591	181,446,147,684	345,624,318,147
3. Net Income Tax Liabilities	196,646,353,877	161,766,247,231	124,958,158,398
4. Current Non-Financial Liabilities	37,890,901,023	34,961,851,441	49,957,333,492
5. Current Estimated Liabilities	14,532,636,725	12,605,397,112	13,126,310,970
II. Non-current Liabilities	2,980,542,714,499	2,273,583,349,719	789,875,601,661
1. Long-term Accounts Payable and Other Liabilities/Debt	944,549,654,075	914,735,955,331	34,717,335,916
2. Non-current Financial Liabilities	1,907,301,799,800	1,210,857,014,623	710,336,980,505
3. Non-current Non-Financial Liabilities	118,758,980,323	135,008,322,183	41,655,764,743
4. Employee Salary/Benefits Liabilities	7,520,610,952	8,712,416,900	1,033,851,543
5. Non-current Estimated Liabilities	2,411,669,349	4,269,640,682	2,131,668,954
<b>Total Debt / Liabilities</b>	<b>3,682,268,157,010</b>	<b>2,862,241,408,630</b>	<b>2,208,914,290,709</b>
I. Paid-in / Paid-up Capital	3,617,845,480,000	3,617,845,480,000	3,617,845,480,000
II. Retained Earnings/Earned Surplus	3,652,643,257,966	2,958,346,889,422	2,387,607,608,451
III. Other Components of Capital	335,465,438	144,173,493	1,379,677
IV. Capital of Dominant Firm	7,270,824,203,404	6,576,336,542,915	6,005,454,468,128
V. Non-controlling Interest	(1,053,862,900)	(1,066,109,143)	(1,105,100,725)
<b>Total Capital</b>	<b>7,269,770,340,504</b>	<b>6,575,270,433,772</b>	<b>6,004,349,367,403</b>
<b>Total Capital and Liabilities</b>	<b>10,952,038,497,514</b>	<b>9,437,511,842,402</b>	<b>8,213,263,658,112</b>

## Summary of Comprehensive Income Statements

Incheon International Airport Corporation and affiliated companies

(Unit: Korean Won)

Item	The 18th	The 17th	The 16th
I. Sales	2,241,343,498,014	1,940,591,950,986	1,754,590,404,091
II. Cost of Sales	804,821,000,619	767,556,236,150	758,254,276,749
III. Gross Profit	1,436,522,497,395	1,173,035,714,836	996,336,127,342
IV. Selling and Administrative Expense	128,445,164,856	119,378,180,453	106,289,393,481
V. Operating Profit	1,308,077,332,539	1,053,657,534,383	890,046,733,861
VI. Other Profit	6,451,959,723	500,544,024	2,168,542,095
VII. Other Cost	11,562,438,736	18,762,790,144	19,880,047,891
VIII. Other Gain (Loss)	(2,469,607,415)	13,585,354,859	4,037,578,318
IX. Financial Profit	6,194,868,204	10,063,946,273	9,756,192,213
X. Financial Costs	25,932,888,737	33,440,412,324	57,223,215,807
XI. Income and Losses before Income Taxes	1,280,759,225,578	1,025,604,177,071	828,905,782,789
XII. Corporation Tax	315,770,077,563	254,240,092,416	210,413,902,475
XIII. Operation Profit	964,989,148,015	771,364,084,655	618,491,880,314
XIV. Net Income	964,989,148,015	771,364,084,655	618,491,880,314
XV. Other Comprehensive Income (after tax)	125,685,953	(2,485,647,087)	1,289,747,723
XVI. Comprehensive Income	965,114,833,968	768,878,437,568	619,781,628,037
XVII. Net Income attributable to	964,989,148,015	771,364,084,655	618,491,880,314
1. Dominant Firm	964,977,379,371	771,323,499,869	618,531,657,382
2. Non-controlling Interests	11,768,644	40,584,786	(39,777,068)
XVIII. Comprehensive Income attributable to	965,114,833,968	768,878,437,568	619,781,628,037
1. Dominant Firm	965,102,502,389	768,838,945,617	619,821,515,469
2. Non-controlling Interests	12,331,579	39,491,951	(39,887,432)

# Third Party's Assurance Statement

## Foreword

Korea Management Association Registrar Inc. (hereinafter, "KMR") has been requested by Incheon International Airport Corporation (hereinafter, "IIAC") to verify the contents of its Social Responsibility Report 2017 (hereinafter, "the Report"). IIAC is responsible for the collection and presentation of information included in the Report. KMR'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. KMR performed a Type-2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMR'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 the materiality criterion.

Confirmation on report requirement compliance of GRI G4 Core Option was included to the verification range, and the verification team reviewed the following factors to confirm such information:

- **G4 Report Principles**
- **General Standard Disclosures**
- **Specific Standard Disclosures**
  - Generic DMA (Disclosure on Management Approach) for the material aspects below:
  - Market Presence: EC5
  - Indirect Economic Impacts: EC7, EC8
  - Emissions: EN15, EN16, EN19, EN21
  - Effluents and Waste: EN22, EN23, EN24, EN25, EN26
  - 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

The Korea Management Association recommends as follows for constant improvement as we hope the Report will be actively utilized 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, KMR 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.

September 11, 2017  
CEO Park Ki-ho

# GRI G4 Index / ISO 26000

## Disclosure of normal standards

GRI Indicator	Details	ISO 26000	Page	Verification	SDGs Mapping
<b>Strategy and Analysis</b>					
G4-1	CEO Message	4.7/6.2/7.4.2	2-3	○	
G4-2	Provide a description of key impacts, risks, and opportunities		28-29	○	
<b>Organization Profile</b>					
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)	6.3.10/ 6.4.1-6.4.2/ 6.4.3/6.4.4/ 6.4.5/6.8.5/7.8	10	○	
G4-9	Scale of the organization	6.4.1-6.4.2/	10-12	○	
G4-10	Employment type, contract, and regional labor force status	6.4.3/6.4.4/ 6.4.5/6.8.5/7.8	10,68	○	
G4-11	Percentage of total employees covered by collective bargaining agreements		73	○	
G4-12	Explanation about the organization's supply chain		46-47	○	
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		75	○	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations		75	○	
<b>Identified Material Aspects and Boundaries</b>					
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		20-21	○	
G4-19	List of Material Aspects identified in the process for defining report content	5.2/7.3.2/ 7.3.3/7.3.4	20-21	○	
G4-20	Aspect Boundary within the organization for each Material Aspect	20-21	○		
G4-21	Aspect Boundary outside the organization for each Material Aspect	20-21	○		
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	○	
<b>Stakeholder Engagement</b>					
G4-24	List of stakeholder groups engaged by the organization		16-17	○	
G4-25	Basis for identification and selection of stakeholders with whom to engage		16-17	○	
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	16-17	○	
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		22-23	○	
<b>Report Profile</b>					
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		About This Report	○	
G4-32	Organization's 'in accordance' option, GRI Content Index, reference to the External Assurance Report	7.5.3/7.6.2	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	○	
<b>Governance</b>					
G4-34	Governance structure of the organization	6.2/7.4.3/7.7.5	14-15	○	
<b>Ethics and Integrity</b>					
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	64-65	○	

## Disclosure of specific standard

GRI Indicator	Details	ISO 26000	Page	Verification	SDGs Mapping
<b>Category: Economic</b>					
<b>Market Presence</b>	<b>Generic DMA</b>		26-27	○	
	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	68	○	SDG 8
	AO1 Total number of passengers annually	-	28-29	○	SDG 8
	AO2 Total annual number of aircraft movements		28-29	○	SDG 8
	AO3 Total amount of cargo tonnage		28-29	○	SDG 8
<b>Indirect Economic Impacts</b>	<b>Generic DMA</b>		26-27	○	
	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	30-35	○	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	30-35	○	SDG 8
<b>Category: Environmental</b>					
<b>Emissions</b>	<b>Generic DMA</b>		54-55	○	
	G4-EN15 Direct greenhouse gas emissions (Scope 1)	6.5.3/6.5.5	56-61	○	SDG 13
	G4-EN16 Energy indirect greenhouse emissions (Scope2)		56-61	○	SDG 13
	G4-EN19 Reduction of greenhouse gas emissions		56-61	○	SDG 13
	AO5 Ambient air quality levels according to pollutant concentrations		56-61	○	SDG 3
<b>Effluents and Waste</b>	<b>Generic DMA</b>		54-55	○	
	G4-EN22 Total water discharge by quality and destination	6.5.3/6.5.4	56-61	○	SDG 6
	G4-EN23 Total weight of waste by type and disposal method	6.5.3	56-61	○	SDG 6
	G4-EN24 Total number and volume of significant spills		56-61	○	SDG 6
	AO6 De-icing fluid on the airliners and pavements (m³ or meter tons)	-	56-61	○	SDG 3
<b>Compliance</b>	<b>Generic DMA</b>		62-63	○	
	G4-EN29 Total fines and non-monetary sanctions for violations of environmental laws and regulations	4.6	No cases of violation	○	SDG 13
<b>Noise</b>	<b>Generic DMA</b>		56-59	○	
	AO7 Number and percentage change of people residing in areas affected by noise	-	56-59	○	SDG 11
<b>Category: Social</b>					
<b>Sub-Category: Labor Practice and Decent Work</b>					
<b>Employment</b>	<b>Generic DMA</b>		62-63	○	
	G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region	6.4.3	68-73	○	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	68-73	○	SDG 8
	G4-LA3 Return to work and retention rates after parental leave, by gender	6.4.4	68-73	○	SDG 5, SDG 8
<b>Labor-Management Relations</b>	<b>Generic DMA</b>		62-63	○	
	G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	6.4.3/6.4.5	68-73	○	SDG 8
<b>Occupational Health and Safety</b>	<b>Generic DMA</b>		62-63	○	
	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	68-73	○	SDG 8

## UNGC Advanced Level

### Disclosure of specific standard

GRI indicator	Details	ISO 26000	Page	Verification	SDGs Mapping
<b>Category: Social</b>					
<b>Sub-Category: Labor Practice and Decent Work</b>					
<b>Generic DMA</b>					
Training and Education	Average hours of training per year per employee by gender, and by employee category	6.4.7	68-73	○	SDG 4, SDG 8
	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	68-73	○	SDG 4
<b>Generic DMA</b>					
Diversity and Equal Opportunity	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	68-73	○	SDG 5
	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	68-73	○	SDG 5
<b>Sub-Category: Human Rights</b>					
<b>Generic DMA</b>					
Nondiscrimination	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
<b>Sub-Category: Society</b>					
<b>Generic DMA</b>					
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	50-53	○	SDG 11
	G4-SO2 Operations with significant potential or actual negative impacts on local communities	6.3.9/6.5.3/6.8	50-53	○	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	-	50-53	○	SDG 1
<b>Anticompetitive Behavior</b>					
<b>Generic DMA</b>					
Compliance	G4-SO4 Communication and training on anti-corruption policies and procedures	6.6.1-6.6.2/6.6.3	19	○	SDG 16
	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	○	-
<b>Sub-Category: Product Responsibility</b>					
<b>Generic DMA</b>					
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	38-45	○	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	○	-
<b>Generic DMA</b>					
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	38-45	○	-
	G4-PR5 Results of surveys measuring customer satisfaction	6.7.1-6.7.2/6.7.6	38-45	○	-
<b>Customer Privacy</b>					
<b>Generic DMA</b>					
Compliance	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
	G4-PR9 Monetary value of significant fines for noncompliance 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	○	-

IIAC joined the UN Global Compact in March 2007 to conduct corporate social responsibility and observe 10 principles of four parts of the compact human right/labor/environment/anti-corruption. The UN Global Compact specified Communication on Progress rules into Advanced Levels to encourage corporate social responsibility and promote discussion among stakeholders. That means corporations declare that they have adopted sustainable corporate governance and management process for sustainability achievements and release. The report contains practice contents on 21 standards for Advanced Level.

### Advanced Criteria Index

Main contents	GRI	Report contents
1. It demonstrates organizational function and business units.	G4-4, 6, 8	introduction of IIAC
2. It demonstrates implementing Global Compact principles into the value chain.	G4-12	social responsibility strategies, mutual growth/cooperation
3. It demonstrates inclination to promote, strategies and policies in human rights.		
4. It demonstrates its effective management system to integrate the principles of human rights.	G4-56, SO2	human resource management
5. It demonstrates effective monitoring and evaluation in human rights.		
6. It demonstrates inclination to promote, strategies and policies in labor.		
7. It demonstrates effective management system to integrate the principles of labor.	G4-LA1~3, 9~11	human resource management
8. It demonstrates effective monitoring and evaluation in the principles of labor.		
9. It demonstrates inclination to promote, strategies and policies in the environment.		
10. It demonstrates an effective management system to integrate the principles of environment.	G4-EN8, 10, 15~16, AO5, 7	eco-friendly airport
11. It demonstrates effective monitoring and evaluation in the key principles of environmental protection.		
12. It demonstrates inclination to promote, strategies and policies in its anti-corruption drive.		
13. It demonstrates an effective management system to integrate the principles of anti-corruption.	G4-56, G4-SO2, AO8	Ethical management
14. It demonstrates effective monitoring and evaluation in the principles of anti-corruption.		
15. It demonstrates the major business' contribution toward UN's objective and issues.	G4-EC1~2, G4-EN8, 10, AO1~3, 5, 6~8	strategic corporate social responsibility management
16. It demonstrates strategic corporate investment and corporate social responsibility.	G4-EC7	spread happiness through corporate social responsibility
17. It demonstrates its support and participation in public policies.	G4-15~16	introduction of IIAC
18. It demonstrates partnership and cooperative activities.	G4-12	mutual growth/cooperation
19. It demonstrates the CEO's statement and leadership.	G4-1	CEO's message
20. It demonstrates decision-making on corporate sustainability and corporate governance.	G4-34	corporate governance
21. It demonstrates participation of all major stakeholders.	G4-24~27	participation of stakeholders

# Efforts to Implement UN SDGs



The UN Sustainable Development Goals were agreed upon by 193 member countries at the UN General Assembly in September 2015. SDGs consist of 17 goals and 169 objectives that the international community should achieve for an additional 15 years from 2016 to 2030. IIAC supports the UN SDGs to create a better world and contribute to the realization of the international goals by strengthening sustainable values.

**1  
No poverty**

- Domestic local community dedicated program
- Contribute to global society: Social contribution activities in overseas business areas



**3  
Good health and well-being**

- Support for children with incurable diseases
- Activities for increasing public health
- Activities for increasing the health of employees at partner companies
- Adopt employees' checkup and employee assistance program



**4  
Quality education**

- Programs to nurture global human resources
- Train aviation human resources in developing countries



**5  
Gender equality**

- Respect diversity and human rights
- Hire career-interrupted women
- Programs to foster female human resources



**6  
Clean water and sanitation**

- Preserve and recycle water resources
- Dispose of water waste
- preserve the diversity of living organism



**7  
Affordable and clean energy**

- Energy management system (ISO 50001), environmental management system (ISO 14001) operated
- Promote greenhouse gas management system
- Evaluate energy saving (residents and commercial facilities)
- Expand installment of new renewable energy sources



**8  
Decent work and economic growth**

- Flow of economic value
- Job creating contest
- Open recruiting and social equity-based employment



**9  
Industry, innovation and infrastructure**

- Establish and operate foreign business
- Three-step construction business



**11  
Sustainable cities and communities**

- Local community dedicated program
- Noise management
- Promote low-carbon and eco-friendly airport



**13  
Climate action**

- Low carbon certification certified by Airports Council International (ACI)
- Greenhouse gas-emission trading system
- Energy facilities for renewable energy
- Secure low-carbon and eco-friendly transportation
- Eco-friendly facilities including high-efficiency equipment



**15  
Life on land**

- Preserve the diversity for living organisms
- Establish World Peace Forest
- Activities for local community cleanup



**16  
Peace, justice, and strong institutions**

- Training for social responsibility
- Training for ethics and transparency
- Effort to expand ethical culture
- Expand equitable culture



## Reader Survey

Thank you for reading 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 2017 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 IIAC  Seminar / lecture  Others ( )

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

- To get information on IIAC  
 To understand the corporate social responsibility activities of IIAC  
 To compare and analyze the features of the industry to which 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)

- Intro  
 Our Approach to CSR  
 Our Strategic Focus Areas  
 Appendix

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

- Very helpful  Helpful  Average  Not helpful  Not helpful at all

### 6. How is the evaluation of this report?

- |                                    |  |                                       |                                  |   |  |
|------------------------------------|--|---------------------------------------|----------------------------------|---|--|
| • Comprehensibility of information | <input type="checkbox"/> Very satisfactory | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Average | <input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Not satisfactory at all |
| • Accuracy of information          | <input type="checkbox"/> Very satisfactory | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Average | <input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Not satisfactory at all |
| • Quantity of information          | <input type="checkbox"/> Very satisfactory | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Average | <input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Not satisfactory at all |
| • Design                           | <input type="checkbox"/> Very satisfactory | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Average | <input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Not satisfactory at all |

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

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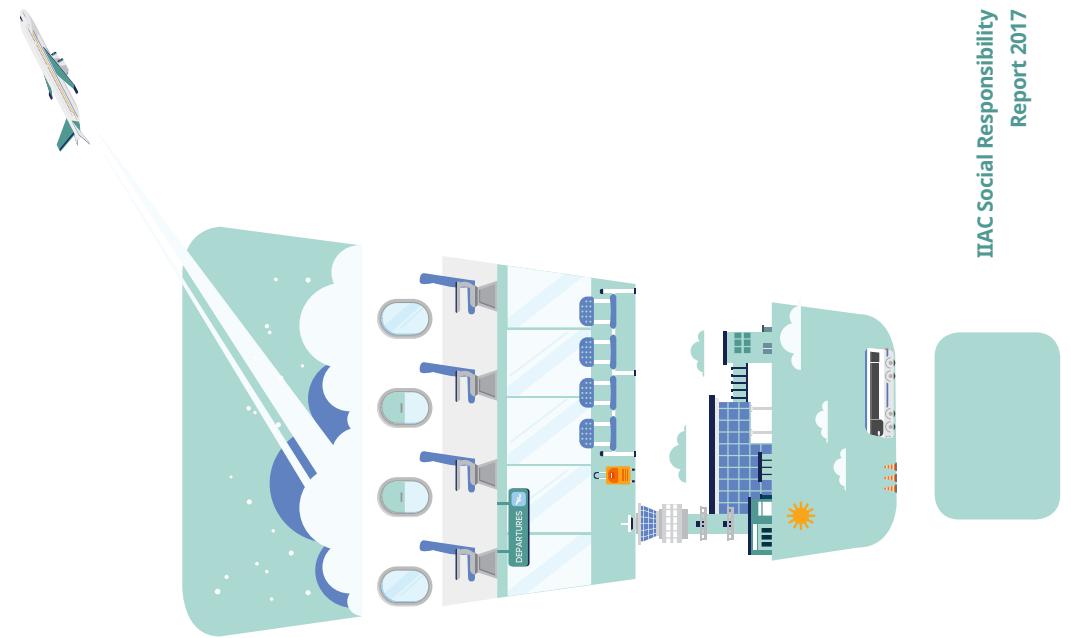
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Tel 82-32-741-2107~8 / Fax 82-32-741-2368

# The Initiatives for Our Better Future



Incheon Airport

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Sustainability Management Team  
Incheon International Airport Corporation

IAC Social Responsibility  
Report 2017



청정  
세상

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