

Dream in our Dreams

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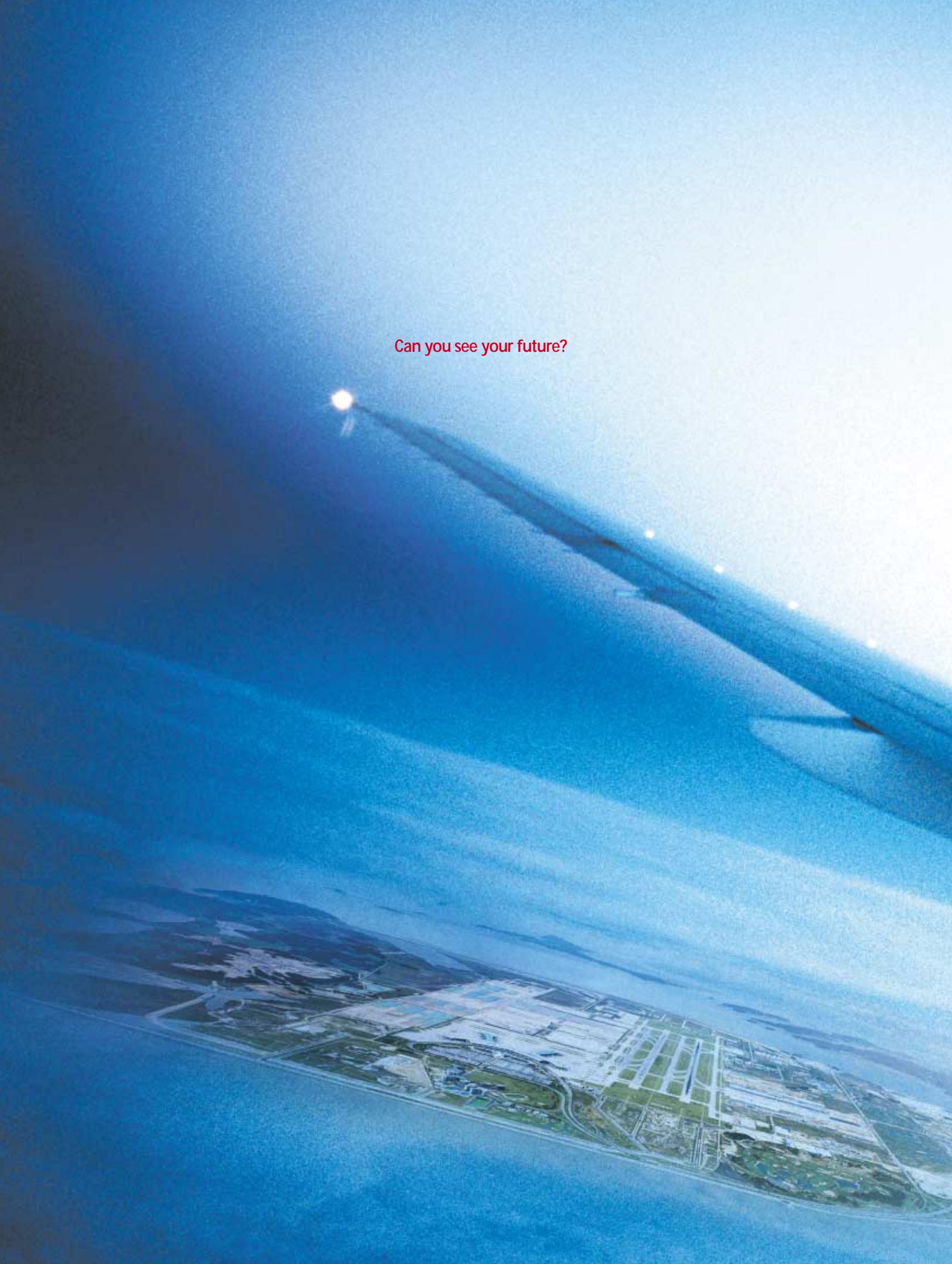
## **Dream in our Dreams**

Incheon International Airport Corporation is fostering its belief in sustainable growth through balanced economic, social, and environmental development. Incheon International Airport: where new values are being created.

A Great Journey Towards Realizing Our Dreams



Can you see your future?



## About This Report

The Incheon International Airport Corporation (IIAC) is publishing its first sustainability report as part of its effort to fulfill its social responsibilities, meet the expectations of its stakeholders, and grow into a sustainable organization creating new values. Through this report, which contains its strategies, activities, and visions concerning the economic, societal, and environmental impacts of its operations, IIAC wishes to remind its employees of the need for and importance of sustainable management and building an effective communications channel with its stakeholders detailing its socially responsible management operations. IIAC plans to publish a sustainability report every year by consolidating its annual and environmental reports into one document. Its goals are to seek concrete directions for sustainable management by outlining its accomplishments and to win the trust and support of its stakeholders.

### Reporting Coverage and Cycle

Since IIAC has no other business entities domestically or overseas, this report deals with its head office only. The reporting period is from January 1, 2006 to December 31, 2006--although some data up to the first quarter of 2007 have been included to aid the understanding of its readers. In addition, information since the opening of the airport in 2001 has been given as a means of showing yearly performance changes.

### Reporting Standards

This report complies with the G3 Guidelines of the Global Reporting Initiative (GRI), a global standards guideline last amended in October 2006, and the B.E.S.T. Sustainability Reporting Guidelines (a roadmap for global companies preparing sustainability reports). Data related to the various indicators of the G3 and BSR Guidelines can be found in the GRI G3/BSR Guidelines Index portion of the Appendix.

### Data Measurement

IIAC relied on universally-applied calculation methods, including performance indicators, to gather the information in this report. As well, the Korean Won has been employed whenever comparisons are made with other companies. Finally, the company has explained the meanings of relevant formulas through notes whenever there were variations from standard measurements.

### Verification of Report

In order to provide the most transparent and accurate information possible, IIAC consulted with a number of external specialists, including focus groups. In addition, the report has been verified by the Institute for Industrial Policy Studies (IPS) to ensure its reliability. Details can be found in the Evaluation by External Experts and Third Party Assurance sections.

## “Love, Happiness, Travel and Business”

Airports are places where dreams can come true. Incheon International Airport is creating values that exceed customers' expectations by providing a wide spectrum of services in such areas as logistics, business, culture, shopping, leisure, and entertainment. This includes the development of a logistics hub and an air city whose amenities will be unsurpassed in the world.

In addition, IIAC contributes to the community and works towards developing “win-win” relationships with its business partners. IIAC is also committed to the protection and preservation of the environment.

35,000 persons

Number of airport workers creating values for its customers

2<sup>nd</sup>

2<sup>nd</sup> in the world in terms of international cargo volume

5%

Airport's rating in national transparency survey

0 case

Number of faults found by environmentally-related inspection agencies

26%

Percentage of Korea's total foreign trade value handled through its facilities

# Realizing **Dreams** and Creating **New Values**

1<sup>ST</sup>

In the ACI evaluation of world airport services

**Incheon International Airport where our dreams begin**

28,000,000<sup>persons</sup>

Number of customers using Incheon International Airport in 2006

# Composition of Stakeholders

## Core Values of Incheon International Airport

In this report, IIAC's stakeholders are classified into four categories: Clients, Country/Society, Investors/Shareholders, Government/Enterprise. The company selected 17 core values for its stakeholders; they constitute the basis for all its corporate decision-making and actions.

<p><b>Clients</b></p>	<p>Dedication Speed Excitement Safety &amp; Security Convenience</p>	<p>We are dedicated to work efficiently, so that safety and comfort come first. We plan to become an airport that is of world-class quality, providing great service.</p>	<ul style="list-style-type: none"> <li>■ Airlines, airport users, airport tenant companies, airport-stationed government organizations</li> </ul>
<p><b>Country /Society</b></p>	<p>Contribution Integrity Accountability</p>	<p>We are founded on transparent corporate management, contributing to local society and national development. We promise to be a responsible public enterprise.</p>	<ul style="list-style-type: none"> <li>■ Local residents and their councils and associations, local governments, NGO/ environmental groups, social welfare organizations, academies/associations/ schools, outsourcing companies, builders (execution/inspection), service providers</li> </ul>
<p><b>Investors / Shareholders</b></p>	<p>Partnership Value Creation Trust</p>	<p>Our partnership is reasonably based on trust, creating new value.</p>	<ul style="list-style-type: none"> <li>■ Governmental organizations, general/ institutional investors</li> </ul>
<p><b>Government / Enterprise</b></p>	<p>Passion Creativity Aspiration &amp; Flexibility Challenge Innovation Continuous Learning Competence</p>	<p>We are founded on creativity, passion, and flexibility, so that no challenge is too great. Through continuous research and self-assessment, we are becoming a world-class airport.</p>	<ul style="list-style-type: none"> <li>■ Employees, labor unions, employee families</li> </ul>

## Stakeholder Engagement

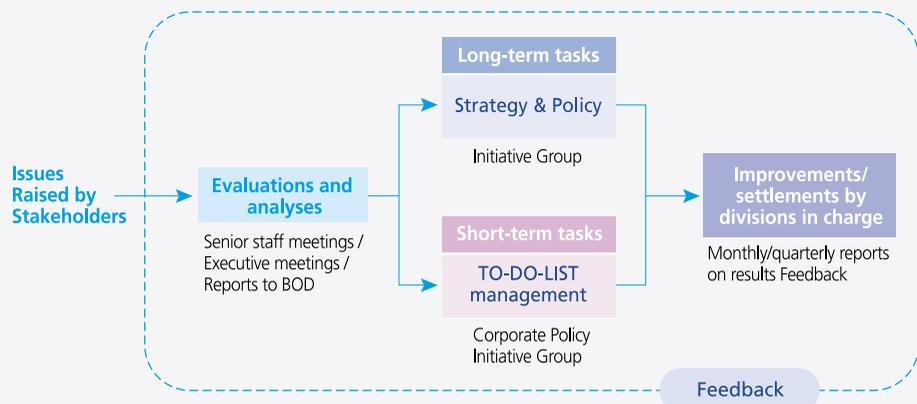
IIAC utilized the following methods approaches to engage with its stakeholders and take into account their opinions and criticisms during the report preparation process. Overall results can be found in the appendix.

<b>Surveys</b>	IIAC conducted surveys focusing centering on its overall sustainable management awareness and satisfaction levels. These questionnaires targeted airlines, airport users, business partners (including airport residents' organizations), communities, and employees.
<b>Surveys by Professional Organizations, Both at Home and Abroad</b>	Evaluations of satisfaction levels with Incheon International Airport by domestic and international customers were carried out by such organizations as Airports Council International (ACI), the International Air Transport Association (IATA), and domestic and overseas consulting companies involved in the aviation industry.
<b>Interviews with Focus Groups</b>	Interviews on sustainable management at IIAC were conducted among a total of 13 focus groups. They targeted experts in such areas as 'informatization', 2 <sup>nd</sup> -phase construction, and logistics.
<b>Consultations with Specialists</b>	The company also consulted with sustainable management specialists to ensure that this report incorporates the views of all its stakeholders.

## Utilization of Results from Stakeholder Engagement

As part of its commitment to deal with complaints and react to the opinions of its stakeholders, IIAC carried out the following procedures. There were 342 short-term, "to-do-list" topics and concerns. 250 of these have been dealt with--including improvements to signage and placards for commercial facilities and children's restrooms. This means that its execution rate was 73.1%. Of the 92 items that were not completed, 17 were deleted to verify core tasks while another 29 (including preparations for the airport's 10<sup>th</sup> anniversary) were turned into mid-to long-term action plans for further attention.

### Management of Issues Raised by Stakeholders



## Journey to Greatness

“To have a **dream is always exciting**, and to have that **dream realized is always a thrill.**”

I am pleased to report to our countless customers and stakeholders on the current state of sustainable management at Incheon International Airport Corporation (IIAC).

Incheon International Airport has enjoyed dramatic growth since its opening in March 2001. It is widely recognized as being a world's best airport, ranking second internationally in terms of its volume of international cargo, tenth in terms of international passenger traffic, and first in terms of international airport service evaluations in 2005 and 2006.

In order to become a global “top 5” air hub by 2010, we are concentrating on becoming a logistics hub in Northeast Asia, successfully completing our second-phase construction, and building a world-class air city accommodating shopping, tourism and leisure, and business functions.

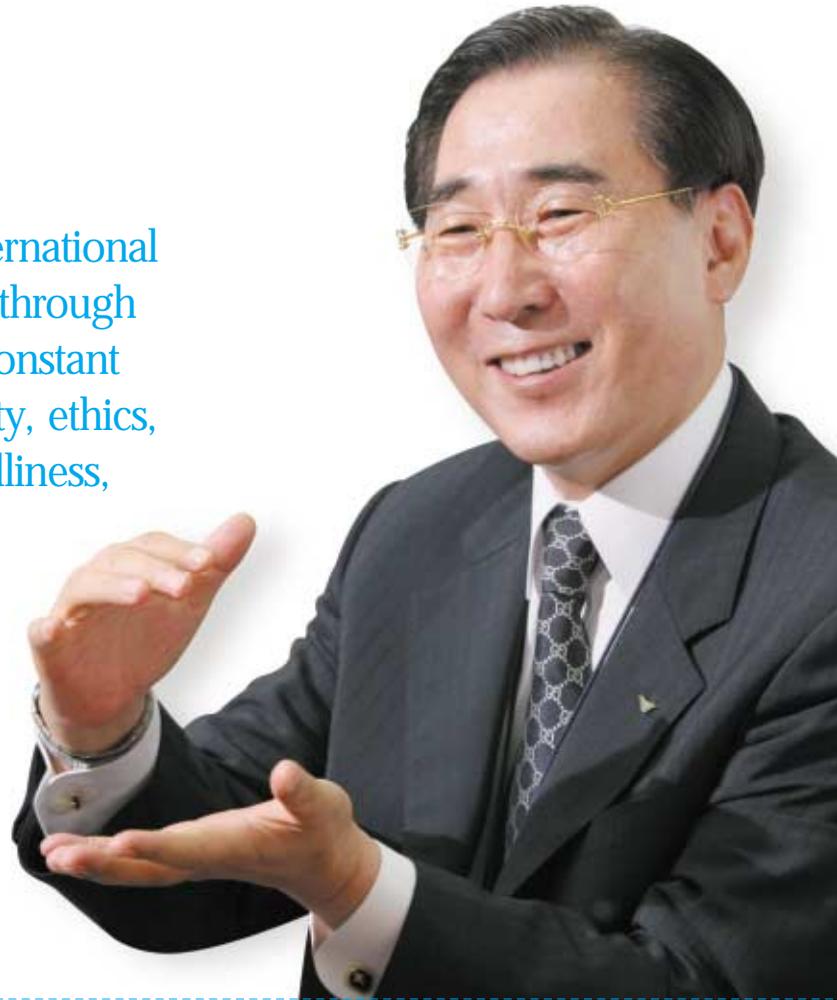
Air hubs are widely expected to become new engines for economic growth in the 21<sup>st</sup> century. We also anticipate an era of unfettered competition due to the continuous expansion of free trade and open skies agreements. In addition, there will likely be significant changes in our overall management climate—including such matters as the needs of customers and the development of alternative energy sources to combat the effects of global warming. Accordingly, IIAC has initiated “Dream 2030,” our long-term sustainable management strategy. Its goal is to ensure our competitiveness by coping with such changes and meeting the challenges presented by neighboring airports. We also aim to position ourselves as a future growth center for the national economy by growing into a “mega” air hub.

We are committed to sustainable management and to becoming a place where our customers and stakeholders can see their dreams realized. To do so, we will actively listen to comments and requests in such areas as innovation, creativity, ethical behavior, social responsibilities, family friendliness, and the environment.

**First**, we will provide an environment that offers the finest products, facilities, and services, so that customers from around the world can meet their expectations and realize their dreams. To do so, we will make sure that our customers always have access to world's-class safety and security services.

**Secondly**, we will retain our commitment to top-flight innovation so that we can build “one-up” business infrastructures that will keep us ahead of other airports in the region. To do so, we will simplify and standardize all our areas of management through state-of-the-art diagnostics and innovations. In addition, we will devote our energies to building an open corporate culture, developing work- and performance-oriented personnel and nurturing workers with creativity and international competitiveness. Finally, we will continue securing the foundations for continued growth. This means that we will advance into overseas businesses in line with the aviation industry's trend towards bloc formation, deregulation, and the diversification of business areas.

“We have developed Incheon International Airport into a world-class facility through sustainable management and a constant adherence to innovation, creativity, ethics, social responsibility, family friendliness, and the environment.”



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**Finally**, all the staff at IIAC realize that, in this day and age, a transparent and ethical management system is a prerequisite to corporate survival. Therefore, we will both strengthen and improve on our ethical management operations. In order to build the strongest possible foundations for sustainable growth, we will play leading roles in a variety of community service and environmental management activities, develop ethical management programs that meet and exceed our stakeholders' expectations, and fulfill our manifold social responsibilities.

This report-which is being published for the first time this year-contains a broad description of our sustainable management activities and accomplishments and reflects the hope of all of us that Incheon International Airport will continue to be a leading, world-class, and welcoming facility. My wish is that it will help our customers and stakeholders from around the world to appreciate the past, the present, and the future of Incheon International Airport. We remain committed to helping all of you realize your dreams. Thank you.

September, 2007

**Jaehee Lee**  
President & CEO

Incheon International Airport Corporation

DREAM IN OUR DREAMS





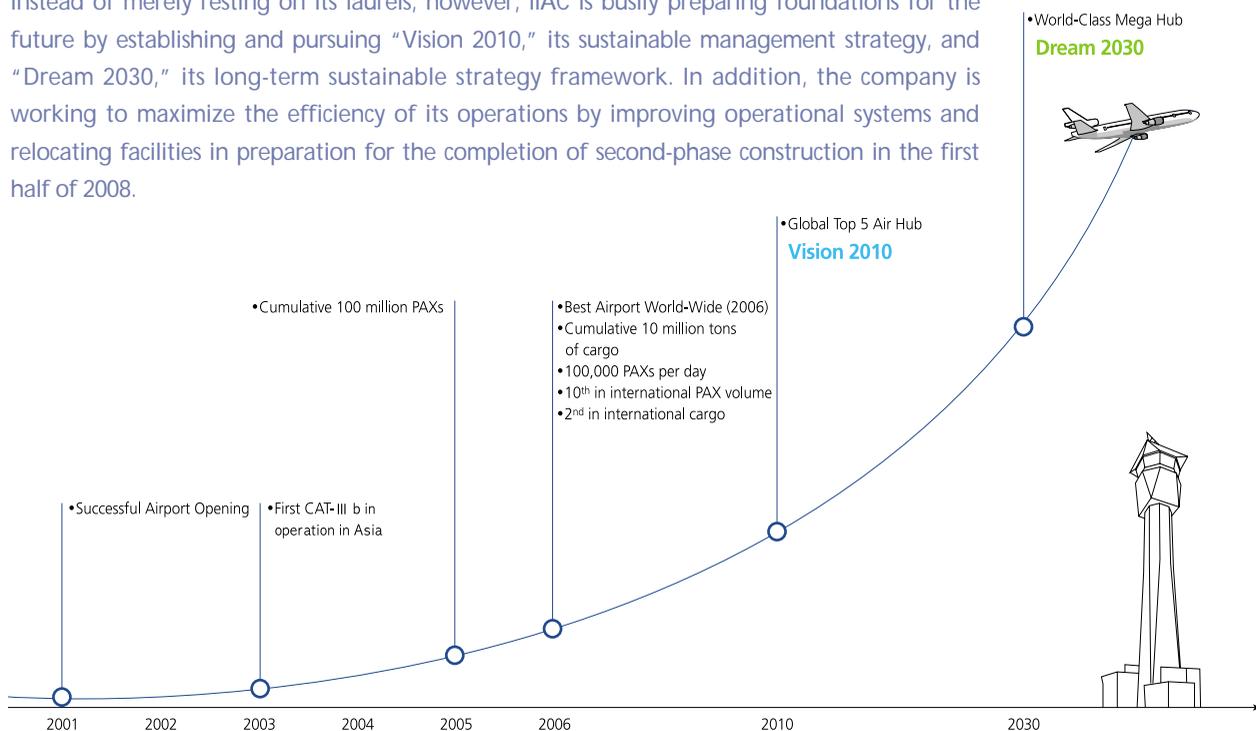
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# Incheon International Airport Corporation: Leading the World in Airport Services

The Korea Airport Construction Authority was established in September 1994 to carry out new airport construction in the capital region. The Incheon International Airport Corporation (IIAC), founded in February 1999, was subsequently tasked with the airport's opening and operations. Since its opening in March 2001, Incheon International Airport has evolved into a world-class airport, both in terms of its growth and its services. For example, it has been listed among the world's top 10 in terms of international passenger traffic for the past six years. It has also ranked second in the world in terms of cargo volume and been named a "world's best" in customer service for two consecutive years.

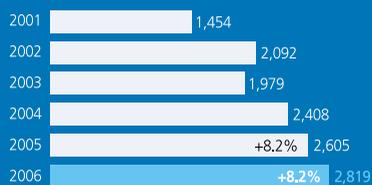
Instead of merely resting on its laurels, however, IIAC is busily preparing foundations for the future by establishing and pursuing "Vision 2010," its sustainable management strategy, and "Dream 2030," its long-term sustainable strategy framework. In addition, the company is working to maximize the efficiency of its operations by improving operational systems and relocating facilities in preparation for the completion of second-phase construction in the first half of 2008.



## Operational Results

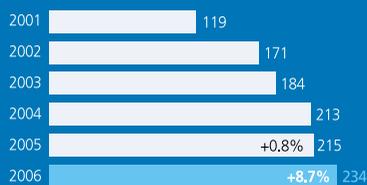
Ranked in the world's top ten in terms of international passengers

(Unit: Ten thousand of persons)



Ranked second in world in terms of international cargo

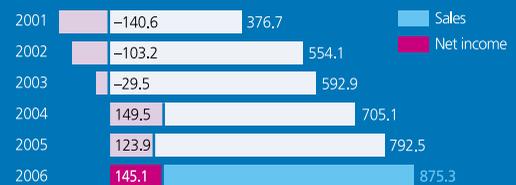
(Unit: Ten thousand of tons)



## Management Results

Recorded an operating profit for three consecutive years

(Unit: Billions of KRW)



## Company Outline As of December 2006

Company name	Incheon International Airport Corporation	Sales	KRW 875.3 billion
Date of establishment	February 1, 1999	Net Income	KRW 145.1 billion
Capital Stock	KRW 3.4 trillion (Ownership: 100% owned by the Government of the Republic of Korea)	Investment Companies	Incheon Airport Energy, Incheon International Airport Fuel Facility, Club Polaris, Incheon United Football Club
Total Assets	KRW 7.4 trillion	Location	2850 Unseo-dong, Jung-gu, Incheon, Republic of Korea

## Operational Structure

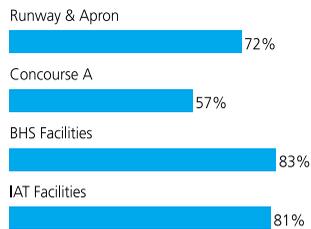
Four divisions and four groups (933 employees)



## Airport Expansion (Second Phase Construction)

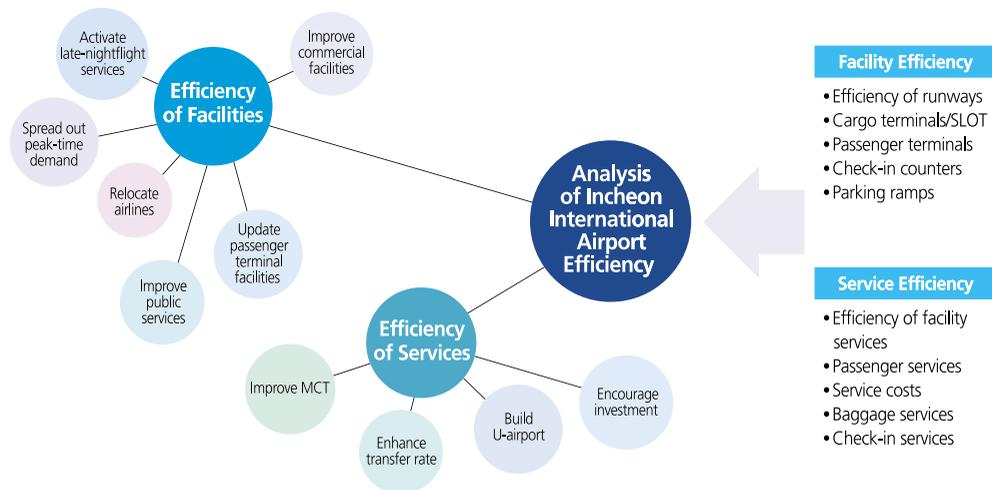
IIAC is carrying out a broad array of second-phase expansion activities because many of its first-phase major facilities, including the runways, are projected to reach their operational capacity by 2008. This is a large-scale project, with costs totaling KRW 3.9 trillion (exclusive of private investments). 63.5% of these improvements had been completed by the end of 2006. The project as a whole is slated for completion in 2008, with full-scale trial operations to be held in 2007.

### Progress by major facility



## Efficiency of Airport Operations

The airport's operational environment will change markedly with the completion of the second-phase construction project. For example, IIAC is projecting that the number of passengers using its facilities will reach 43.0 million and that cargo and sales volumes will exceed 3.8 million tons and KRW 1.5 trillion, respectively. IIAC is looking to maximize the efficiency of its operations in ten separate areas. This will increase the company's competitive edge with adjacent airports while providing it with the necessary foundations to develop into an air hub for Northeast Asia.



# Keeping our promises to our customers by developing a world's best and safest airport

Incheon International Airport is dedicated to improving its operational efficiency and facilities to become a world's best, safest, and reliable airport with zero aircraft accidents. Incheon International Airport is already the only airport in Asia that is equipped with ILS CAT-III b, which allows for operations in visibility conditions as low as 100 meters. Its navigational safety equipment and facilities have been in operation since its opening (50,000 hours nonstop as of December 2006). In addition, Incheon International Airport was named the world's best airport in terms of service in a survey of domestic and overseas aircraft pilots dealing with aviation safety.

## Efforts towards Zero Aircraft Accidents since Opening

### Accident prevention programs

Approximately 500 airplanes and 6,469 ground service vehicles and equipment are in the movement areas of Incheon International Airport 24/7 on a daily basis, posing a high risk of accidents. To cope with this situation, IIAC operates a variety of accident prevention programs. For example, the company inspects the runways four times a day and offer many safety education programs to its operators.

### Life-saving systems for aviation accidents

The Fire Department at IIAC maintains emergency contact systems with airlines, fire stations, the police, and hospitals to deal with any and all incidents at the airport--including aircraft accidents.

### Aviation security education programs

IIAC's Korean Aviation Security Academy is the first professional educational institute for security screening to be mandated by the Korean Ministry of Construction and Transportation with providing professional-level education and training in aviation security and screening.

## Incheon International Airport: A Guardian of the Skies

"Do you know that Incheon International Airport is the only airport in Asia that is equipped with ILS CAT-III B, and that it has been in operation for 50,000 hours nonstop since its opening in March 2001? This is an unprecedented record; as a flight controller who is responsible for the safe take-off and landing of aircraft, I am extremely proud of it. CAT-B is a precision-instrument approach and landing system that is only used at fifteen airports in the world. I pledge to continue doing my best to earn your trust and keep IIAC the world's safest airport."

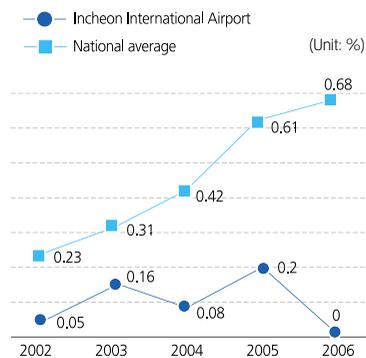
**Kim Hwi-Yang**, Controller, Seoul Regional Aviation Administration



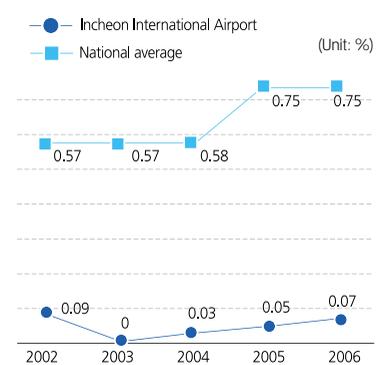
## “Zero Accident” Operations

IIAC manages for industrial accidents for itself, its business partners, and workers in its various second-phase construction areas. In 2006, it achieved a “zero accident” rate in the operations sector and a rate of 0.07% in the construction one--noticeably lower than the overall construction industry accident rate of 0.75%.

Accident rates in operations sector



Accident rates in construction sector



## KOSHA 18001 Certification

IIAC obtained a KOSHA 18001 certification from the Korea Occupational Safety & Health Agency (KOSHA) in August 2006.

## Construction Safety Education Center

IIAC operates a Construction Safety Education Center in cooperation with KOSHA. Its mandate is to prevent accidents and develop safety awareness among its second-phase construction site workers, supervisors, and managers.

## Established Plans for Safety, Security, and Health Management

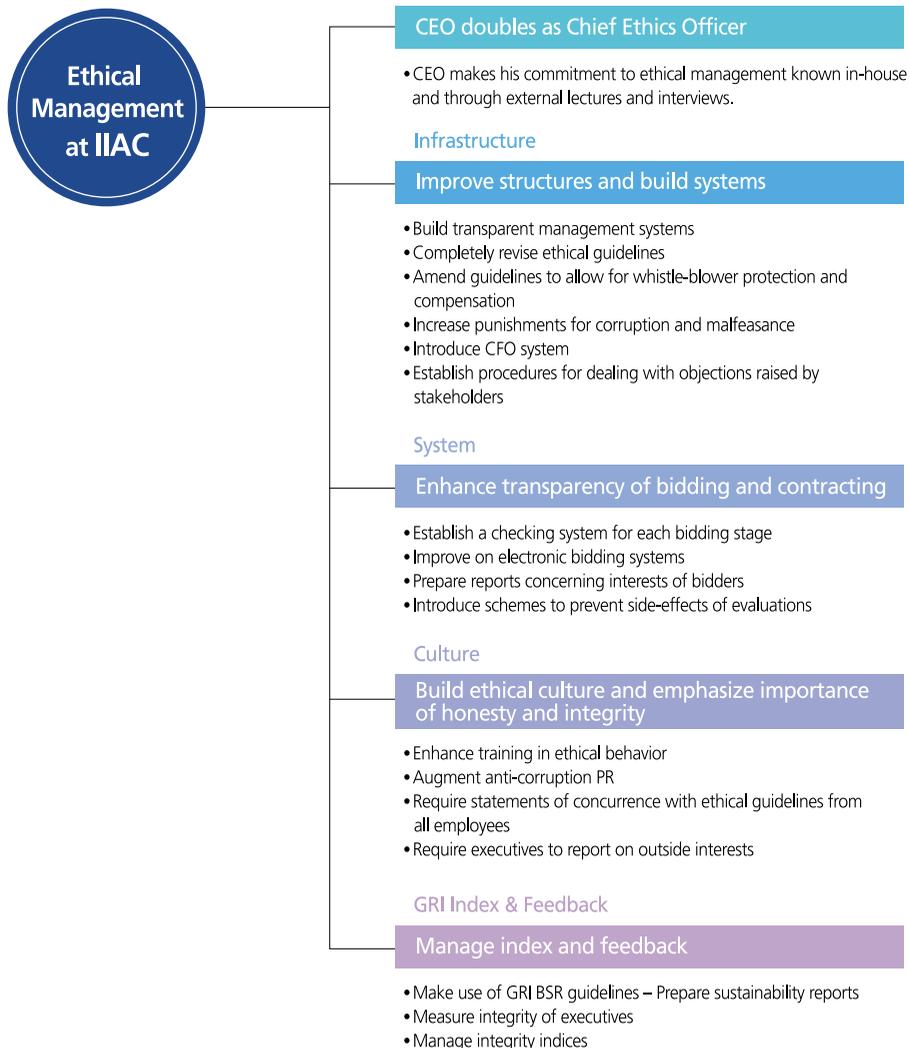
IIAC has formulated a mid-to long-term master plan (2006 to 2010) for becoming the safest airport in the world. Based on this, it is now proceeding with 52 tasks in five major areas: operational safety, industrial safety, security, accidents and disasters, and health. Its goal is to develop the foundations for safer operations, realize a zero accident rate at all its business sites, build an all-encompassing security system, and cope with accidents in an efficient and effective manner.

## Safety and Health Committee

IIAC takes the opinions of its employees regarding the prevention of industrial accidents extremely seriously and is committed to seeking their understanding and cooperation in all safety-and health-related matters. The company operates a health-care center and offers its workers a variety of programs for the promotion of their health-including obesity programs and stop-smoking clinics.

# Developing into a company that can win the trust of its stakeholders through ethical and transparent operations and management

IIAC's ethical management policies and procedures were initiated in 1999 with the drafting of regulations to combat corruption--including rules dealing with auditing and contracting processes. A full complement of ethical management programs were introduced in 2003, including a charter of ethics and customer ombudsman system. Since 2005, a variety of other programs have been implemented. Its activities have now been extended to include environmental and human rights.



## CEO's commitment to ethical management

As a missionary for ethical management, IIAC's CEO demands that all its employees be faithful to the principles of ethical management. In addition, he emphasizes the importance of honesty as a core organizational value through educational programs, workshops, and in-house email messages. The CEO also takes part in ethics-related decision-making and systems improvements. Finally, the CEO is charged with operating an ethical management organization to practice ethical management in the concrete.

**“Be faithful to basics and principles. Transparency is the basis of management. Emphasize integrity as the core value at IIAC.”**

– From CEO's inaugural address, July 1, 2006



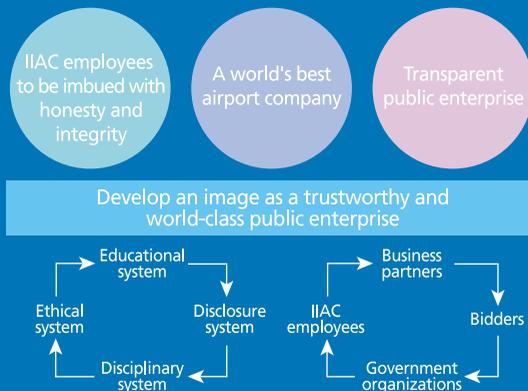
- Monthly morning meetings (12 times), In-house emails (19 times), Workshops for entire staff (4 times)  
Underscored his commitment to ethical management and the eradication of corruption
- New Year interviews Expressed his commitment to the practice of ethical management in 2006  
(Incheon Times, January 12, Kyeongin Ilbo, January 12, Joongboo Ilbo, January 19)
- “4T CEO Course” at Seoul School of Integrated Science and Technology, February 21, 2006  
“The transparency of a company and the honesty of its employees are the most important bases for its development”
- Lecture at Future Forum, May 4, 2006  
Stressed importance of “a society built upon transparency and trust”
- “IIAC declares war against corruptions” (Kyeongin Ilbo, August 1, 2006)
- Participated twice in BEST Forum and three times at the General Assembly of the Council for the Korean Pact on Anti-Corruption and Transparency



## Ethical Behavior

In 2006, IIAC began presenting its employees with clear and definite guidelines on ethical behavior with its Code of Business Conduct. All executives--including the CEO--are obligated to sign an annual agreement pledging their compliance with the Code. All business partners must submit a report outlining their commitment to transparent and ethical behavior.

## Campaign for Ethical Management



## Ethical Management Highlights



## Training in Ethics

IIAC offers training in ethical management through education, case study presentations, and discussions. This enables its employees to understand the importance of ethical management and practice it on their own initiative.



Target	Training Details
General employees	Lectures on an ethical culture--including monthly morning meetings, cyber lectures, and education by position
New recruits	Education for new recruits (Compulsory education on ethics)
Ethics Meetings	Education on ethical management by each division

## Internal Control System

IIAC observes generally-accepted accounting principles and all relevant laws and regulations. In addition, the company has established an internal control system for major business processes to heighten the reliability of its financial data and ensure that transparent management is put into practice.

## Ethical Management Support Systems

IIAC is committed to clean and transparent relationships with its business partners. The company's efforts include campaigns to prevent notifications of matters for congratulations and condolences and discourage exchanges of presents on national holidays. It also asks its business partners to cooperate in discouraging the use of gifts and entertainments. Since 2005, it has operated a "Clean Center" which deals with reports of dishonest activities. In addition, a gift return center has been in operation since 2006.

## Improvements to Bidding Systems

- Disclose bidding information on IIAC's homepage in advance of actual bidding (Prior disclosure of purchasing standards)
- Introduce division-level internal checking system
- Disclose multiple reserve prices
- Ensure transparency in selecting bid evaluation committee members
- Expand operation of electronic bidding system
- Prevent close relationships between employees by means of regular job rotations
- Reduce targets for negotiated contracts
- Enhance security of order-placing documents

## Measuring Executives' Levels of Integrity

- Purpose: Emphasize importance of ethical behavior among executives
- Evaluator: Gallup Korea
- Targets: 108 employees (including 4 division heads, 5 directors, 84 team leaders, and 15 team members at 1<sup>st</sup> and 2<sup>nd</sup> grade levels)
- Method: Multilateral evaluations (i.e., by superiors, colleagues, and subordinates)
- Measurements: Results are given on an individual basis, along with unsatisfactory results at division level

## Strengthen groups in charge of ethical management



## Integrity Evaluations by the Korean Independent Commission against Corruption (KICAC) in 2006

In a survey on business integrity conducted by the Korean Independent Commission against Corruption (KICAC) in 2006, the IIAC ranked 14<sup>th</sup> out of a total of 304. The company attributes this to its efforts to educate its entire staff-including the CEO-in perceptions of ethical behavior, its continuous training in ethics, the diverse programs it operates, and continual improvements to its systems. IIAC will remain committed to creating a more transparent and cleaner corporate culture that will win the trust of its customers, its stakeholders, and the public at large.



※ On a 10-point scale

# Sustainable Management Activities in 2006

## Economy & Growth

According to the 2006 statistics on the world air transport announced by the Airports Council International (ACI), Incheon International Airport was included in the world's top ten in terms of international passenger transport and second in cargo handling. The airport's total cargo volume reached 10 million tons. In addition, the airport won the "Top Airport Efficiency Award" in 2006 from the Air Transport Research Society (ATRS) in recognition of its world-class operations. Not content to rest on its laurels, IIAC is preparing the foundations for continuously creating values for its stakeholders through management innovations and creativity. These efforts include the operation of a free trade zone in support of a logistics air hub for Northeast Asia and the conclusion of an MOU with the French Fashion Association to build an air city.



22



## People & Society

Over the years, Incheon International Airport has grown into a world-class airport. As a consequence, it was named the "Best Airport Worldwide" at the ACI's Airport Service Quality (ASQ) Awards ceremony in 2005 and 2006 and was selected as the world's best airport by Time, the Center for Asia-Pacific Aviation (CAPA), and Global Traveler. In addition, Incheon International Airport was selected as a "mother-friendly workplace" for its efforts to practice family friendly management and create a woman-friendly culture. It was also named a "Best Human Resources Developer" in 2006 in recognition of its excellent human resources management and development programs, both at home and internationally.

## Environment & Earth

IIAC's environmental management activities include retaining its environmental management system ISO 14001 certifications for airport operations and construction through continuous post-management activities, managing for primary pollution sources (such as aircraft noise and air and water quality) by operating 24/7 environmental monitoring facilities, and analyzing the impact of its operations on nearby ecosystems. In addition, the company is committed to disclosing any and all relevant environment-related information and becoming involved in a variety of environmental support activities.



### Total cargo volume reached 10 million tons

Incheon International Airport's total cargo volume exceeded 10 million tons in June 2006, dramatically widening the gap between it and its main competitor, Singapore's Changi Airport.

### Opened free trade zone

Incheon International Airport took an important step towards developing into a world-class logistics hub by opening the Incheon International Airport Free Trade Zone. It consists of the cargo terminal area (1,091,000m<sup>2</sup>) and the airport logistics complex (992,000m<sup>2</sup>).

### Won investments from multinational logistics companies

Multinational logistics companies, such as Schenker (ranked second in world air transport), AMB, and DHL all chose Incheon International Airport to be their hub in Northeast Asia.

### Signed an MOU to build a Fashion Island

IIAC signed an MOU with the Fédération Française du Prêt-à-Porter Féminin to develop a "Fashion Island" project. This will include a fashion academy and a convention center.

### Customer Satisfaction (CS) Management Network

IIAC classifies its customers into passengers, logistics, and support. This enables us to offer customized services by type and develop customer satisfaction (CS) management networks so that the various operators at its facilities-including airport-based organizations, airlines, ground-handling service providers, and tenants at commercial facilities-can provide the most efficient and effective services possible to their customers.

### Social Contribution Activities

IIAC has selected communities and the environment as its core social contribution areas as a means of demonstrating its commitment to improving the cultural, educational, and welfare milieus in its neighborhood. The company has also decided to focus on unique projects at each school in lieu of engaging in simple support and patronage activities.

### "Win-Win" Partnerships

IIAC has formed strategic partnerships by implementing service level agreements (SLAs) with its business partners in charge of airport operations. This helps its staff provide the highest-possible level of services and increases values for its stakeholders. The company also protects their rights through a variety of communications channels.

### Family-Friendly Management

IIAC has developed a series of corporate culture programs. These include a master plan for "family friendly" management, a revamped personnel system, and an improved employee benefits program. In addition, it offers an employee assistance program (EAP) to assist its workers with both professional and personal problems.

### Retention of ISO 14001 certifications for airport construction and operations

IIA has been awarded an ISO 14001 certification for both airport operations and airport construction and is continuously upgrading its environmental management levels after having decided on overall environmental goals and performance indicators. In addition, IIAC has chosen an independent organization to check the effects of its operations on the environment.

### Efforts to Prevent Global Warming

IIAC is committed to preventing global warming through efficient energy management. For example, its electricity and heat usage volumes have been on a dramatic downturn. In addition, its electricity expenses have fallen by KRW 0.4 billion on an annualized basis through the implementation of an aircraft lighting control system.

### Gray water retreatment facility for efficient use of water

IIAC is using water efficiently by operating a grey water retreatment, which enables it to reuse sewage. This prevents environmental pollution and also saves the equivalent of about KRW 1.5 billion annually.

### Green Communications

Local residents, associations, and environment-related surveillance bodies are actively participating in the operation of IIAC's environmental management facilities. The company also offers invitation and voluntary service activities targeting the residents of island areas in its neighborhood. In addition, it participates in a variety of environmentally friendly communications activities. These have included holding environmental photography exhibitions at its passenger terminals and the screening of "An Inconvenient Truth" in cooperation with the Korea Green Foundation.



“We will grow into a world-class company by increasing values for all our stakeholders-including customers, investors and shareholders, the nation and its communities, and our employees.”

The opening of Incheon International Airport on March 29, 2001 was a source of immense hope and pride for the Korean people. Since then, it has been ranked as the Best Airport Worldwide by the Airports Council International, in the world's top ten in terms of international passenger volume, and second in terms of international cargo volume. Although the airport has been noticeably successful in its drive to evolve into a world-class facility, it cannot rest on its laurels in the light of circumstances elsewhere. Surrounding airports, including those in China, Hong Kong, and Singapore, are also striving to develop into regional air hubs, because they realize that airports are core factors in advancing a nation's competitiveness. To cope with this trend and cement its position as the representative logistics air hub for northeastern Asia, IAC has developed “Vision 2010,” its long-term management strategy.





# Vision 2010

A Strategy for Sustainable Management

## Financial responsibility

As IAC continues to improve its airport services, it creates new paradigms for airport operating systems through its innovative management and company-wide sharing of ideas. By working with all its stakeholders, the company is developing new foundations for sustainable growth.

## Social Responsibilities

IAC is maximizing its customer values by providing “Exciting New Experiences” and building “win-win” relationships with its business partners. It is also committed to sharing with neighboring communities and creating a corporate culture that recognizes the value of families and its female employees.

## Environmental Responsibilities

IAC’s commitment to the environment is shown in its acquisition of an ISO 14001 certification. It is dedicated to environmentally sustainable growth and the prevention of pollution.

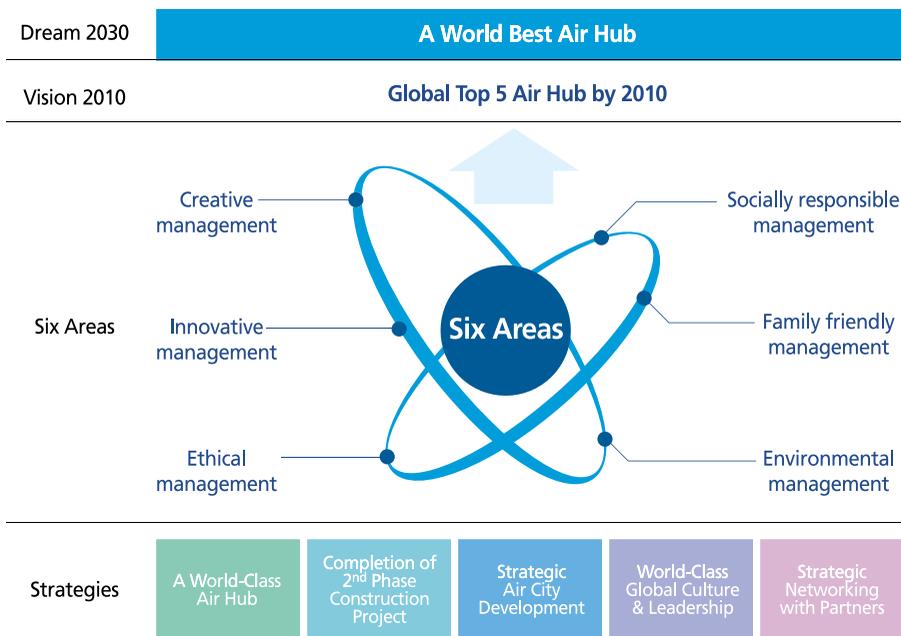
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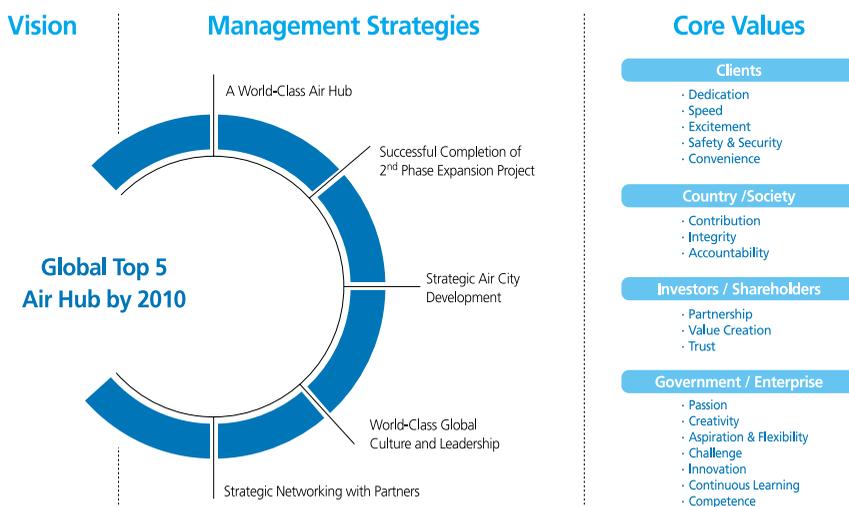
## Sustainable management

In July 2006, IAC created "Vision 2010" as its vision and strategy for sustainable management. It focuses on six areas-ethical management, creative management, innovative management, socially responsible management, family friendly management, and environmental management. The company also set up "Dream 2030," an even longer-term vision and strategy, to continue its growth curve. It is based on forecasts and prospects for future changes in its management environment until 2030.



## Vision 2010

IAC plans to grow into a world-class, "top 5" air hub by 2010 by continuously creating new values for all its stakeholders-including customers, investors and shareholders, the nation and its communities, and its employees.



**Global Top 5 Air Hub by 2010** Become part of the global "top five" as a world's best air hub by 2010

## Strategies for Sustainable Management

IIAC practices sustainable management through its mid-to long-term master plans. These have been derived from five mid-to long-term strategies and core tasks with the goal of accomplishing the ends delineated in "Vision 2010."

Five Strategies	A World-Class Air Hub	Completion of 2 <sup>nd</sup> Phase Construction Project	Strategic Air City Development	World-Class Global Culture & Leadership	Strategic Networking with Partners
Mid- to long-term master plans	<ul style="list-style-type: none"> <li>Route marketing strategies</li> <li>Logistics roadmap</li> <li>U-airport strategies</li> <li>CS management roadmap</li> <li>Customer analysis</li> <li>Brand strategies through arts and culture</li> </ul>	<ul style="list-style-type: none"> <li>Pursue second-phase airport construction</li> <li>Mid- to long-term airport development strategies</li> <li>Innovative strategies for the airport construction project</li> </ul>	<ul style="list-style-type: none"> <li>Dream World project – six clusters</li> </ul>	<ul style="list-style-type: none"> <li>Corporate culture &amp; sentiments</li> <li>Comprehensive measures to heighten transparency</li> <li>Improve personnel management</li> <li>Improve on bidding systems</li> </ul>	<ul style="list-style-type: none"> <li>Improve on outsourcing</li> <li>Mid- to long-term PR strategies</li> <li>Branding strategies</li> </ul>

## 5 Strategies World-class Air Hub

IIAC is continuously expanding its aviation routes, mainly by creating incentives for airlines to expand their services. It is also maintaining its competitiveness as a world's best logistics hub through the development of its 926,760m<sup>2</sup> second-phase logistics complex. In addition, it is working to increase transfer traffic by pushing for a transfer rate of 20% by 2010 through improvements in its connectivity and transfer services. Some of the company's other activities include developing business models targeting China and building a logistics network for the pan-West Coast area. This links China with Incheon International Airport and Incheon Port with the Gaeseong complex in North Korea, and its goal here is to accommodate the rapidly increasing volume of air cargo from China. It is also dedicated to differentiating its competitiveness from that of neighboring airports through dramatic innovations to its logistics services. These efforts include establishing advanced logistics information systems and providing superior cargo services to advanced overseas airports as part of its Cargo Plus 2 Project. IIAC is also aiming for a differentiated CS management structure by developing a U-airport based on cutting-edge IT technologies-such as bio-information systems and Fast Track Service.



## 5 Strategies Completion of 2<sup>nd</sup> Phase Construction Project

IIAC has been engaged in its second-phase construction project since 2002 as part of its goal of securing a competitive edge with neighboring airports and becoming a logistics air hub for Northeast Asia. This project will cost KRW 3.9 trillion, and it plans to complete 88.2% of it by 2007. The second-phase operations will begin in early 2008, followed by trial operations.

The company is also seeking to reduce its operational costs through exhaustive budgetary management, improvements to its bidding systems, and quality management systems. Other goals are to attain a zero accident rate by enhancing its accident prevention activities and managing its operational processes in a transparent and systematic manner.



Runway III and apron



Concourse A



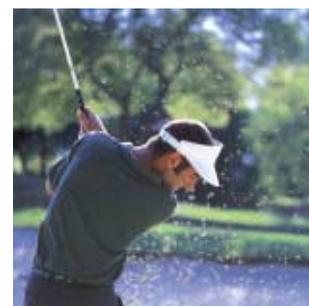
IAT facilities (IIAC Star Line)



BHS facilities

## 5 Strategies Strategic Air City Development

IIAC's ultimate goal is to become a logistics center and business base for Northeast Asia. Part of this includes the development of an air city combining tourism, leisure, international business, convention, shopping, rest and relaxation, and medical functions. This should attract visitors from China (up to an estimated 0.1 billion people by 2020) and create new demands from other foreign tourists. This development will focus on six clusters (Fantasy World, Fashion Island, Water Park, Eco Park, Medical Hub & 8-Star Village, and Ocean Landmark) on a site of about 12,551,500m<sup>2</sup>.



## 5 Strategies World Class Global Corporate Culture & Leadership

As part of its efforts to become a globally-competitive airport company, IIAAC is strengthening the transparency of its management by improving the transparency of its bidding and contracting processes while establishing a corporate culture of integrity. All of these goals will be based on the company's comprehensive plans to heighten its transparency. It is also encouraging effective management innovations where its business operations have a direct and demonstrable connection to them by systematically linking all of its innovation tasks with company-wide visions and management strategies, grounded on its master plans for management innovations. The company is also seeking to nurture talented, value-creating people with experience and expertise in the international arena by concentrating its innovation competence in three areas: establishment of performance and capabilities-centered human resources, development of talents, and customer service. Meanwhile, it is creating differentiated airport services that exceed customers' expectations. It is also fostering a healthier corporate culture through "family friendly" management (including an enhanced work-life balance and women-friendly approaches) while developing a "win-win" labor-management culture by strengthening partnerships with its business partners.



## 5 Strategies Strategic Networking with Partners

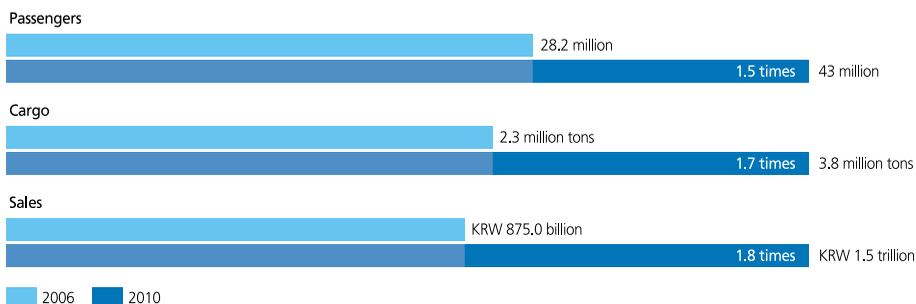
IIAC is striving to consolidate its position as a world's best airport by establishing meaningful and cooperative relationships with such airport-related stakeholders as international organizations, airlines, the government, nearby communities, and its business partners. Included in this process are specialized social contribution activities for airport-stationed employees and local residents; these include the Incheon Sky Festival, a reproduction of traditional Korean forests, community welfare and culture halls, and specialized projects for neighboring schools. The company is also working to make the airport a representative brand within Korea by strengthening its vision and brand identity (BI) and putting a coherent image brand into practice. In addition, it is seeking to attract international conventions, such as ACI Asia-Pacific Regional Conference and the World's Best Airports Forum.



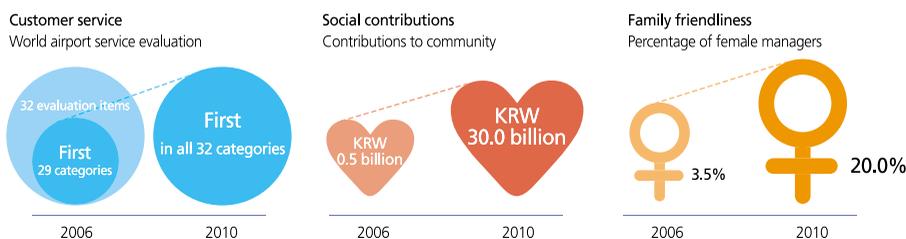
## Goals for Sustainable Management

Incheon International Airport's goal is to become a world's "top 5" airport by 2010 by creating values for all its stakeholders in such areas as the economy, society, and the environment. In economic terms, it will evolve into an air hub for Northeast Asia, with 1.5 times the number of passengers (or 43 million people), 1.7 times the volume of cargo (or 3.8 million tons), and 1.8 times the value of sales (or KRW 1.5 trillion) that it currently enjoys. This goal will be achieved through creative and innovative management techniques, such as strategic airport development, growth in new businesses, and the maximization of its overall operations. In social terms, it will fulfill its responsibilities as a corporate citizen through ethical, socially responsible, and "family friendly" management. In terms of the environment, IIAC will minimize the ecological impact of its operations and become an environmentally friendly facility.

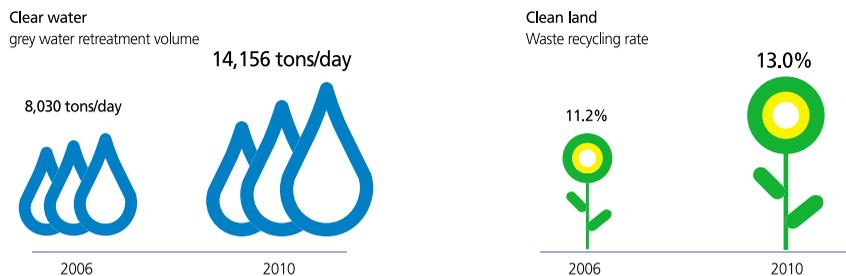
### Economy



### Society



### Environment



## Sustainable Management

IIAC is committed to sustainable management. The Corporate Planning Division has general charge of sustainable management operations, while the Community Relations Group is responsible for social contribution and environmental management-related matters. Its sustainable management practices are grounded upon communications with its stakeholders; for example, it conducts interviews with focus groups of specialists while also reflecting the opinions of its stakeholders through such forums as ASQ airport service evaluations, VOC management, surveys of customer satisfaction with commercial facilities, and airport-stationed employee satisfaction studies.



## Efforts to Encourage Sustainable Management

IIAC is devoted to sustainable management on a company-wide level. The company's CEO has expressed his commitment to this concept, and is encouraging its growth through such means as workshops for executives and group heads, in-house MBA programs, and education for new workers. In addition, he often participates in outside lectures.



- "4T CEO Course" at Seoul School of Integrated Science and Technology, February 21, 2006  
– Title: "Examples of sustainable management at IIAC"



- Lecture at Future Forum, May 4, 2006  
– Title: "Our quest to be a world-class airport"  
Stressed a " " society founded on transparency and trust"



- "4T CEO Course" at Seoul School of Integrated Science and Technology, October 24, 2006  
– Title: "Sustainable management at IIAC"



- CEO Course at Kookmin University Graduate School of Public Administration, October 26, 2006  
– Title: "Sustainable management at IIAC"

- Inha University Graduate School of Business Administration, November 23, 2006  
– Title: "The road to becoming a world's best air hub"  
"Corporate transparency and ethics must be guaranteed for sustainable management to occur"

- Others: BEST Forum (twice), General Assembly of the Council for the Korean Pact on Openness and Transparency (three times)

# Dream 2030

Invitation to the future

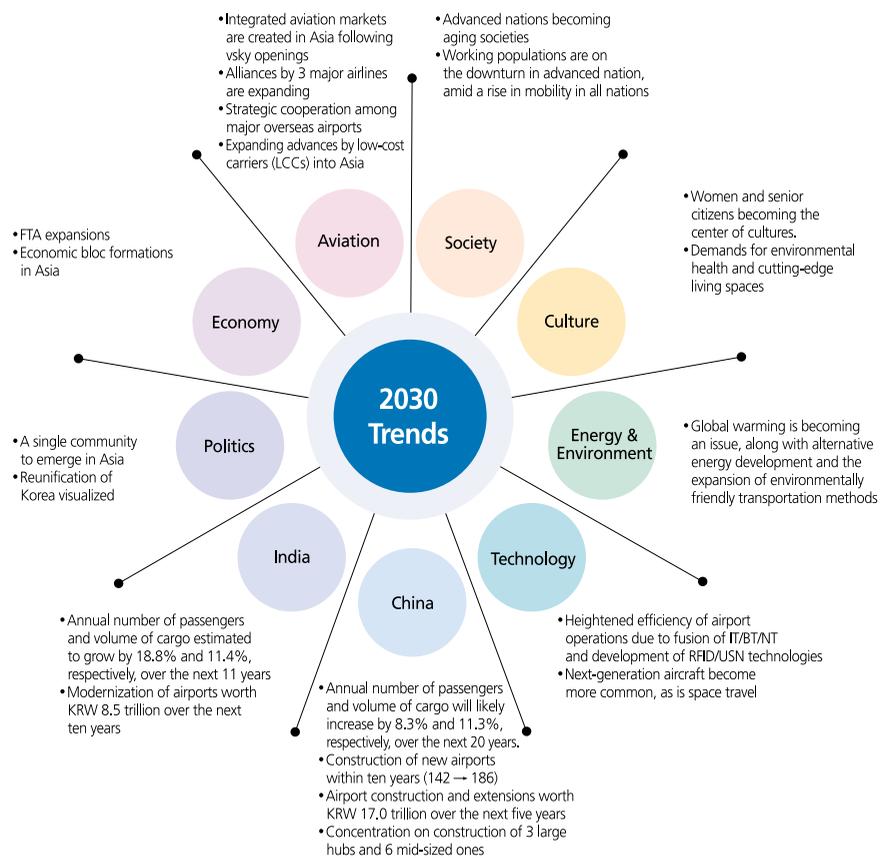
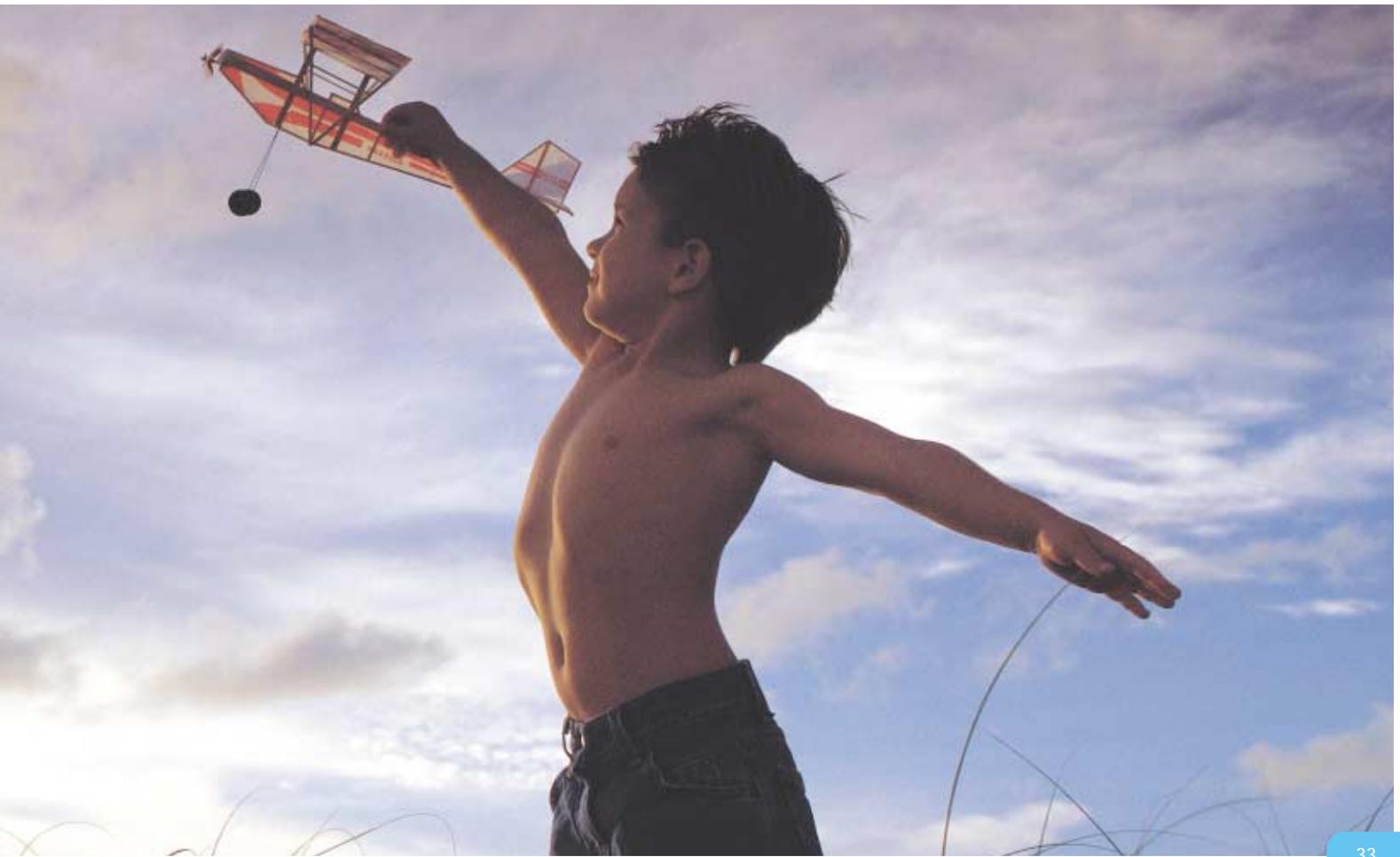
32

Air hubs are expected to become new engines for national growth in the 21<sup>st</sup> century. As a result, countries throughout the world are engaged in developing them by expanding their facilities, investing in infrastructure, and preparing long-term growth strategies. Incheon International Airport is also determined to grow into a world's best air hub. This is why the airport initiated "Dream 2030," its long-term vision and strategy for sustainable growth.

## Changes in future management

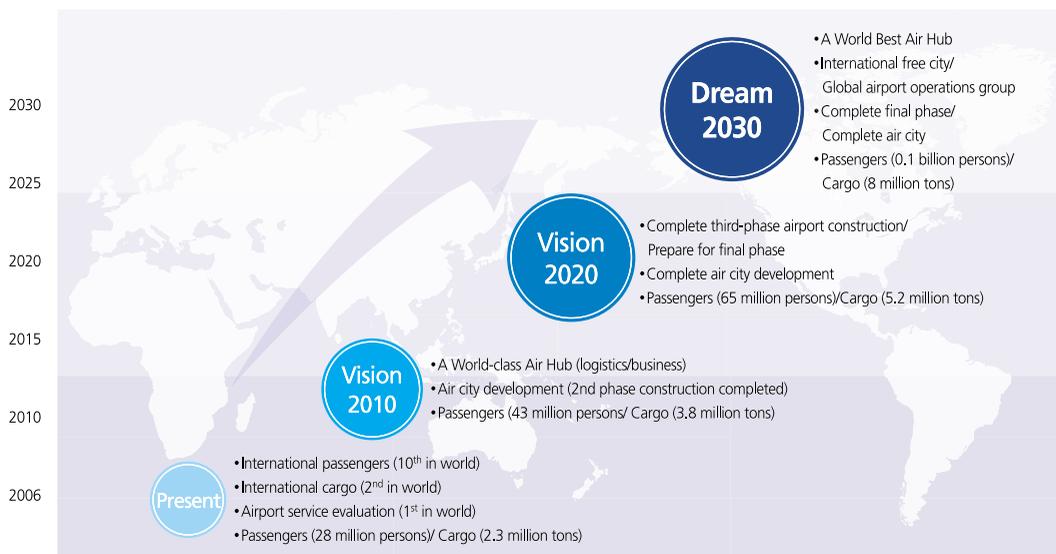
The trend towards the formation of blocs in the world's economies will likely intensify in the future in tandem with the spread of free trade. One of these may well emerge in Asia, to be led by China and India. An integrated air transport market will likely be launched in the Asian region as well, comprising the three nations of Northeast Asia, ASEAN (Association of Southeast Asian Nations), and India.

In addition to this, cutting-edge technologies that are represented by the IBNT (IT+BT+NT) will likely be widely utilized in the airport operations sector, while space tours are expected to become more common as non-military spacecraft development becomes more commercialized. Meanwhile, women and senior citizens are becoming more powerful segments of society, the middle classes of emerging markets are rising as consumer powerhouses, and demands for the health of the environment and an improved the quality of life are expanding. These societal changes will doubtless challenge the aviation industry, forcing it to adapt to new visions and environmental changes.



## Goals for Future Growth

“Dream 2030” is IIAC’s blueprint for the future. It is based on insights into the future by world-renowned scholars in such fields as politics, the economy, society, culture, the environment, technology, the air transport industry, and airport development policies of competitor nations.



## Dream 2030

With “Dream 2030” and its six visions, IIAC will realize its goal of becoming a world-class, “mega” air hub-Long-term strategic targets include: Global airport networks, Infrastructure & systems to meet future demand, Customer-oriented airport operations, Developing high-value business models creating value, Northeast Asia’s logistics chain for reunification of Korea, and Dream World City.



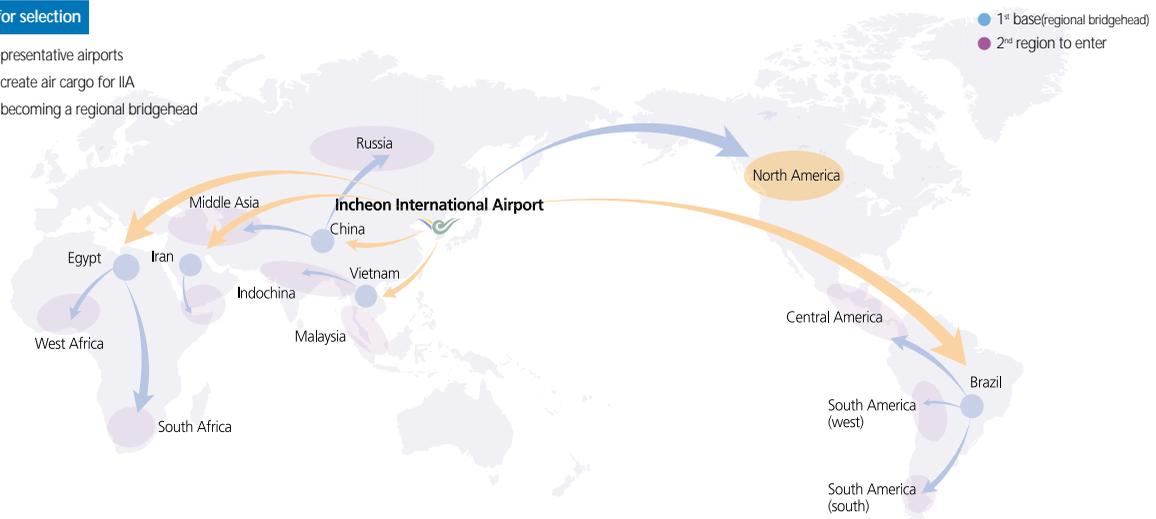
## Six Strategies

### Global Airport networks

IIAC will build a global network linking major base airports throughout the world. First, it will advance into all base airports in the world- including those in China and India-through cooperation, consulting, forming strategic alliances, direct investments, and M&As. Incheon International Airport's development and operating models will develop into "world's best" products at the same time as it fosters partnerships with global investment banks and other professional enterprises at home and overseas. It will also position itself as a leading global airport group by connecting with other bases throughout the world and developing new demands for transfers and other services.

#### Standards for selection

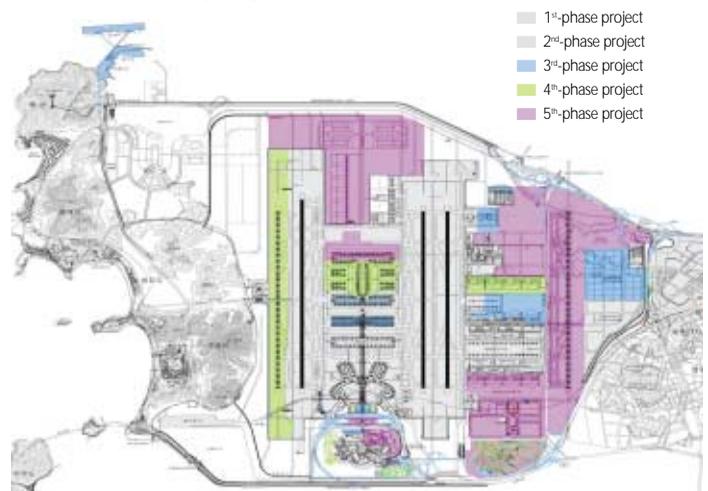
- Regionally representative airports
- Possibility to create air cargo for IIA
- Possibility of becoming a regional bridgehead



### Infrastructure & systems to meet future demand

IIAC intends to develop its facilities stage by stage to cement its competitive edge in the Asia-Pacific aviation market and cope with future changes in the air transport environment. Demand for IIAC's services will exceed its present capacity by around 2015, while the number of passengers and the volume of cargo are estimated to reach 65.0 million and 5.2 million tons, respectively, in 2020 and 0.1 billion and 8.0 million tons in 2030. This will necessitate third-phase construction beginning by 2015. Part of its long-term goal is to develop multifunctional terminals, such as VIP and LCC, to cope with this increased demand. In addition, it will establish environmentally friendly operational systems--including alternative energy.

### Construction plans by stage



### Customer oriented airport operations

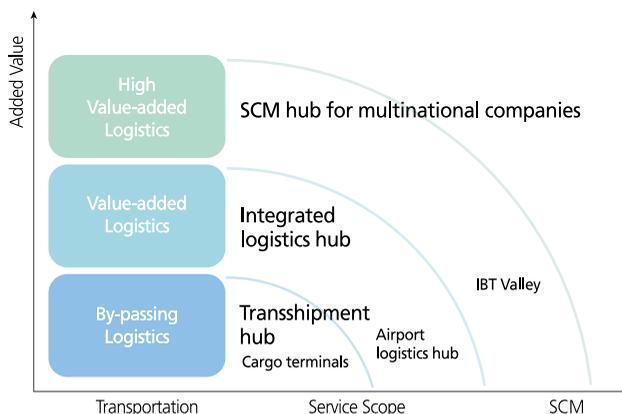
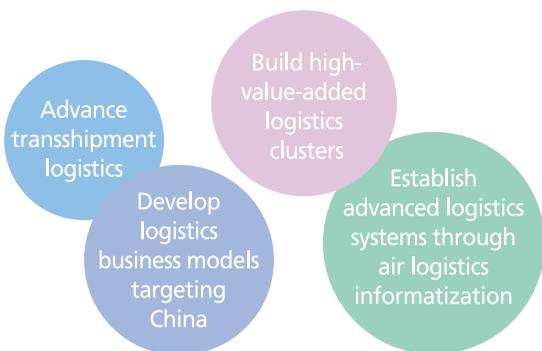
IAC will develop new paradigms for airport services by concentrating its efforts on future-based, fully-customized services. In addition, it will provide differentiated airport services by market, customer segment, and need, thereby reflecting the importance of emerging markets (represented by BRICs and VISTA) and new social trends (such as rising desires for well-being, societal advances by senior citizens and women, the propensity to consume, and cultural preferences). IAC will also apply new IBNT technologies-including biometrics, intelligent robots, RFID, and Ubiquitous Sensor Network (USN)- to all its operations to realize a truly "ubiquitous" airport boasting state-of-the-art technologies and customer services.



### Developing high-value biz models creating value proposition

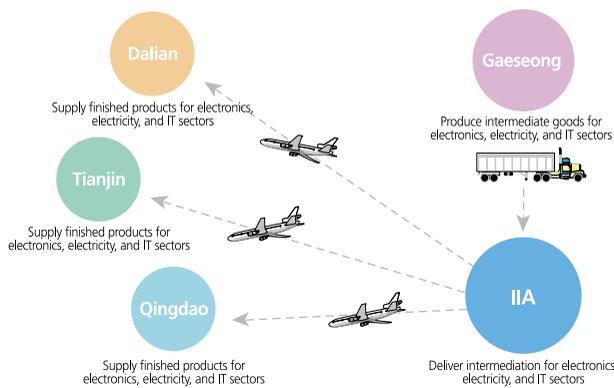
IAC will develop a high value-added logistics hub offering differentiated services. These will include cargo routes for emerging markets, state-of-the-art facilities for global logistics companies, and measures to cope with changes to its operating environment-including a decline in domestic cargo due to improved industrial structures, a trend toward multiple hubs for air logistics, and steady growth in China's and India's logistical capabilities. In addition, it will develop high value-added industrial clusters in such areas as aircraft repair and components and cutting-edge IBT. In order to gain more cargo volume from base regions in China (including Beijing, Tianjin, the Northeast Asia region, Wuhan, Chengdu, and 3 northeastern provinces), it will develop logistics models linking Korea, China, and Japan by "air & air" and "sea & air." IAC will also open a new chapter for cooperation with China by constructing an on-site logistics center for Chinese companies.

The final effect of these actions will be to establish Incheon International Airport as a global supply chain management (SCM) hub comprising local industrial clusters along with the Gaeseong complex in North Korea and the Korea-China-Japan and Asia-India regions.



## NE Asia's Logistics Chain for Reunification of Korea

IIAC plans to establish operational structures in preparation for a unified Korea. This will include special economic zones in North Korea linking China and Japan and connecting with transcontinental railways in Siberia and China, thereby enabling both Koreas to share Incheon International Airport's logistics synergies. In addition to this, it will develop and operate airports in cooperation with the two nations while providing a blueprint for a "Pan-Korean peninsula airport network" with Incheon International Airport at its hub.



## Dream World City

IIAC will develop Incheon International Airport into the finest business/tourism/leisure hub in Northeast Asia. The company envisages developing its facilities into an air city consisting of six clusters (international business/conventions, shopping/entertainment, recreation/medical care) in a special district such as that presently accorded to Hong Kong and Macau. Meanwhile, IIAC will grow into a true international free city linking with Gangwon-Jeju, major tourist attractions in North Korea, and base cities in China and Japan.

**Wangsan Mountain (Ocean Landmark)**

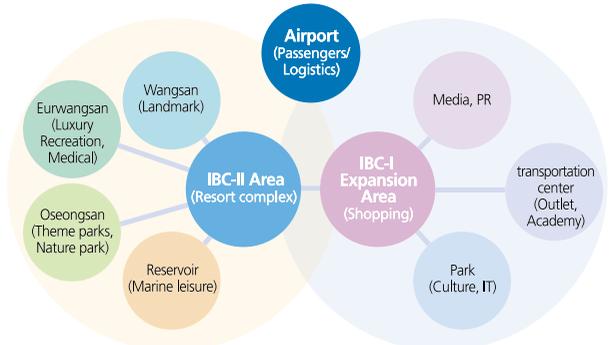
Korean-style landmark  
Piers, marine sports facilities

**Eurwangsan Mountain (Medical Hub)**

World-class medical complex  
Medical center/health promotion center

**Oseongsan Mountain (Eco-Park)**

Nature-friendly rest and relaxation  
Ecological park/Experience learning



**IBC-II (Fantasy World)**

World-class leisure complex  
Tourism/leisure/accommodations/  
business/conventions

**IBC-I second-phase (Fashion Island)**

Shopping and fashion clusters  
Fashion Complex/Air-City Park

**Southern Reservoir (Water Park)**

Mecca for marine sports  
Motorboat racing training center

VALUE CREATOR





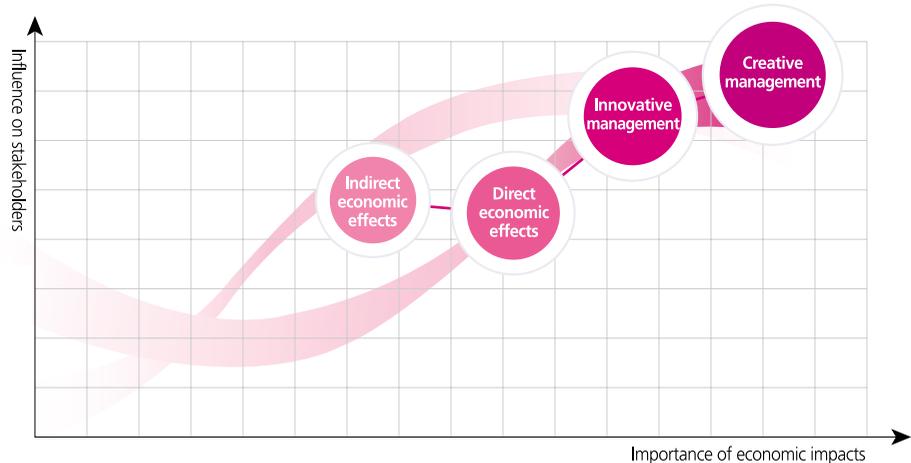
# ECONOMIC PERFORMANCE INNOVATION AND CREATIVITY



DMA for Economic Performance	40
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# DMA Economic Strategy & Performance

## Disclosure on Management Approach



### Values for Stakeholders >>

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#### Economic Values

IIAC is committed to creating stakeholder values by operating in a manner that allows us to meet the challenge of rapid changes in the aviation industry. In addition, the company is striving to generate new added values for its stakeholders through the development of future-oriented business structures and an insistence on company-wide innovations.

#### Value Indicators

IIAC evaluated the importance of economic impacts and their influence on its stakeholders, using the nine indicators of the G3 guidelines and the ten indicators of the BSR guidelines as its primary bases. The following areas were judged to be the most important value indicators: the creation and distribution of direct and indirect economic values, innovative management, and creative management.

### Results >>

#### Has grown into the world's best airport in terms of operations

Incheon International Airport has steadily evolved into a world-class airport since its opening in March 2001. For example, it has been ranked second in the world in terms of international cargo volume and a world's "top 10" in terms of passenger volume. In addition, the airport was named the "Best Airport Worldwide" in the Airports Council International (ACI) "Airport Service Quality Awards" for two consecutive years and the "Best Airport Asia-Pacific" by the Air Transport Research Society (ATRS).

#### Achieved financial soundness

IIAC realized a positive net income in 2004, four years earlier than expected, as the result of a continuing rise in demand for its services. Since then, the company's annualized net income has continued to be in excess of KRW 100.0 billion. In 2006, total sales were KRW 875.2 billion. This was used to pay down operating expenses of KRW 395.2 billion (44.9%), capital costs of KRW 174.7 billion (19.9%), wages and employee benefits of KRW 41.0 billion (4.7%), and taxes of KRW 52.0 billion (6.0%).

#### Innovative management: suggesting new paradigms

Since its newest CEO took office in 2005, IIAC has developed new management innovations and five action plans. In 2006, the company implemented a set of company-wide strategies, including a master plan for management innovations, human resources systems focusing on talent development, performance, and capabilities, and customer service improvements. As a result, 404 people visited Incheon International Airport for benchmarking, its service and operations system was hailed as an "Excellent Practice for Benchmarking" by the Office of Government Policy Coordination, and it was honored with a Presidential Commendation.

#### Creative management: generating new values

IIAC has been preparing to become a logistics air hub for Northeast Asia by opening a free trade zone. In order to maximize its operational efficiency after the completion of second-phase construction, the company is working to resolve the problem of peak-time congestion, initiate late-night flight services, and relocate airlines and commercial facilities. In addition, it has developed a road map for its "Dream World" project of building an air city; it includes signing an MOU with the French Fashion Association for development of the "Fashion Island."



**Economic Performance Structure** >>

**Economic performance through innovation and creativity**

Airport operation	Management innovation	Creative management
Operational results (aircraft operations, passenger transport, cargo transport)	Strategic management innovation	Strategic airport development
Create and distribute direct /indirect economic values	Spread management innovation	Maximize operational efficiency
	Results of management innovation	Develop new businesses

**Future Plans** >>

**Position as a logistics air hub in Northeast Asia**

Incheon International Airport is developing innovative, future-oriented business structures to help it secure advantages in competition with neighboring airports and grow into a logistics air hub for Northeast Asia. When its sustainable management strategy, "Vision 2010," is realized, the airport will evolve into a true air hub, with 43.0 million passengers, 3.8 million tons of cargo, and sales of KRW 1.5 trillion. As a result, it will become a new growth engine for the Korean economy, generating production and value-added inducement effects of KRW 40.0 trillion and KRW 21.0 trillion, respectively.

**Encourage company-wide innovation activities**

IIAC will develop management innovation structures through the five management strategies and 248 action plans contained in "Vision 2010."

**Creative management: developing foundations for sustainable growth**

IIAC wants to develop a new airport model-one that combines excitement, satisfaction, logistics, business, and culture. To achieve this goal, it will implement its "Dream World" project to generate a new tourism demand of 10.0 million people. The company will also maximize its operational efficiency, mainly by spreading out demand during peak hours and building a U-airport.

Other plans include developing base airports and using the expertise and experience it has gained in its own operations to advance into overseas airport projects.

# Creating sustainable values by dealing with environmental change

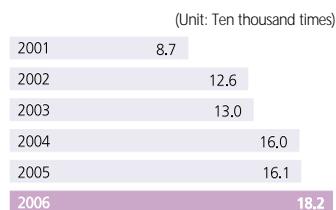
Incheon International Airport has used innovative and creative thinking to fuel continued strong growth-even in the face of such negative factors as SARS, the war in Iraq, and 9/11. However, while the company is justifiably proud that it grew into a leading world airport in only six years, it is also committed to creating new values by making continual changes to its internal and external operational environments.

## Results of Operations

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### Flight Operations

The number of flights in 2006 was 182,007 (177,841 international, 4,166 domestic) with a daily average of 499 (487 international, 12 domestic). These numbers increased last year at a rate of 13.2%, while the overall growth average since 2001 is 10.4% (based on international flights only).



### Passenger Traffic

28,191,116 passengers used Incheon International Airport in 2006. 27,661,598 of them took international flights, while 529,518 took domestic ones. The number of transfer passengers rose by 10.0% year-on-year to 3,359,794, while its passenger transfer rate edged up by 0.2% to 12.1%. The airport's passenger transport numbers climbed by 8.2% over the year, maintaining its rate of solid growth. This was attributed to the "Korean wave" in Southeast Asia and increased overseas travel by Koreans. One aim of its "Project 20/10" is to grow the transfer rate even more.



### Cargo Volume

2006 cargo volume (including freight and transshipment freight and mail but excluding baggage) totaled 2,336,572 tons. This equates to an average of 6,402 tons a day, and is 8.7% more than a year earlier. These figures include 2,336,108 tons of cargo carried on international flights and 463 tons on domestic ones. Transshipment increased by 18.2% over the year to 1,123,673 tons, with the transshipment rate standing at 48.1%-a rise of 3.9% year-on-year. Cargo volume growth has averaged 8.8% since 2001, making Incheon International Airport second in the world in terms of cargo volume after only six years of operation.



## Results of encouraging airlines vis-a-vis IIAC's plan to become an air hub



**63 airlines servicing 142 cities in 43 countries (based on departures)** IIAC is promoting proactive airline marketing activities by providing incentives for airlines that are beginning new services. As a result, nine new airlines are serving Incheon, making a total of 63 as of December 2006—a rise of 25.4% from 47 in 2001.

## Creation and Distribution of Economic Values

### Major Financial Results

Sales have increased by more than 10.0% year-on-year since its opening. This is due to a rise in flight demand and IIAC's efforts to create new earnings and despite such problems as high oil prices and a strong won. In 2006, sales amounted to KRW 875.2 billion, while assets and liabilities totaled KRW 7.4 trillion and KRW 3.8 trillion, respectively. Its debt-to-equity ratio improved by 57.2% (166.0%→108.8%) compared to 2001.

**Sales** (Unit: Billions of KRW)

2002	554.1
2003	592.9
2004	705.1
2005	792.5
2006	875.3

### Company-wide efforts to improve financial structure

As the result of in-depth financial analyses conducted in 1999, IIAC was expected to have a positive net income after 2008. The company achieved this goal in 2004, however—a full four years earlier. In 2006, net income increased by 17.1% to KRW 145.1 billion. This was led by earnings from aviation in the wake of rises in aircraft movements and passenger traffic.

**Net income** (Unit: Billions of KRW)

2002	-103.2
2003	-29.5
2004	149.5
2005	123.9
2006	145.1

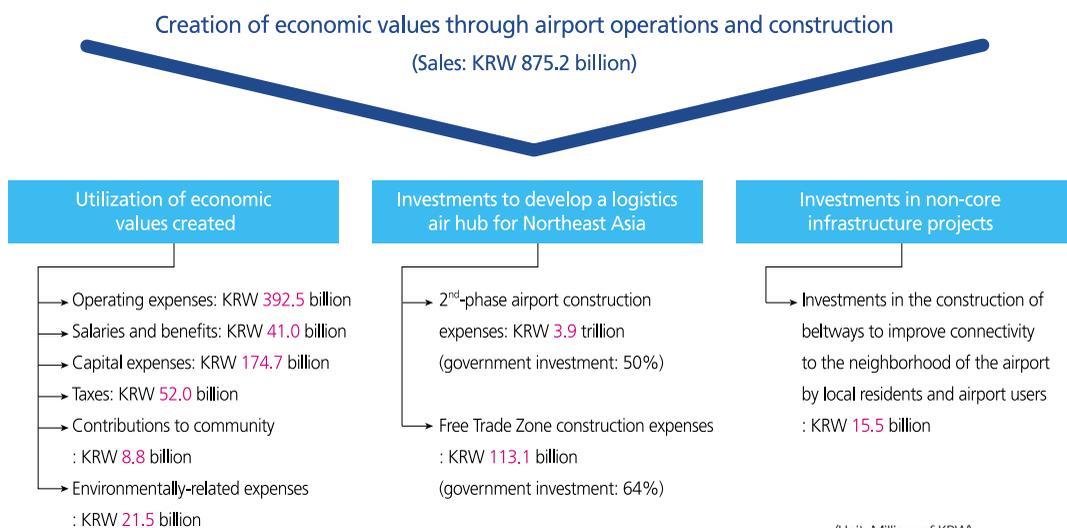
### Major Financial Indicators

(Unit: Millions of KRW)

	2002	2003	2004	2005	2006
Sales	554,113	592,909	705,117	792,549	875,256
Operating Income	148,132	177,541	275,889	343,792	406,406
Ordinary Income	-103,236	-29,521	114,060	175,551	202,013
Net Income	-103,236	-29,521	149,533	123,893	145,128
Total Assets	6,173,529	6,091,858	6,270,247	6,685,567	7,358,140
Total Liabilities	3,846,736	3,696,129	3,563,201	3,609,536	3,834,958
Total Shareholders' Equity	2,326,793	2,395,729	2,707,046	3,076,031	3,523,182

## Distribution of Economic Values

Total sales in 2006 were KRW 875.2 billion, 64.8% of which was used to defray operating expenses and capital costs. The surplus--after deducting for operating expenses, salary and benefits, capital costs, taxes, and contributions to nearby communities--totalled KRW 205.9 billion, which was distributed among IIAC's shareholders. The following graph shows the distribution of major economic values for the last three years.



(Unit: Millions of KRW)

	2004	2005	2006 <sup>2)</sup>
<b>Economic values generated</b>			
Sales	705,117	792,549	875,256
<b>Utilization of economic values generated</b>			
Operating expenses: manufacturing costs, purchasing expenses for supplies, buildings, and land	349,420	364,862	392,563
Salaries and benefits: wages, employee benefits, etc.	37,988	40,598	41,077
Capital costs: interest, dividends, etc.	177,893	169,196	174,729
Taxes: income taxes, local taxes, etc.	11,035	16,297	52,083
Contributions to communities: donations and other costs	104	4,728	8,854
<b>Surplus economic values</b>	<b>128,679</b>	<b>196,951</b>	<b>205,959</b>

## Economic Impacts Generated by Incheon International Airport

Incheon International Airport handles 80% of the international passengers entering and departing from Korea. It is also the nation's largest gateway for trade, with the value of export/import cargo amounting to USD 155.8 billion. IIAC analyzed the impacts of its operations on the domestic economy by using a variety of inducement coefficients contained in an inter-industry relations table. The results showed that the production and value-added inducement effects will reach KRW 40.0 trillion and KRW 21.0 trillion, respectively, by 2010. IIAC applied what it considered to be a reasonable coefficient of 18.8% to the overall effects of national economic inducements to analyze its economic impact on the Incheon area. The results showed that its production, value-added, and employment inducement effects will be KRW 7.6 trillion, KRW 4.0 trillion and 0.5 million persons, respectively, by 2010.

1) IIAC's surplus was higher than its net income of KRW 145.1 billion because some expenses were listed as economic contributions rather than expenses.

2) Figures for 2006 were calculated at year-end, as per the GRI Indicator Protocols for G3 Guidelines.

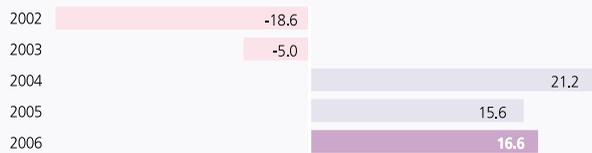
3) The airport's economic impact on the Incheon area was calculated to be 18.8%. This figure was arrived at by taking into consideration the 2004 gross regional domestic product (GRDP-Seoul, 23.1%, Gyeonggi, 19.9%, and Incheon, 4.7%) and the transportation industry's growth in the Incheon area, both before and after the airport's opening (202%).

## Financial Highlights 2006

### Profitability

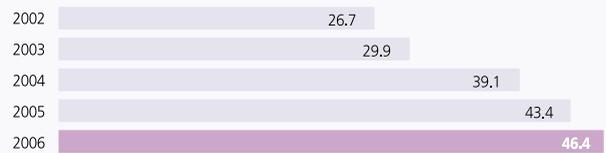
#### Net income to net sales

(Unit: %)



#### Operating income to net sales

(Unit: %)

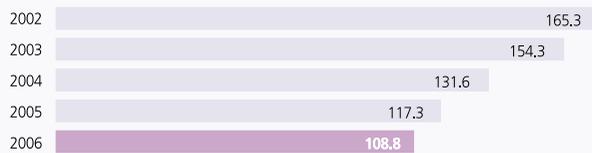


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### Stability

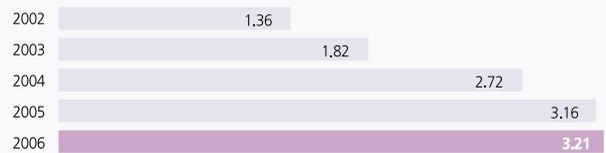
#### Debt-to-equity ratio

(Unit: %)



#### Interest coverage ratio (based on EBITDA)

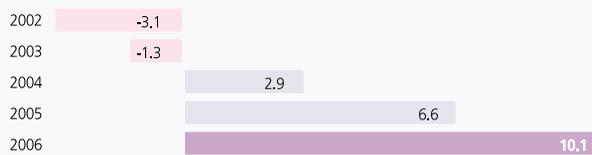
(Unit: times)



### Growth potential

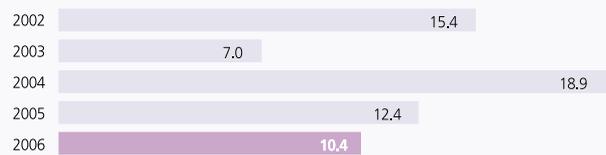
#### Change in total assets

(Unit: %)



#### Change in sales

(Unit: %)



# Innovations: Plans for accomplishing “Vision 2010,” IIAC’s sustainable management plan

Innovation is essential for the survival of companies in any rapidly changing operating environment. IIAC’s strategy for realizing the goals of “Vision 2010,” its long-term management plan, is based on selection, concentration, and change-all, of course, based on mutual trust.

## Innovation Strategies

### Innovative management in linkage with corporate visions and strategies

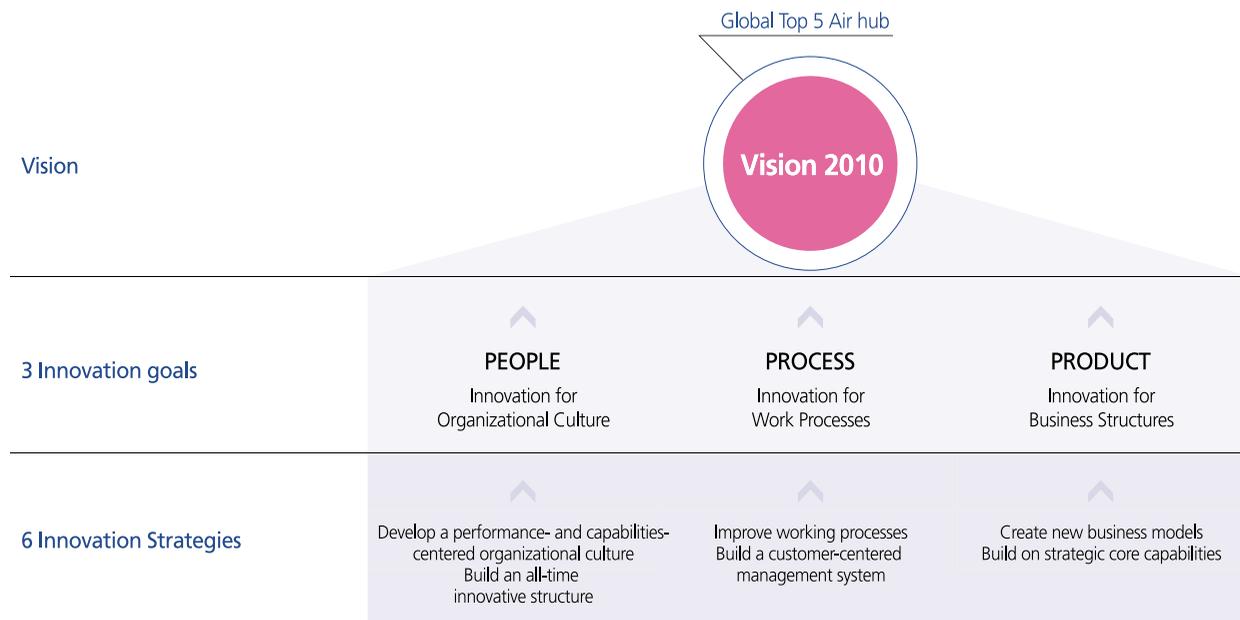
Innovation is part and parcel of IIAC’s company-wide plans and strategies. When seen as tools and supports that will promote and dovetail with its overall plans and strategies, even everyday tasks become innovation functions. In addition, all of the company’s business activities must be based on innovative thinking to ensure that its operations are as effective and efficient as possible.

### Mid-to long-term management innovation systems

“Vision 2010,” IIAC’s sustainable management plan, comprises 59 action plans, 215 tasks, and 33 master agendas. Each one functions as a core action strategy driving managerial innovation.

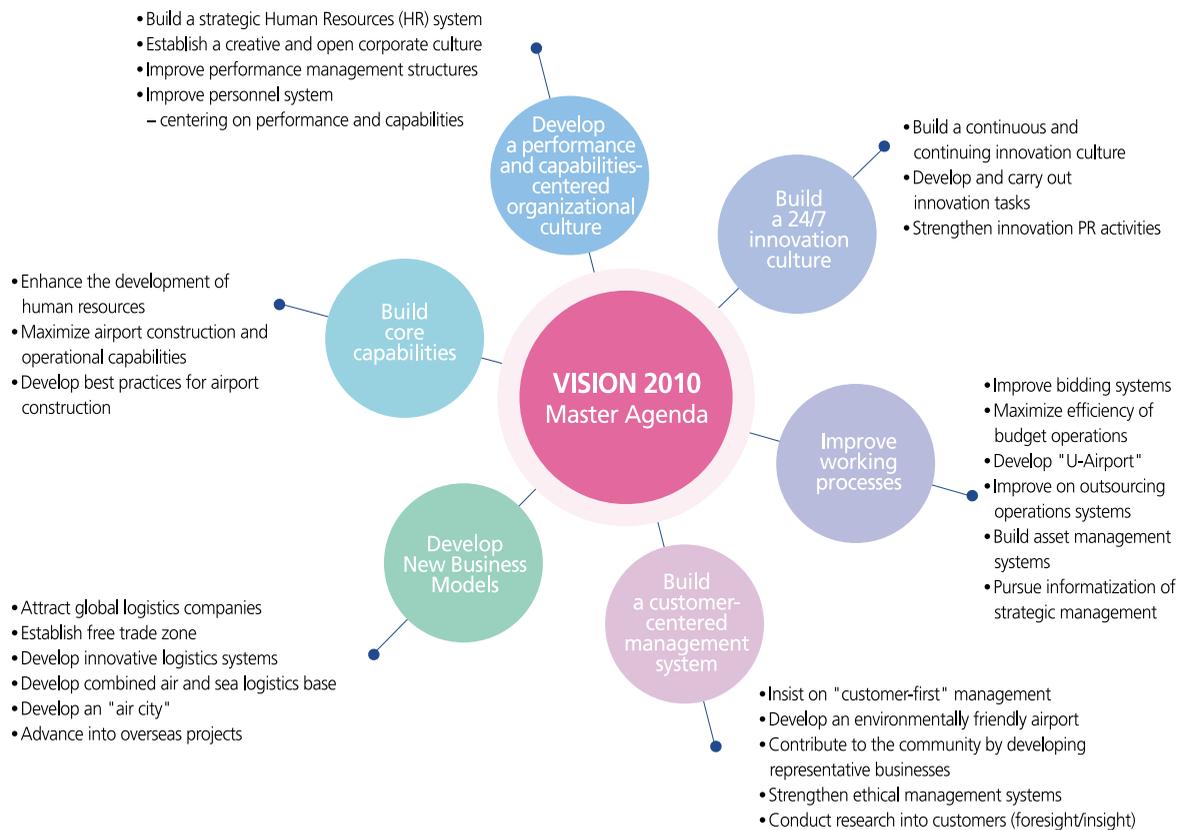
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### Innovation Structure



## Accelerate pursuit of innovation working tasks

Management innovation leads to company-wide reform and change. IIAC has set up three innovation goals-Innovation for Organizational Culture, Innovation for Work Processes and Innovation for Business Structures, targeting 3 Ps-People, Processes and Products. These are the three elements of corporate management. The company will accomplish its goals and strategies by adhering to the action plans and master agendas contained within "Vision 2010" and pre-existing tasks contained within its 2006 management plan. When taken together, this amounts to a grand total of 248 tasks.



## Reorganize and expand organization to effectively pursue innovation

IIAC has formed a Corporate Policy Initiative Group, consisting of four teams, to pursue company-wide innovations in a systematic manner. In addition, the company participates in off-site educational and training programs, such as innovation planning specialist courses, innovation brand-building seminars, and workshops on innovative, "win-win strategies." The goal of these activities is to strengthen the capabilities of all its divisions and employees. IIAC developed an innovation infrastructure and strengthened its commitment to innovation by setting up a company-wide organization composed of employees in charge of management innovation tasks and related operations. This will ensure that it can carry forward management innovations with the full support of all its workers.

## Efforts to encourage innovative thinking and behavior



### Held innovation conferences

Every quarter, IIAC shares examples of successful innovations by division and team. This encourages the development of a company-wide innovative atmosphere.



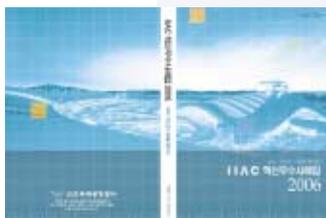
### Held briefings on half-term and year-end management results

IIAC held half-term briefings on its management results in August of last year and year-end ones in December. These sessions provide the company with the foundations for continuous and systematic innovations by sharing and examining outstanding results.



### Held education and training programs to strengthen innovation capabilities

IIAC operated training programs to strengthen its innovation capabilities (including such techniques as Six Sigma) in October and November of 2006. These were targeted at executives and team leaders, encouraging them to work in terms of innovation methodologies and mindsets.



### Published a collection of examples of excellence in innovation

In December, IIAC published a booklet called "Excellent Innovation Cases 2006," which enabled it to share a variety of innovation examples that each division had pursued. These were also discussed at a briefing session.

## Sharing Innovative Ideas and Actions

IIAC's innovation targets included the conveyer belts at the baggage check-in counters. These huge belts run for a total of 21 kilometers, and they must be replaced when they are contaminated or damaged. At first, the company attempted to clean them individually, but later it developed a machine that runs like a high-pressure, steam-based car washer. This has extended the life-span of the belts by 40%, enabling the company to plan for better preventive maintenance and reducing costs by about KRW 0.2 billion over the past two years.

Lee Sang Young, Manager, BHS Operations Team



## Directions for Management Innovation

### Talent-Oriented Management

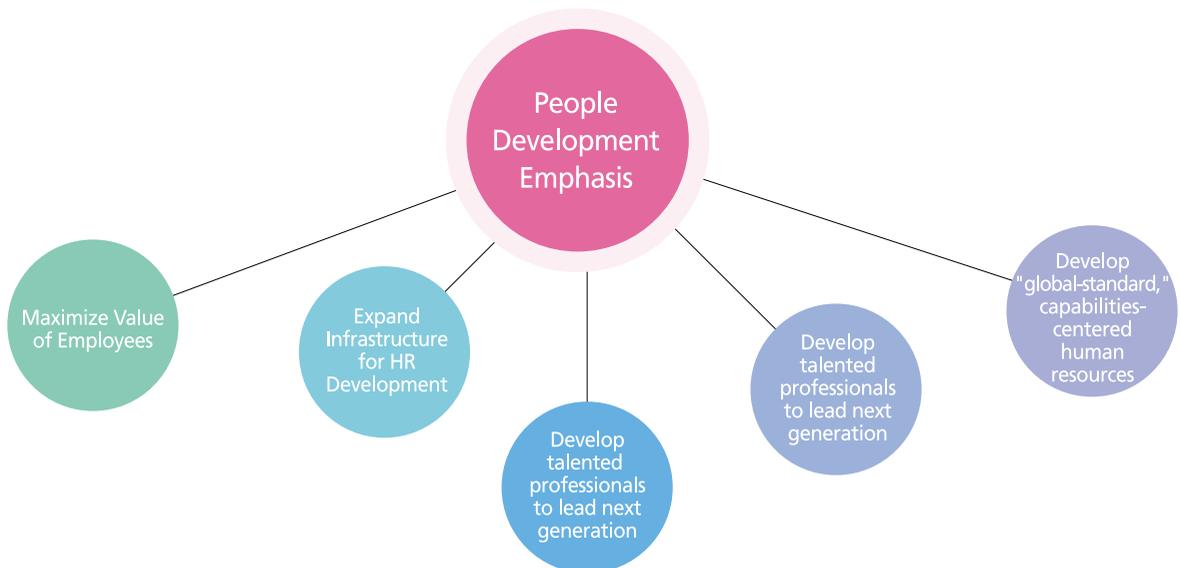
It is essential for companies to cultivate talented professionals in an operating environment that depends upon world-standard expertise and professionalism for their very survival. Because IIAC realizes that people are the source of its competitiveness, it practices talents-oriented human resources management, continuously creating new values through long-term development at both the individual and corporate level.

IIAC goes to great lengths to help its employees increase their efficiency and effectiveness. Some of the traits that the company encourages in their work include integrity, intelligence, and being both "active" and "customer-oriented."

IIAC is carrying forward five mid-to long-term tasks to develop its core capabilities. These include developing world-standard, capabilities-centered human resources, cultivating talented professionals who will be capable of leading the next generation, expanding its HR development infrastructure, maximizing the value of its human assets, and improving the quality of its educational and training programs.

IIAC also operates general, strategic, and customized educational systems in accordance with basic, stratified, and functional capabilities. The company determines capabilities by analyzing its talent models and the five management strategies contained in "Vision 2010." Plans for education and training are then established by level and duty and by analyzing its educational systems. Working from these guidelines, IIAC designs lifetime study programs for its employees, ranging from "vision workshops" and training in innovative competence, ethical education, and improvements in job skills to the IIAC Graduate School of Business Administration.

### Global Top 5 Air Hub by 2010

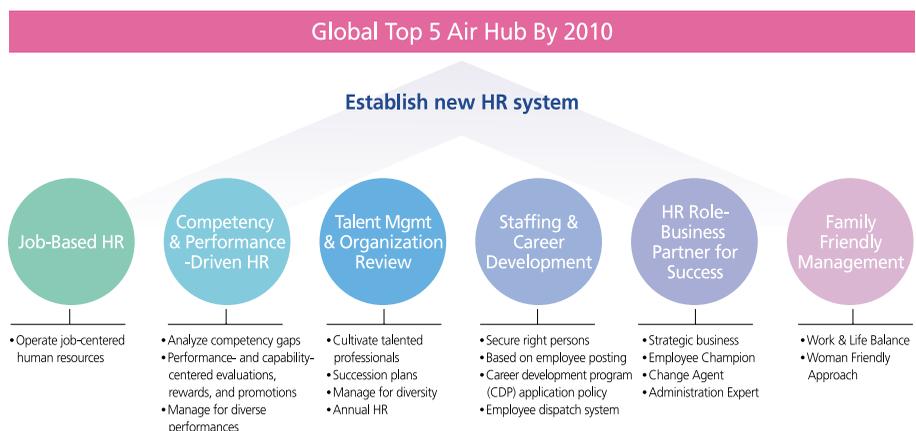


## Performance and capability centered human resources (HR) system

IIAC became a leading organization as the result of a 2006 program involving the integration and rearrangement of similar function that allowed the company to cope more flexibly with changes in its operational environment. It focused on efficiency and productivity by analyzing its human resources needs and determining future directions to be taken.

IIAC also worked to develop a performance-and capability-centered organizational culture through the development of a personnel system that values performance and job skills in equal measure. This performance-and capability-centered culture was greatly enhanced by abolishing the period of service required for promotions. Going forward, it will develop an even more responsive HR system to meet the demands contained in "Vision 2010" and its five management strategies.

IIAC is committed to improving its performance management system to develop a performance-and capability-centered organizational culture. It is building a performance-and capability-centered personnel system as a means of developing a truly creative and open corporate culture. In addition, the company is endeavoring to produce management innovations for its stakeholders by continually seeking out and managing innovation tasks and strengthening its innovative PR activities.



## Innovations for CS Management

An airport is not simply a place to board airplanes: it is also a facility that offers travelers a multitude of services and caters to their emotional and physical needs. As a result, service has become a core element for business success. Incheon International Airport has established a mid-to long-term CS roadmap to unify its many service providers (including airport-stationed organizations, IIAC, ground service providers, and tenant companies at commercial facilities) and concentrate on improving their capabilities. Its ultimate goal is to provide its visitors with exciting new experiences that go well beyond their expectations



## Becoming an innovative organization for benchmarking

### Best Organization for Benchmarking

Incheon International Airport's success since its opening was based on exhaustive prior preparations regarding such matters as site selection, systematic process management, and achieving efficiencies in construction-related expenses. One result of this success is that it has become a target for benchmarking by both advanced airports and those being planned by developing countries. In recognition of this, it was honored with a Presidential Commendation as an "excellent candidate for benchmarking" by the Office of Government Policy Coordination in November 2005.



### Benchmarking by overseas airports

Incheon International Airport has emerged as a benchmarking target for airports from around the world because of its record of successful innovations. Many interested parties (including international organizations, governments, and Changi, Shanghai, Kansai, and Dubai airports) have visited the airport for this purpose.

Competitor airports, such as Malaysia's Kuala Lumpur Airport and Japan's Chubu Centrair International Airport and Narita Airport, visit Incheon International Airport regularly to benchmark its operations. Some of its areas of expertise include airport development technologies, construction, business management, and security and baggage handling system (BHS) facilities. LA Airport introduced its transportation center concept only after benchmarking Incheon International Airport's, while Hong Kong International Airport's employee reward program is modeled after the one it developed.

These achievements are the result of IIAA concentrating its efforts on the recommendations contained within its sustainable management strategy, "Vision 2010," and its five subsequent action plans and master agendas. They reflect the knowledge that the company has accumulated through years of successful operations.



# Developing future-oriented business structures to cope with changes in the external operating environment

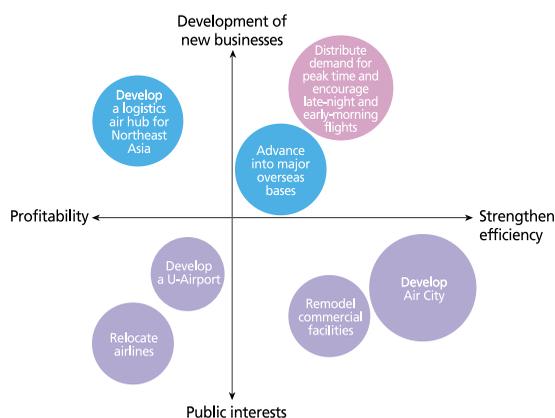
A company must develop creative and future-oriented business structures to cope with changes in its external environment, provide new values to its stakeholders, and establish foundations for sustainable growth. IIAC's long-and short-term business strategies (including those directed towards airport development, the maximization of operational efficiencies, and the establishment of new businesses) are the drivers of its quest to create new values for stakeholders. Its ultimate goal is to become a world's "top 5" air hub by 2010.

## Creative Management Strategies

### Create future-oriented business structures to cope with changes to external operating environment

Since its opening in 2001, Incheon International Airport has steadily evolved into a top-level airport. Despite this success, the airport decided to establish a set of future-oriented business structures that can reflect changes in future operational needs. This thinking also reflects its CEO's philosophy of focusing on goals-oriented and systematic business development.

As a result of this decision, it is pushing ahead with three strategies: strategic airport development, the maximization of operational efficiencies, and the development of new businesses. These are based on its analyses of such changes in its management environment as the maximization of public interests, profitability, efficiency in a rapidly changing operational environment, and intensifying competition. It intends to develop the foundations for future value creation through the development of a logistics air hub for Northeast Asia, advancing into major overseas bases, and a more efficient distribution of demand for peak times and connectivity. Other steps that will be taken include encouraging more late-night and early morning flights, relocating airlines following the construction of a U-Airport and the remodeling of its commercial facilities, and the development of an air city combining business, tourism, and leisure functions.

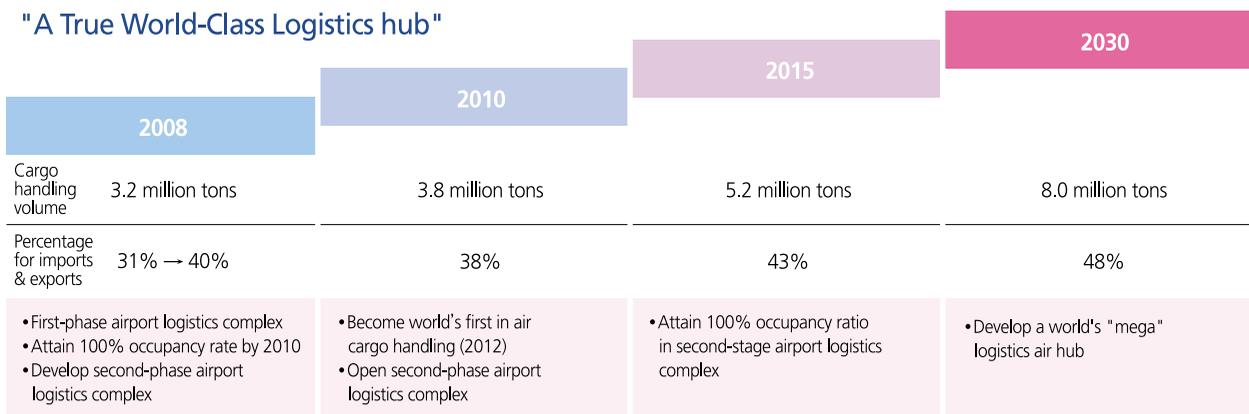


Strategic airport development	Maximization of operational efficiencies	New business development
Develop a logistics air hub for Northeast Asia	Distribute demand for peak time and encourage late-night flights	Develop an air city
Advance into overseas projects	Develop a U-Airport	
	Relocate airlines	
	Remodel commercial facilities	

## Development of a logistics air hub for Northeast Asia

### Mid-to long-term strategies to develop a logistics center

Logistics is a keyword for the global economy in the 21<sup>st</sup> century, and is being seen as a “next-generation” growth engine for Korea. Since Incheon International Airport is located in the center of a Northeast Asian economic bloc that is rapidly emerging as the world’s largest market, there are obvious geographical advantages for Incheon International Airport to become a regional base for the logistics industry. For example, it already boasts the world’s second-highest cargo handling volume and a cargo transshipment rate of 48.1% (based on international flights). Incheon International Airport has developed a series of mid-to long-term strategies and four major strategic plans as part of its plan to evolve into a true, world-class hub for high-end logistics clusters. These four strategic plans are entitled “Development of logistics business models,” “Establishment of logistics informatization through the RFID test project,” “Improvements to cargo services,” and “Strategic development of a Free Trade Zone by attracting the world’s leading logistics companies.”



### Development of a high-end logistics center

Incheon International Airport plans to create high-end logistics clusters by utilizing IT technologies, developing a variety of step-by-step business models, and increasing its cargo volume in linkage with marine transportation.

The airport has been researching logistics center business models since 2006, and is already operating a supply chain management process by targeting such industrial sectors as IT, biotechnology, aircraft repair, maintenance, and assembly, and R&D. In addition, it is streamlining its industry models by segment to better combine prospective industry types and functions.

To develop logistics business models for China, it studied the development of logistics facilities among domestic logistics companies that had already established operations there. Following that, it devised marketing strategies and a basic plan for a logistics business model development service for the Gulf of Pohai area surrounding Liaotung and Shantung peninsulas, Beijing, Tianjin, Shandong, Hebei, and Liaoning.

## Opening a Free Trade Zone

The Free Trade Zone (FTZ) consists of the airport logistics complex (992,000m<sup>2</sup>) and cargo terminal area (1,091,000m<sup>2</sup>). It was officially opened in March 2006, following the completion of the airport logistics complex in December 2005. The occupancy ratio currently stands at 63.5%—including such companies as KWE, AMB, and Samsung. The cargo terminal area, where domestic and overseas airlines are now located, is also seeking to attract investments from global logistics companies. The second-phase logistics complex development project is currently underway on a site of about 920,000m<sup>2</sup>. When it is completed, the airport should be able to bring in an additional 1 million tons of air cargo. The overall economic effect of this will include sales of KRW 1.7412 trillion, added value of KRW 736.7 billion, and the employment of 10,000 persons.

Incheon International Airport plans to develop into a comprehensive logistics cluster with a concentration on R&D, production, and logistics. The airport will accomplish this by continually expanding the FTZ and encouraging state-of-the-art integrated device technology (IDT) and aviation-related industries to take advantage of its facilities and services.



## Attracting global logistics companies to the FTZ

IIAC has been working to attract global logistics companies since the opening of the FTZ. In July 2006, for example, the company signed an agreement for the development of facilities in the airport logistics complex with AMB Properties, an American developer. In addition, Schenker, a multinational logistics company, has completed a logistics hub center that will serve as its headquarters in the Asia-Pacific region, while DHL and Atlas Air are currently constructing cargo terminals that are slated to begin operations in 2008. IIAC also concluded an agreement to develop logistics facilities in its cargo terminal with Atlas Air Worldwide Holdings and AACT in July 2007. As a result of these moves, it expects to expand the network between Incheon International Airport and major air cargo markets in the Americas and Asia. Its potential in this area increased dramatically in the wake of the recent signing of an agreement between Korea and China for gradual open skies.



## Development of Air Cargo Information System (AIRCIS) to increase IIAC's international competitiveness

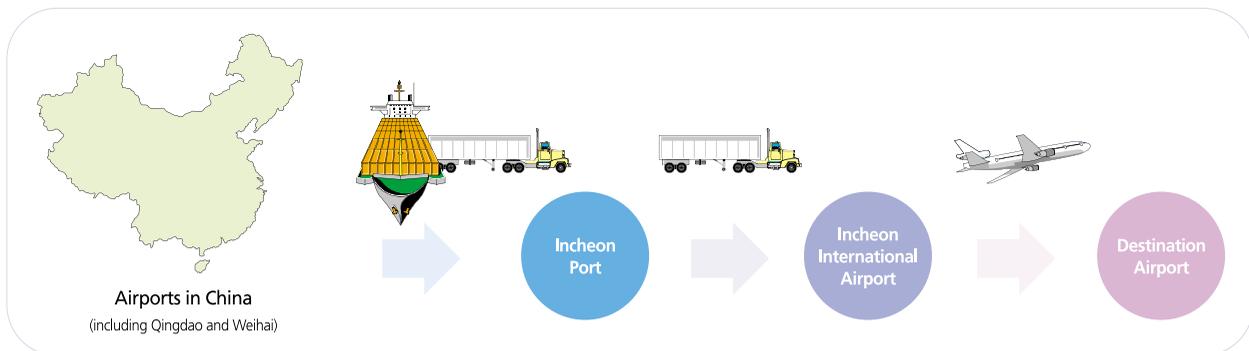
Northeast Asia is emerging as a key locus of logistics strategies, with many nations in the region looking to become its logistical center. IIAC began to operate a one-site, one-stop Air Cargo Information System (AIRCIS) in 2007 to help develop Korea into such a hub by shortening air cargo handling times and offering innovative logistics services. AIRCIS enables logistics users (including airlines, ground service providers, forwarders, and carriers) to share and exchange information and complete their processes on a one-site, one-stop basis. The system will also produce annual savings of more than KRW 10.0 billion in logistics expenses after 2010 by allowing for speedier and more accurate transactions-including cargo reservations, tracking, online settlements of warehouse charges, and the management of air waybills. IIAC intends to improve on AIRCIS by diversifying its service areas. This will allow the company to develop a global logistics information system that provides door-to-door services for all areas of air cargo and establishes linkages with overseas Cargo Community System (CCS) information networks.

## Pilot programs for a state-of-the-art logistics information system using RFID

IIAC has expanded on its range of logistics services by operating pilot programs for radio frequency identification (RFID) that can collect and manage information on the destinations and locations of cargo--ranging from logistics warehouses to airports. Partnered by IIAC and the Ministry of Information and Communication, the total economic effect of RFID on the national economy when it becomes fully operational should amount to KRW 6.0 trillion.

## Development of Road Feeder System (RFS) targeting sea and air cargo to and from China

RFS gives tracking numbers to transport companies, allowing airlines to enjoy state-of-the-art delivery and transport services in cities they don't fly to. IIAC expects to increase its volume of transshipment cargo handling through the further development of these air-and sea-combined transport services. This will involve transporting goods produced throughout China to Incheon by sea and then by air. The company instituted trial operations for RFS in December 2006 and plans an IIAC-Qingdao project in 2007.



## Strategic Airport Development Strategies for advancing into overseas projects

### Core types of expertise at Incheon International Airport

One way in which advanced airports are meeting the challenge of a more open and competitive operating environment is by pursuing overseas projects. IAC will also pursue this strategy, utilizing its widely-recognized expertise in airport construction and operating technologies as a strategic selling point. This move will be based on its expertise in four core sectors: construction, operations, services, and the development of areas surrounding its facilities.

In the construction area, IAC successfully carried out its first-and second-phase projects, leading to the world's best airport infrastructures. In terms of operations, we ranked second in the world in international cargo, were included in the world's top ten in international passengers, and were the world's second-largest in terms of commercial facilities. With regard to brand values, we ranked first in airport service evaluations for two consecutive years and received the Best Airport award in the Asia-Pacific region from the World Conference on Transport Research (WCTR).

Development of the airport's surrounding areas includes building an air city and a free trade zone. IAC is confident that its extensive experience and in-depth knowledge will allow it to overcome any future limitations to growth and build strong foundations for sustainable growth.

### Strategies by region

IAC's strategies for entering into the overseas consulting business derive from the knowledge it has accumulated operating its own facilities. For example, IAC acted as consultants for the opening of China's Guangzhou Airport in 2004, contributed to designs and technology for Angola's Soyo Airport in 2006, and participated in the modernization of Montenegro's Tivat Airport the same year. IAC has also established an overseas business team under the aegis of the Corporate Planning Division to provide future customers with systematic and professional consulting services. The company will especially target airports in newly emerging nations with high growth potential, exporting its experience and know-how in the form of tailored-to-measure packages that meet the needs of each user.



Maximizing Operational Efficiency

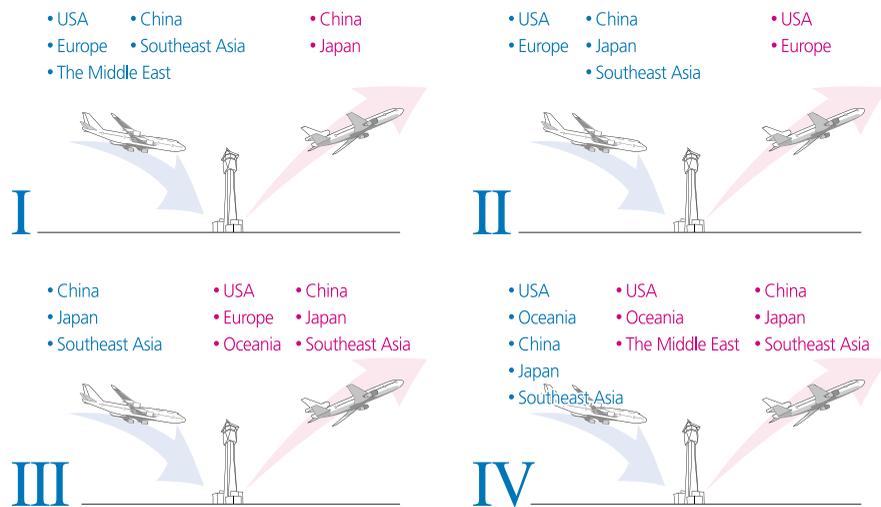
**Spread out demand during peak time and encourage late-night flights**

Incheon International Airport is limited in its ability to deal with airlines and increase its passenger traffic because many of their flights to major destinations, including the Americas, Europe, and China, are scheduled between 8:00 am and 9:00 pm. This means that its operational efficiency has been on a gradual decline due to peak-hour demand at certain times. In the future, however, the company will ensure greater operational efficiencies by developing a system that can accommodate up to 43.0 million passengers and handle up to 3.8 million tons of cargo. This will be achieved by spreading out peak-time demand, improving connectivity, and attracting more flights late at night and in the early morning.

**Establish a Master Grid operational system (Master Grid)**

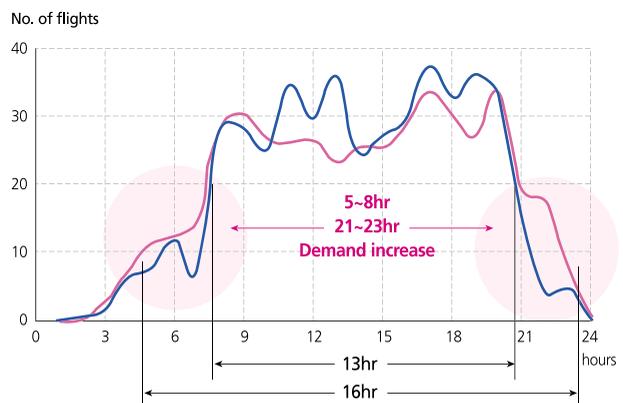
IIAC will establish a Hub Master Grid/4 Wave system to heighten its operational efficiency. In addition, the company will work towards scheduling adjustments and flight increases by existing airlines and encourage a build-up in short-range routes to China, Japan, and Southeast Asia.

Hub Master Grid / 4 Wave system



**Distribution of Peak-Time Demand**

IIAC will work to develop a 24/7 airport operations system by moving peak-time demand (i.e., from 8:00 am to 9:00 pm) to non-peak times (i.e., 9:00 to 11:00 pm and 5:00 to 8:00 am). To do so, it will continue with its incentive programs for new flights, schedule adjustments to form a wave, and expand the number of late hour and early morning flights.



## Maximizing Operational Efficiency Development of U-Airport

### Improve national brand values by becoming a gateway for IT in Korea

Internationally-based aviation-related organizations, such as ICAO, ACI, and IATA, are always searching for ways to simplify immigration procedures. At the same time, many prominent international airports are using digitalization to improve the quality of their customer services. In reaction to this use of cutting-edge technologies to better accommodate customers, IIAC has established a ubiquitous airport (U-Airport) roadmap that is based exclusively on automation and IT applications. This plan applies to four specific areas: "U-Fast Passenger," "U-Dynamic Guide," "U-Exciting Shop," and "U-Adaptive Cargo." These choices were made following in-depth research and benchmarking at other world-class airports. IIAC aims to become a "world's best logistics air hub" in Northeast Asia, improve national brand values by becoming a gateway for IT in Korea, and provide its customers with novel and exciting experiences. To this end, it will develop dramatically new paradigms for airport operational systems by bringing its U-Airport concept to fruition. It is convinced that combining information technology (IT) with biotechnology will lead to simpler and more streamlined immigration procedures and operational processes.

U-Airport Vision	Global Top IT Air Hub by 2010			
	Fast	Dynamic	Exciting	Adaptive
U-Airport Goal	Reduce passenger processes by 33% compared to current processes (45 minutes → 30 minutes)	Develop 4 major guidance channels to provide passenger-centered, personalized, and customized guidance	Create a "hassle-free" shopping environment	Reduce IT investments by over 30% by applying IT informatization to over 80% of operational processes
U-Airport Strategic Services	U-Fast Passenger (for passengers)	U-Dynamic Guide (for guidance)	U-Exciting Shop (for commerce)	U-Adaptive Cargo (for cargo)
	P1. u-Cyber Terminal P2. u-Self Check-In P3. u-Immigration P4. u-Baggage P5. u-Pax Monitor P6. u-Information Hub	G1. u-Signage G2. u-Board G3. u-Mobile G4. u-Help	S1. u-Promotion S2. u-Store S3. u-Card S4. u-CRM	C1. u-Cargo Community C2. u-Cargo Tracking C3. u-Cargo Utility

### Developing dramatic new paradigms for airport operations through the creation of a U-Airport

The U-Fast Passenger Program of IIA's U-Airport will provide customers with speedier movement by using automation to shorten immigration procedures to thirty minutes from the current forty-five. Other goals include establishing a system that collects and utilizes information and offers data desired by passengers in advance of their journeys by means of digital displays (U-Dynamic Guide), creating an environment in which customers can purchase the products they want anytime and anywhere in the airport by implementing a system that analyzes customer needs, purchasing patterns, and styles (U-Exciting Shopping), and developing a logistics informatization system to obtain data on the location of cargo and its contents. This sharing of information among airlines and cargo agents will result in speedier cargo handling.

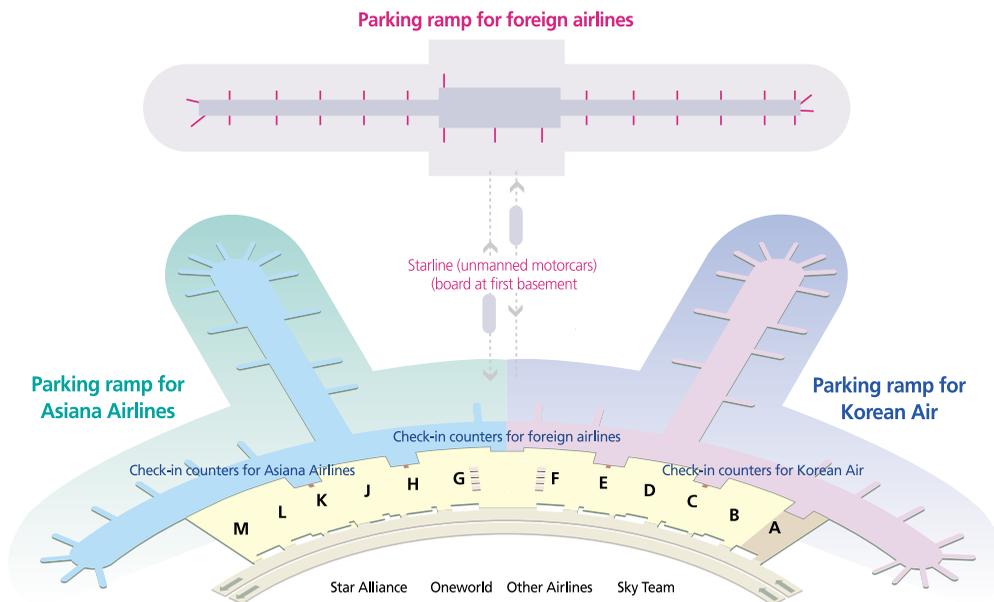
In order to bring the U-Airport concept to fruition, IIAC formed a ten-member "Common Use Self-Service" (CUSS) group, along with a sub-committee under Airport Operators Council International (now Airports Association Council International) (AOCI). Current U-Airport projects include the use of robot guides, developing a budget for pilot tests of the "Radio Frequency Identification" (RFID) cargo-handling system, inking an agreement to build a CUSS Kiosk, and inviting tenders for a mobile guidance service.

## Maximizing Operational Efficiency Relocation of Airlines

### Maximize efficiency by relocating airlines

IIAC will accommodate the rapidly-growing demand for air transport in Northeast Asia through the development of its second-phase facilities and the relocation of its client airlines. In addition, the company will work to streamline the movements of passengers and the work-flows of airlines.

#### Location of second-phase facilities used by airlines



### Mid-to long-term measures to prevent overuse of second-phase facilities

It has been estimated that Incheon International Airport's second-phase facilities will start to approach the saturation point in terms of usage by the year 2013. To deal with this problem, IIAC plans to improve on its facilities and services by maximizing its operational efficiencies, preparing for future demand, and expanding on its infrastructure.



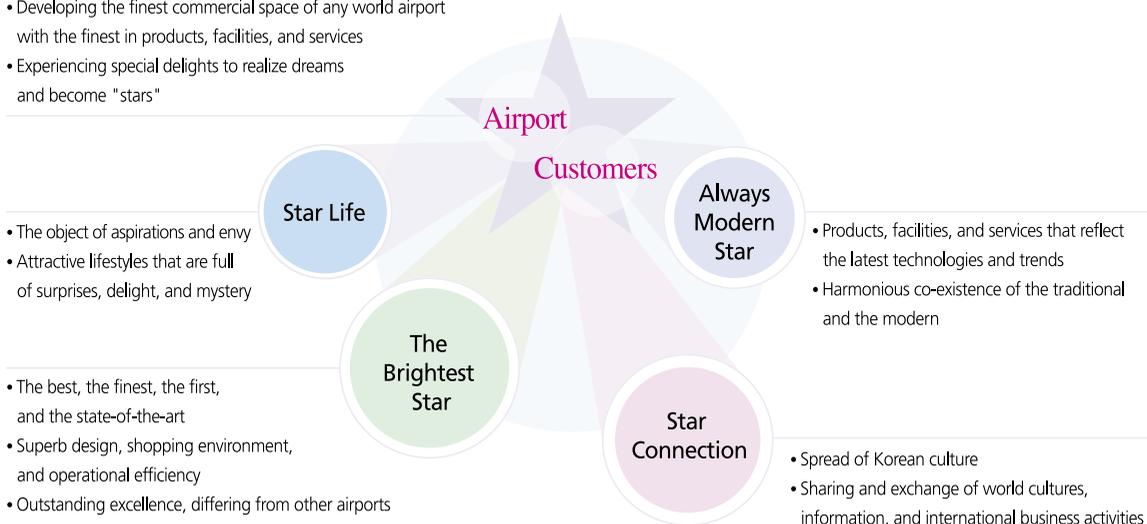
## Maximizing Operational Efficiencies Remodeling of commercial facilities

### Star & Starlife Concept and Air Star

LIAC has worked to maximize the efficiency of its operations by improving its commercial facilities prior to the opening of a new concourse in June 2008. The company also plans to create a space where customers can realize their dreams and become "stars." To achieve this end, it will develop the world's finest commercial space, which will be called Air Star. Fitted with high-quality products, facilities, and services, this area will be based on the "Star & Starlife" concept and will have four key messages: Luxury, Amusement and Excitement, World's Best, and Best Prices.

### Star & Starlife

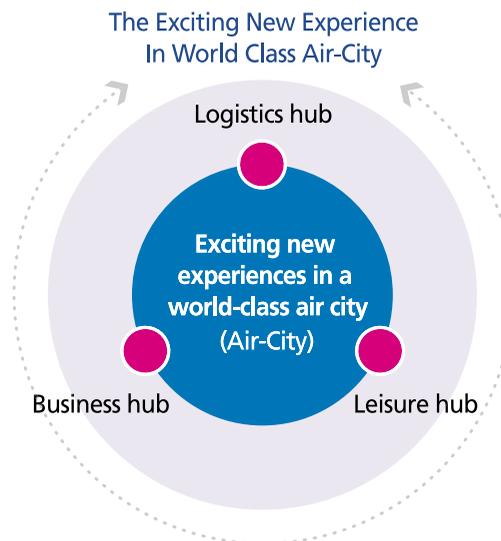
- Developing the finest commercial space of any world airport with the finest in products, facilities, and services
- Experiencing special delights to realize dreams and become "stars"



## “Dream World” Project: The Development of an Air City

### Outline of “Dream World” Project

Airport areas throughout the world are busily positioning themselves as new growth generators, because they can create high added values and provide easily-accessible industrial environment. In response, IIAC has formulated its “Dream World” Project, a mid-to long-term growth strategy, to transform the airport and its surrounding areas into an “air city.” It will be composed of six clusters on a site of 12,551,500m<sup>2</sup>. Comprising business, tourism, leisure, and entertainment facilities, the air city will generate new growth engines for Korea, present the world with novel paradigms for future airports, and help it in its quest to become an air hub for Northeast Asia.



### Design of Air City

Incheon International Airport’s air city will consist of the following six attractions:

- “Fantasy World” will be a leisure and entertainment complex, including a world-class casino and entertainment facilities;
- “Fashion Island” will be an Asian fashion center, including a fashion academy, a convention center, shopping malls, and hotels;
- “Eco-Park” will be developed as a natural park and venue for festivals and traditional cultural events;
- “Water Park” will be composed of riverside recreational areas, with motor sports training facilities, parks, and athletic facilities;
- “Medical Hub and 8-Star Village” will be the center of medical care in Asia;
- “Ocean Park” will be replete with marine-based leisure facilities.

## Anticipated economic impact of air city

The development of an air city will transform Incheon International Airport and its surrounding areas into an exciting venue where a variety of activities are carried out. It will combine tourism, leisure, international business, conventions, shopping, entertainment, recreation, and medical functions to meet the increasingly diverse needs of its customers. Composed of six clusters and joined in a network with other areas of the FTZ, the air city will generate the following synergies: a production inducement effect, a value-added inducement effect, and an employment inducement effect. These are estimated to be the equivalents of KRW 67.0 trillion, KRW 49.0 trillion, and 84,000 persons, respectively.

(Units: Millions of KRW, persons)

	Fantasy World	Fashion Island	Eco Park	Water Park	Medical Hub	Ocean Landmark	Total
Production inducement	26,778,957	5,935,038	19,242,322	13,732,307	1,769,599	114,180	67,572,403
Value-added inducement	18,926,334	4,018,418	14,708,584	10,668,889	981,493	67,680	49,371,398
Employment inducement (persons)	316,950	65,810	255,655	186,779	14,453	1,023	840,670

## Airport City Conference

IAC presented its "air city" development proposal to about 350 participants-including management teams from major airports around the world-at the third annual Airport City Conference in 2006. The company also signed an MOU for investments in "Fashion Island" with the French Fashion Association and established a framework for the development of "Fantasy World" with some prominent overseas companies. These accomplishments reflect its goal of making Incheon International Airport a prime example of how to develop airports.



### Signed an MOU with the French Fashion Association

IIAC signed an MOU with the French Fashion Association and prospective Korean investors in March 31, 2006. Full-scale construction will begin in 2007, and the development will be completed in 2010. After completing feasibility studies in 2007, the company prepared to launch the project in earnest. The Fashion Island development will contribute greatly to the growth of airport areas and an air hub. When it is completed, Incheon International Airport will become an haute-couture Mecca linking Paris, Milan, and New York.



Signed an MOU with the French Fashion Association  
(March 31, 2006)



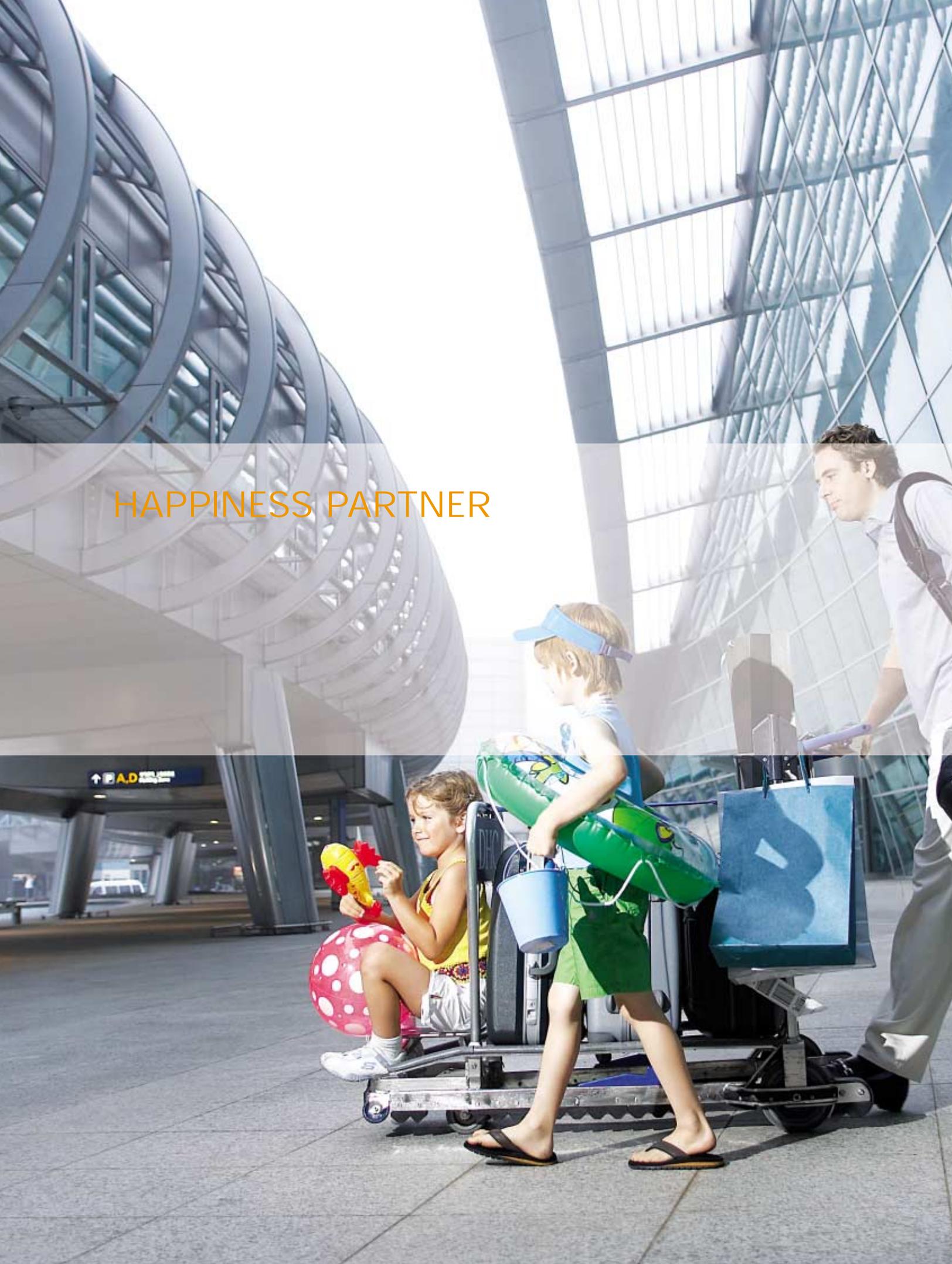
Second-phase IBC-I development project

### Development of a Detention Reservoir in the Southern Part of the Airport

This project is geared to developing a world-class venue for marine sports. IIAC began full-scale construction of this site after signing an execution agreement with the Seoul Olympics Sports Promotion Foundation in December 2006. Upon its completion, the company will hold a wide variety of events, including international water sports competitions, and develop into an international training center for motorboat racing. It will also offer airport users rest and relaxation by developing a waterside park offering such activities as waterskiing and motorboat rides.



HAPPINESS PARTNER



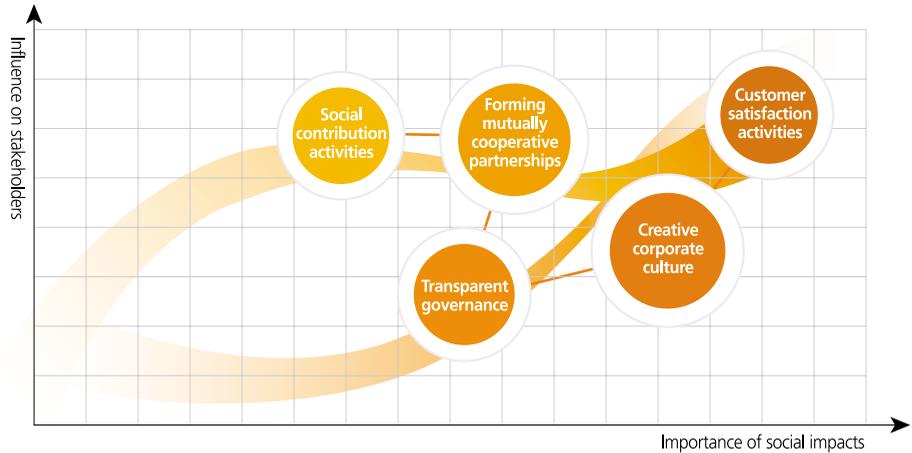


## SOCIAL PERFORMANCE: WINNING THE TRUST

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# DMA Social Strategy & Performance

## Disclosure on Management Approach



### Stakeholder Values >> Social Values

Incheon International Airport influences its stakeholders through its operations and the development of areas surrounding it. It also builds relationships with them through its social contribution activities.

#### Value Indicators

Incheon International Airport conducted surveys on the importance of its social responsibilities and influence on its stakeholders. These were based on the G3 Guidelines and BSR Guidelines indicators. Results showed that stakeholders are especially interested in transparent governance, customer satisfaction, a creative corporate culture, the formation of mutually cooperative partnerships, and social contribution activities.

66

### Results >>

#### Transparent governance

IIAC has developed a balanced decision-making structure by bolstering the expertise of its Board of Directors (BOD) and managing for economic, social, and environmental risk through sub-committees, both by area and by in-depth discussions. In addition, it has created strategic working systems to ensure that its visions and strategies can relate to its short-term management goals.

#### Customer Satisfaction (CS) activities

IIAC has improved on its core services through its Voice of Customers (VOC) system, the formation of service councils among airport-stationed organizations, and CS training. To do this in an efficient and effective manner, it has built a CS management network to integrate its service providers and carry forward its CS activities. It is especially pleased to have been ranked first in world airport service evaluations for two years in a row.

#### Creative Corporate Culture

In order to create a healthy corporate culture, IIAC has deployed a variety of developmental programs. These include a master plan for "family friendly" management, new personnel systems, and enhanced employee benefits. It also cares for the mental health of its employees and takes cognizance of their personal problems by operating an employee assistance program (EAP). In order to ensure an ongoing supply of professional expertise and acumen, it has created a learning culture that presently comprises 56 courses. These include in-house MBA programs, a joint education program with the National University of Singapore, "7 Habits" training, and a "Vision Workshop."

#### Building mutually beneficial partnerships

IIAC has implemented a service level agreement (SLA) with business partners who are in charge of airport operations. This enables it to provide top-of-the-line services and increase values for its stakeholders through the formation of strategic partnerships. The company also endeavors to protect the basic rights of their employees by building a variety of channels that allow them direct access to it.

#### Social contribution activities

IIAC has chosen "Community and Environment" as its core social contribution area and has been instrumental in improving local cultural, educational, and welfare facilities in its environs. These activities are carried out under the aegis of the Division for Sustainable Management.



Social Performance Structure >>

Social Performance for Winning the Trust

Shareholders	Customers	Employees	Business Partners	Community
Transparent governance	CS management	Creative corporate culture	"Win-win" partnerships	Community-oriented projects
Responsible management	Formation of service councils	"Family-friendly" management	Creating a sense of unity among airport workers	Support for education and scholarships
Risk management	Development of new services	Cultivating talented professionals	Improvements to competitiveness	Support for cultural and sports activities
	Dissemination of CS culture	Value-creating new community culture	Mutually beneficial programs	Sharing programs

Future Plans >>

**Responsible Management Activities**

IIAC will maintain a balanced decision-making structure by expanding the roles of non-executive directors in the BOD's deliberations and operations and enhancing its risk management systems to deal with problems by area.

**Customer-oriented management activities**

IIAC will improve on the core services that its customers desire by making sure that management is committed to customer satisfaction 24/7.

**"Family friendly" management**

IIAC will strengthen programs to support the development of its employees and their families to ensure the development of a "family friendly" corporate culture.

**Building "win-win" partnerships**

IIAC will strength mutually-beneficial, "win-win partnerships" by scrupulously adhering to the service level agreement that it introduced in 2006 and operating programs that encourage a feeling of unity among all its workers.

**Core SC activities**

IIAC will make its procedures relating to sustainable management issues more systematic. This will enable the company to better come to grips with the wants and needs of communities that are adjacent to it.

# Heightening the trust of stakeholders through open and transparent corporate governance

IIAC is committed to open, honest, fair, and transparent corporate governance. It is strengthening the independence of its Board of Directors by divesting the CEO from his role as its chairman and augmenting its non-executive directors' powers. The vast and invaluable experience of these non-executive directors is being put to good use in such areas as the Audit Committee, the Budget Review Sub-Committee, the Presidential Candidate Recommendation Sub-Committee, and the Management Performance Evaluation Sub-Committee.

## Open and transparent governance

### Composition and Operations of Board of Directors

IIAC's Board of Directors consists of six executive directors (including the CEO) and seven non-executive directors who have experience and expertise in different areas. By using the abilities of its executive directors in such areas as airport construction and operation and those of its non-executive directors in others (such as transportation, economics, the law, security, and the press), the company hopes to develop a more balanced decision-making system.

Its regularly-scheduled, monthly BOD meetings provide a venue at which to talk about and decide on important matters-including those stipulated by relevant laws and ordinances and its own articles of incorporation. Management results and major issues are dealt with at separate meetings or by the BOD's various sub-committees. The Executive Candidate Recommendation Committee is charged with finding candidates with independent mindsets and exceptional expertise; it is also responsible for organizing lectures and meetings at which the knowledge and experience of its non-executive directors can come to the fore. Finally, information regarding noteworthy management policies can be found at the "Cyber BOD Community" section of its homepage. This is to just one way among many in which IIAC gives its non-executive directors the widest possible opportunity to participate in its operations.

	2001	2002	2003	2004	2005	2006
No. of issues (decided/reported)	43(27/16)	40(35/5)	25(16/9)	32(25/7)	50(38/12)	46(31/15)

\* Ten BOD meetings were held in 2006; 31 issues were placed on the agenda, and the attendance rate was 95.2%. The composition and activities of the BOD, the minutes of its meetings, and other relevant matters can be accessed by the public through the "Management Disclosure" portion of IIAC's homepage ([www.airport.or.kr](http://www.airport.or.kr)).

## Decision-Making

IIAC entrusts its president & CEO with the authority to make all decisions relating to its management-excluding those within the authority of its shareholders or the BOD as defined by commercial law and related laws and regulations. Decisions on important management issues that have been made by the president & CEO must also reflect the opinions of the management team. IIAC also provides for input on management issues from external specialists and stakeholders through the operation of focus groups, in the hope that their opinions and comments will provide a system of checks and balances regarding important decisions. Open and transparent decision-making is also ensured by making sure that its Audit Committee operates in a totally independent manner.



## Balanced decision-making

When necessary, IIAC briefs its shareholders on issues prior to bringing them before the BOD. This is done to gather opinions in a more informal setting. In addition, to ensure that the BOD's decision-making processes are clear and unbiased, a neutral chief non-executive director is appointed as its chairperson. The BOD's agendas are forwarded to shareholders and directors prior to its meetings, but only after briefings and discussions have taken place. This prevents conflicts of interest that might arise otherwise.

## Responsible management via performance evaluations

Compensation for IIAC's executives is based on performance and determined by the results of performance-and capability-centered analyses. The BOD decides on compensation levels and payment systems, but the scale of incentives is subject to the conclusion of management contracts and the results of evaluations. All of these processes take management goals into account, whether they are financial, social, environmental, or security-related in nature. IIAC also makes sure that there is a clear linkage between its long-term and short-term goals and strategies.

## Observance of principles of prior prevention

IIAC is committed to comprehensive risk management, and has set up teams within each division that are exclusively responsible for such oversight. In addition, the company has created risk management manuals and procedures for each operational area. These steps help IIAC to cope with a variety of potential risks—including natural disasters, aircraft accidents, environmental hazards, and conflicts of interest. In the longer term, it intends to establish even better systems by creating a Chief Risk Officer (CRO) position and introducing an Enterprise Risk Management (ERM) system.



# KRW 3,352,345,480,000

IIAC was established as a public enterprise in accordance with the Incheon International Airport Corporation Act. In accordance with the Act concerning the Operation of Public Agencies and commercial law, its operations must be undertaken in the context of a balanced decision-making system and transparent and responsible management. Its shares are 100% owned by the Korean government, and its paid-in capital at the end of 2006 amounted to KRW 3.35 trillion.

# Customer Satisfaction: Providing New and Totally-Differentiated Experiences

Incheon International Airport operates a customer satisfaction management network that enables all 30,000 airport workers—including IIAC itself, airlines, business partners, and ground service providers—to offer systematic and unified services to its clients. This means that each and every customer is treated as an individual. In addition, we strive to deliver differentiated values to our customers through efficient customer-oriented management activities.

## Customer Satisfaction (CS) Management

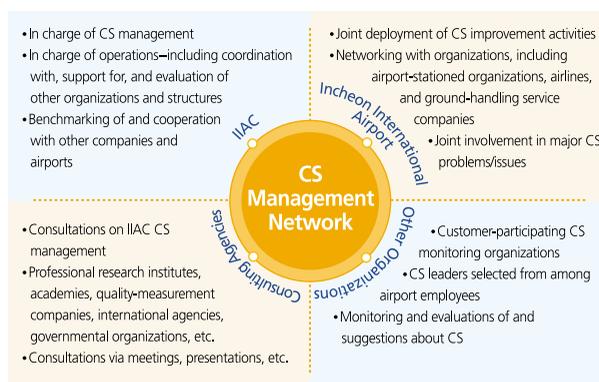
### Heightening the level of customer satisfaction

IIAC has established a “CS management roadmap” to guarantee top-of-the-line customer services. This is based on the results of customer surveys taken over a period of several months in 2005. It also operates a CS network that covers both the interior and the exterior of the airport. In addition, its VOC and CRM systems have been structured to encourage a heightened awareness of the importance of CS on the part of all its staff.

CS Mission	CS Strategy	Core Tasks, by Sector
<p>Provide the highest-possible level of customer services, Deliver value for customers' money spent based on fair prices and high quality</p>	<ul style="list-style-type: none"> <li>• Rework CS strategies</li> <li>• Strengthen CS organizational culture/employee capabilities</li> <li>• Establish CS infrastructure/system</li> <li>• CS innovation activities</li> <li>• Evaluations and compensation</li> </ul>	<ul style="list-style-type: none"> <li>• For Customers—Simplify and improve immigration procedures</li> <li>• For Airlines—Improve service quality for airlines and ground handling service providers</li> <li>• Service Development—Develop U-airport service</li> <li>• Facilities Service—Reduce passenger congestion and improve passenger mobility</li> </ul>

### One-stop Service through CS Management Network

IIAC provides personalized services by customer segment, classifying its customers into passenger, logistics, and support categories. Its CS management network is intended to provide customers with individualized, highest-quality services that meet or exceed their expectations. This includes arriving and departing passengers, commercial facility users, travel agencies, export/import cargo transportation companies, airlines, and airport-stationed organizations.



## New and Individualized Services

IIAC is committed to developing individualized services and maximizing its customer satisfaction systems. For example, it plans to continue simplifying immigration procedures for passengers and establish cutting-edge logistics informatization systems for their use. In addition, the company is continuously adding to its services by developing diverse routes for airlines, relocating passenger terminals, and developing innovative "U-airport" services in linkage with the Korean IT industry.



### Began dedicated immigration services for cargo flight crews--a "first" in the world

IIAC has installed Customs Immigration Quarantine(CIQ) facilities at its passenger terminals to allow for speedy customs services and heighten the efficiency of cargo handling. This provides extra convenience for cargo terminal employees and adds to the efficiency of its cargo handling. This means that the processing time of cargo terminal workers has been shortened to 20 minutes from 90 minutes, while processing-related airline operations have been reduced to 20 minutes from two hours and 20 minutes.

### Set up artificial intelligence (AI) systems utilizing IT

IIAC has deployed the latest in IT systems to develop state-of-the-art, automatic baggage grouping and navigational aids systems to shorten the processing time for immigration procedures--a key component of any airport's operations. It also reduced waiting time for check-ins by introducing Internet check-in and self-check-in systems. This means that the entire airport has been transformed into an AI site. In addition, the company has improved the efficiency of security checks by reducing the size of hand-carried baggage inspection equipment and increasing the number of security X-rays. Finally, export-import customs and processing times have been significantly curtailed through the introduction of "Uni-Pass," an electronic customs system developed by the Korea Customs Office.

### Introduction of World's First Passenger Forecasting System

IIAC has instituted a passenger forecasting system that shortens immigration processing times by analyzing and publicizing the number of arriving, departing, and transferring passengers by time zone--the first time such a system has been utilized anywhere in the world. Designed to schedule human resources efficiently and minimize customer inconvenience by estimating passenger numbers in advance, the system is quickly becoming a target for benchmarking by other airports.

### KISS (Korea Immigration Smart Service) to shorten immigration processing time

The Korea Immigration Smart Service, or KISS, was developed by the Immigration Service of the Ministry of Justice to reduce processing times. In use since 2006, it has shortened processing times by more than 30%. These improvements are mainly due to the inspection team system (which allocates immigration inspectors according to passenger flow), U-Immigration, and the Immigration Clearance Center.



## Open Communications

### Voice of customers (VOC)

Incheon International Airport operates a customer-oriented VOC system to ensure speedy responses to customer needs and wants. Its 24-hour processing system requires us to deal with problems and complaints within one day of their receipt. The sincerity of these replies is monitored via the "Happy Call" program.

In order to prevent failures in forwarding VOC materials to upper-level management (the majority of them are concluded at the level of divisions in charge), the company is strengthening its post-management processes--mainly by linking regular analyses and reports to evaluations and compensation levels. Service-related opinions and suggestions included complaints regarding the privately-run valet parking service, work attitudes on the part of bus operators' employees, and friendly guides.

The company operates programs designed to improve services and prevent the recurrence of erroneous and/or inadequate behavior. In addition, the privately-run valet parking service came under the company's control as of June 28, 2007, following revisions to the aviation law.

### VOCs Received, by Year



### Analyses of customer satisfaction services

The efficiency of IIAC's operations is being augmented through programs to identify and remedy customer service problems and issues. In 2006, this research included evaluations of airline services, satisfaction with commercial facilities, and the monitoring of responses to phone calls. Divisions with excellent results are rewarded, while those with unsatisfactory ones are reprimanded and/or encouraged to improve their service levels. All results are measured in accordance with the IIAC Customer Satisfaction Index and reflected in the KPIs of each division.

### Compliance with Regulations

IIAC has never been punished for noncompliance with any law or regulation concerning the provision and/or use of services-including those concerned with customer health and safety, marketing, communications, or the loss of customers' personal information.

## Efforts towards customer satisfaction

### Dedicated to customer service and satisfaction

IIAC utilizes the services of such organizations as the Service Improvement Committee, the CS Leader Committee, the Customer Committee, focus groups, and international organizations to help it analyze and refine its customer service policies and practices in the most efficient and effective manner possible.

#### Service Improvement Committee: resolving complicated problems

This committee is composed of eleven organizations, including the Seoul Regional Aviation Administration, Incheon Airport Customs, the Ministry of Justice, the Incheon Airport National Quarantine Station, the Korean Information Service, the Defense Security Command, the Incheon Airport Police, Korean Air, Asiana Airlines, and AOC-I. Its mandate includes recommending service improvements and establishing mid-to long-term service directions. It also benchmarks CS operations at other airports.

#### CS Leaders' Committee: instituting change at the working level

This committee is composed of airport employees in charge of CS at airport-stationed organizations and business partners. Its goal is to establish service standards and operational targets. By working with these business partners, IIAC is better able to identify problems and work to improve its services.

#### Ombudsman System: one-step-ahead service

In order to deal more effectively with customer problems, IIAC operates an Ombudsman System that inspects "moment-of-truth" areas along major movement lines. With the help of this system, 162 improvements were made in 2006. These included enhancements to bus-related facilities, departure lounges, landscape, lounges for toddlers, and facilities for the issuance of passes.

### Development of unique airport services



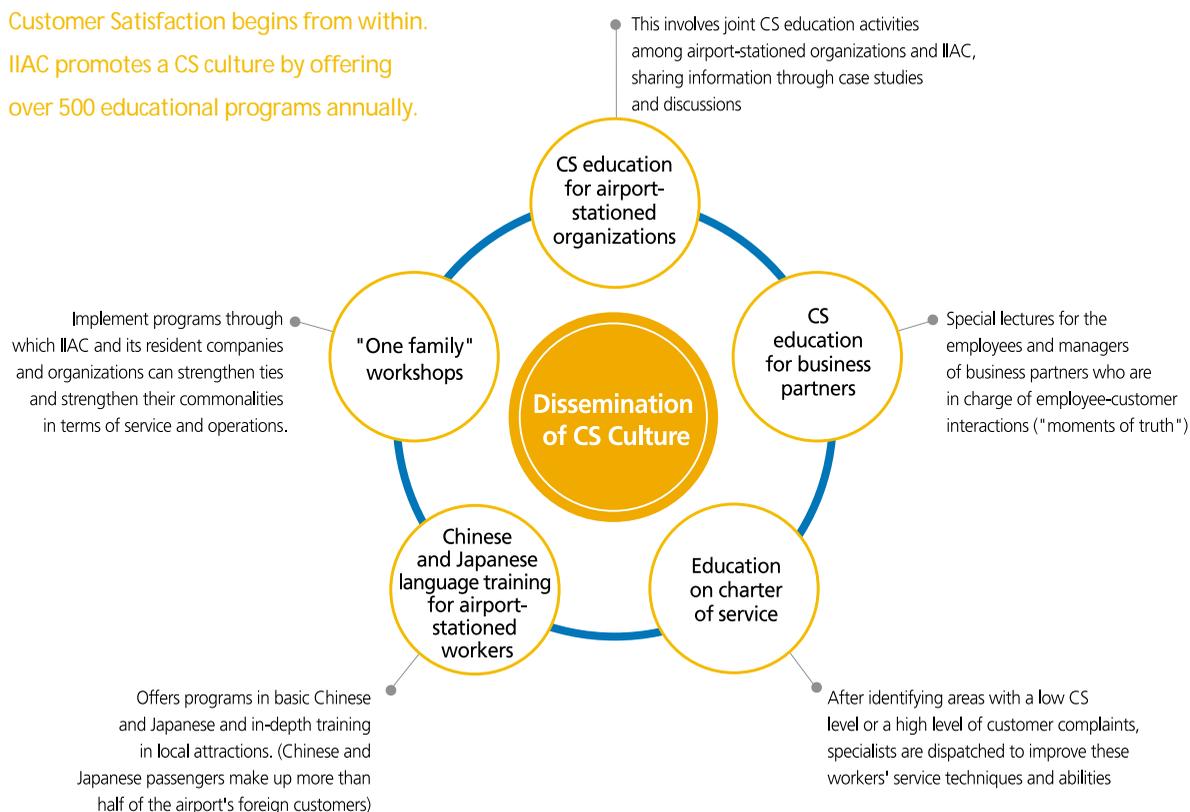
IIAC endeavors to heighten the enjoyment of its customers by involving them in cultural and artistic events, including fashion shows, traditional culture events, festivals, and performances.

Period	Commemorative Events	Traditional Cultural Events
March 23-April 21	5 <sup>th</sup> anniversary	Fashion show featuring court dresses/international cultural events
July 31-August 5	Summer high-demand season	Folk art performances, Reenactment of traditional wedding ceremonies. Honor guard parades
September 29-30	Sky Festival	Folk art performances, Presentations by Jeonju Hanbyeok
December 2-20	Winter high-demand season	Art Troupe

## Creating a CS culture

IIAC encourages its employees to participate in the service improvements process to heighten their awareness of the importance of customer service. They are also provided with rest and relaxation areas, and participate in programs that are designed to build bonds among them. Finally, the company's business partners are given information on how to lower their turnover and absentee rates.

Customer Satisfaction begins from within.  
IIAC promotes a CS culture by offering over 500 educational programs annually.



## Results of CS Management Activities

### Ranked World's Best in Airport Service

Incheon International Airport's service has continuously improved since its opening in 2001. As a result, it was named the "Best Airport Worldwide" at the Airports Council International's (ACI) Airport Service Quality Awards in 2005 and 2006. In addition, a leading British-based travel news and ranking company, Official Airline Guide (OAG), called Incheon International Airport "The Best Airport in the World" in its 2007 survey of global travelers. IIA has also been recognized as one of the world's premier airports by Time and Global Travelers and such professional organizations as the World Conference on Transportation Research (WCTR).



## Results of CS Management Activities

### Ranked World's Best in Airport Service

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1<sup>st</sup> in 2006



1<sup>st</sup> in 2005



3<sup>rd</sup> in 2004



4<sup>th</sup> in 2003



6<sup>th</sup> in 2002



4<sup>th</sup> in 2001

The World Airport Service Quality Evaluation by Airports Council International (ACI) is the world's most authoritative airports ratings service. Airports that participate in the survey include those at Dallas, Denver, San Francisco, London Heathrow, Schiphol (in the Netherlands), Changi (in Singapore), and Dubai. Evaluations are made in 32 categories, including airport staff hospitality and immigration inspections in the service sector and restaurants, shopping, check-in waiting times and areas in facilities and operations.

Award Category	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Best Airport Worldwide	IAC	Hong Kong	Kuala Lumpur
Best Airport Asia-Pacific	IAC	Hong Kong	Kuala Lumpur
Best Airport, 25-40 million passengers	IAC	Singapore	Kuala Lumpur
Airport People in Asia-Pacific	IAC	Singapore	Detroit

### The people behind IIAC's success

IIA's ranking first in the world airport service evaluations for two years in a row was made possible by the commitment and devotion by staff in each area. This amounts to about 30,000 workers when airport-stationed organizations, airlines, business partners, and ground handling service providers are factored in.

### Leading figures behind IIAC's success



Seo Jeong-Wo, who drives an airport shuttle bus from the main terminal to major airport facilities



Lee Yoon-Mi, who helps customers with all their needs at the passenger terminal information desk



Yoo Jin-Won, who manages carts to make sure they are conveniently placed for customers



The Customs Staff of Incheon International Airport Customs, who pride themselves on offering convenient and safe customs services



Kwon Myeong-Ae, who keeps the passenger terminal clean and pleasant

# Creating a pleasant environment with **work and life in balance** through learning and exploring

Employees work better when they feel they are growing in their jobs, and this pride in turn energizes an organization. As a result, IIAC is committed to creating a corporate culture that emphasizes learning, exploring, and growing on the part of its employees.

## A New Corporate Culture

### Creative and open corporate culture

The thoughts and actions of its employees form a customer's image of a company and so play an integral role in its eventual success or failure. The construction of Incheon International Airport started in 1990 on mud flats on the west coast of Korea. Since then, it has become a core Korean brand name with an international reputation for top-flight service and operations. To continue on this path, IIAC needs to welcome change and innovation and eschew rigid and dogmatic thinking. If it keeps its minds clear and its spirits strong, IIAC will soon grow into a world-class company and a gateway to north-eastern Asia. This is why it is striving to create a new corporate culture.

### A place where dreams are realized

Having taken cognizance of the need for a flexible organizational culture that will welcome changes to its operating environment, IIAC needed to establish a roadmap to establish and oversee its dream of becoming a "Global 'Top 5' Air Hub" by 2010. This allows the company to set up directions for its strategies and operations and create desired models for its organizational culture. In addition, the company is striving to create a healthy corporate culture by introducing a variety of corporate culture programs. These include a master plan for "family friendly" management (including a balance between life at and outside work and female-friendly management), new labor-management action programs, and new personnel systems.

### A corporate culture strategy

#### Create values through people's accomplishments and abilities



## Major Accomplishments to Date

- Operated a "praise relay" among employees to share feelings and encouragement

- Sent employees to overseas airports

- Operated a "Free Space" for sharing problems

- Converted administrative operations into a customer-oriented working style

- Established a performance-and capabilities-centered master plan for new personnel

- Held joint task groups to encourage a discussion-based culture

### "Journey to Greatness" Camp

Every year, IIAC holds a "Journey to Greatness" camp, at which all its employees are encouraged to share their visions of the organization. Team building programs provide workers with an opportunity to strengthen ties among themselves, discuss their perceptions of organizational changes, develop an understanding of management strategies, and create a consensus on innovations. During the latest camp, employees discussed their attitudes towards change and their views of a healthy corporate culture.



### Healthy Corporate Culture Programs

IIAC designates one day per month as a "family day," encouraging employees to spend extra time with their families. It also encourages the development of a positive and pleasant corporate culture by posting workers' words of praise and encouragement for their colleagues on the in-house Intranet. In addition, it supports employee-led corporate culture programs and club activities such as the hubbies' band, basketball club, and flower arranging club.



"This is a golden opportunity for foreigners in Korea where they can have a real work experience, as well as learn more deeply about the Korean culture and organization. IIAC has just so much to offer for its employees."

### Internships for foreign students

IIAC offers a biannual internship program for foreign students. Its goal is to promote global thinking among its employees and help make English a common language within the organization. The students, who have been selected from places in Asia, the Americas, Europe, and Africa, gain on-the-job experience at a variety of tasks during their two-month tenure in Korea.

## CEO Message

"IIAC does not pursue change through outside events or separate organizations or declarations. It will instead develop a healthy corporate culture through its work, its workers, and the stories and experiences they share."

## Family Friendly Management

### Family-Friendly Management: Balancing Work and Leisure

IIAC has established an employee benefits program that includes the families of its employees, so that its workers can achieve a healthy balance between work and leisure. This will also ultimately improve its "bottom line" through improved management results and the enhancement of its corporate image. This "family-friendly management" is conducted by an organization that is separate from IIAC.



### Family Support Programs

IIAC provides its workers with child-care subsidies, child-care leaves of absence, pre-and post-natal leaves (for both female and male employees), child-care allowances, surgical operation leaves for sterile couples, and breastfeeding rooms. It also operates an employee assistance program (EAP) to help workers deal with personal and work-related problems.



## "Free Space": an open and welcoming counseling area

"Free Space" is a counseling area for employees to talk about personal and work-related problems. IIAC's team of health-care managers and volunteer counselors can connect more serious cases with externally-based specialists after they have undergone initial counseling.



### “Happiness Experience”: sharing with families

“Family Days” enable the parents and/or children of IIAC’s employees to visit their workplace, meaning that those workers can concentrate on their work backed by the love and understanding of their families. In May (the month of the family in Korea), IIAC invites families to visit the airport, enjoy concerts, and take part in other fun activities. It also offers a biannual English Camp for the children of its employees.



### “Spring Matchmaking” for Single Employees

IIAC offers unmarried employees of airport-stationed governmental organizations, airlines, and IIAC the opportunity to meet one another by means of its “spring matchmaking” program—essentially a group “blind date.” This is meant to inspire them and create a lively workplace.

In 2006, 197 employees of diverse organizations and companies—including IIAC, the customs and immigrations offices, the Regional Aviation Administration, the Incheon International Airport Police, the Incheon International Airport Quarantine Station, Korean Air, Asiana Airlines, and FedEx—participated in the program, enjoying concerts, recreational activities, and public proposal sessions.

If these employees end up getting married, the company supplies them with such benefits as home appliances and vouchers for the use of VIP lounges. IIAC also arranges for officiators for the weddings, and even provide wedding cars. Last year, two participants ended up in “tying the knot,” and IIAC’s CEO officiated at the wedding.



### Development of a Female-Friendly Employment Culture and Female Leaders

IIAC offers a variety of programs that enable its female workers to take care of part of their home life at work. In addition, it supports the development of female leaders and operates a job quota program to guarantee a certain ratio of female human resources to the total. This is part of its commitment to gender equality and becoming a female-friendly company.



## Selected as “Mother-Friendly Workplace”

IIAC was selected as a “mother-friendly workplace” as a result of its “family friendly” programs and commitment to creating a female-friendly employment culture. The company is proud to be one of the six companies that were selected for this honor by the Ministry of Gender Equality and Family at an event organized by the Korean Committee for UNICEF.

## Professional Development

Human resources are the most important asset of any company. As part of its commitment to creating talented professionals with global competitiveness, IIAC offers a wide range of educational programs through which its employees can work and learn simultaneously. These services have been established through a linkage between IIAC's HR master plans and career development program (CDP).

### Educational Courses

IIAC offers 56 educational courses in four main areas (general education, strategic education, professional education, and customized education) according to the abilities called for by employee post and title. In 2006, 9,870 employees received training in such courses as "Sharing Management Values," "Strengthening Core Capabilities to Develop Future Growth Engines," and "Building a Better Corporate Culture to Win Customers' Trust." A further 275 employees were given training in 10 job systems related to airport construction and operations. Last year, its average educational hours per employee stood at 92, about 1.5 times higher than the Korea-wide average of 62.

	General Education	Strategic Education	Professional Education	Customized Education
Management	Vision workshops Executive Course			
Team Leaders	Education in ethics to strengthen innovation capabilities Leader Course	IIAC In-House Graduate School of Business Administration	Professional course on functions Development of in-house lecturers	SLP
Managers	7 Habits Lectures on culture	Management Strategies Logistics Business Development		NUS Joint Training NUS Joint Training Intensive English
Assistant Managers	Improvements to global business capabilities Expert Course	Aviation MBA Marketing PR/HRM Financial Accounting	16-month professional training by function	ALP DLP
Staff Members	English courses Entry-level Course			

### Major Training Results in 2006

IIAC Graduate School of Business Administration	<ul style="list-style-type: none"> <li>1<sup>st</sup> term completed June 2006 (141 persons)</li> <li>2<sup>nd</sup> term completed January 2007 (128 persons)</li> </ul>
Master Agenda Workshop	<ul style="list-style-type: none"> <li>Form a company-wide consensus on mid-to long-term core tasks</li> </ul>
Training to strengthen innovation capabilities	<ul style="list-style-type: none"> <li>Targeting all employees</li> <li>Promote innovative thinking by employees and create a consensus among them</li> </ul>
"7 Habits" Training	<ul style="list-style-type: none"> <li>Targeting executives and team leaders (October 2006)</li> <li>Develop advanced corporate culture through change and growth</li> <li>All employees to attend over next three years (175 employees in 2006)</li> </ul>

## Joint Educational Programs with the National University of Singapore (NUS)

NUS boasts world-class programs in management administration, and was included in the 2006 Financial Times "Global Top 30 Executive MBA" survey. IIAC works with NUS in offering three-week courses in such areas as strategy and marketing, management support (finance, HR), and air transport and logistics.



## Human rights-related education

IIAC is committed to a healthy organizational culture in which all members of its workforce respect one another and work in harmony. Its efforts to achieve this goal include training in the prevention of sexual harassment and gender equality, and 749 employees (or 92.24% of the total) completed related courses in 2006.

In addition, the company's security and inspection agents become versed in such matters as work-related laws and regulations, security and inspection systems, and work procedures and techniques. By taking such courses as "security screening" and "aviation security," its employees learn how to conduct security checks in relation to human rights so as to avoid any possibility of infringements during the performance of their duties. In 2006, all of IIAC's security agents completed this training.

## Efforts towards professional development

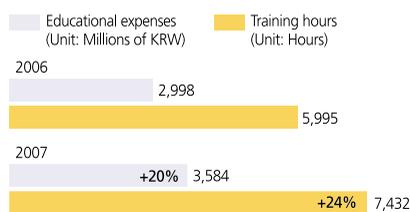
IIAC is committed to the professional development of its core human resources, and part of this includes sending employees to work in other regions of the world. Currently, employees are stationed at airports in Los Angeles, Frankfurt, and Malaysia and at professional organizations like ACI. It plans to include Dubai, Changi, Hong Kong, and Narita airports in the future. The company also sends employees to other companies and has established linkages with overseas universities and leadership programs. The company also strives to heighten the English level of its workers and raise their ability to think globally through the foreign student internship program and by promoting the use of English in the workplace.

	Area	Period
Overseas airports	Current: Los Angeles, Frankfurt, and Malaysia airports Projected: Dubai, Changi, HK, Narita airports, etc.	6 months-1 year
Overseas professional organizations	ACI headquarters, ACI Asia-Pacific office	

## Expansion of Infrastructure for HR Development

IIAC invests in HR development to cultivate value-creating professionals who will be globally competitive. This includes the newly-built IIAC HR Academy.

### Investment in education



### IIAC HR Academy (slated for completion in 2008)



## Selected Best Human Resources Developer

Last November, IIAC was named the "Best Human Resources Developer" in Korea by four government offices-the Ministry of Education and Human Resources Development, the Ministry of Commerce, Industry and Energy, the Ministry of Labor, and the Ministry of Small and Medium Business Administration.

This award illustrates the superiority of IIAC's HR management (including such matters as employment, change management, promotion and compensation) and HR development (including infrastructures, planning, operations, and evaluations and feedback).

## A Value-Creating, New Communal Culture

Labor and management at IIA are putting a value-creating, new communal culture in place; it will be based on trust, cooperation, participation, and practice under the umbrella motto, "Vision 2010." In the past, labor and management had little understanding of each other, due to a lack of communication and insufficient efforts to improve labor-management relations. However, by developing relevant programs and collaborating to put them into execution, IIA has grown into a leading "family-friendly" company. Proof of its commitment to healthy labor-management relations can be seen in the fact that its CEO and the chairman of IIA's labor union visited Dubai together to receive a world's best airport service award. By developing a strategic relationship, the two parties strive to act as "management partners," working in tandem to bring their goals for the future to reality.



### IIAC's Labor Union

IIAC's labor union was founded in November 1995. It is a member of the Korean Federation of Public Service and Transportation Workers' Unions, which is in turn an affiliate of the Korean Confederation of Trade Unions. IIAC guarantees its workers the three basic labor rights--to organize, to bargain collectively, and to act collectively. It has had no labor disputes since its establishment. As of 2006, the union had 621 members (77% of IIAC's employees), with the majority being third grade and lower as per the requirements for membership contained in the collective bargaining agreement. All employees--except those specified in that agreement in accordance with labor union and labor-related mediation laws--must be union members.

### Communications between Labor and Management

IIAC holds a quarterly labor-management council and an "IIAC workshop" at least twice a year to share such matters as the company's vision, overall management results, major business plans, HR plans, and financial conditions.

In addition, the two parties work together to improve the well-being of its employees by means of an employee benefits committee. They also participate in a broad array of communications activities on the Intranet--including correlating management information with the CEO and holding labor-management forums. Mandatory prior consultation and notification periods relating to such important matters as organizations, personnel, and wages are clearly stated in the collective bargaining agreement.

### Unfair Labor Practices

IIAC is opposed to any and all unfair labor practices. Its goal is to maintain healthy labor-management relations by guaranteeing the right to organize, to bargain collectively, and to act in concert. It has never been accused of unfair labor practices. The company strives to help its employees resolve employment-related issues through such channels as the "friends" section of the in-house electronic bulletin board and the Grievance Committee. About 20 grievances were dealt with in 2006.

### Unfair labor practices handling process



## Labor-Management Efforts To Improve Trust

### Master Plan for a New Labor-Management Culture

IIAC has promulgated a master plan for a harmonious labor-management culture to bring "Vision 2010," its long-term operational strategy, to fruition. The establishment of mutually beneficial programs and a heightened corporate competitiveness through a combination of participation, cooperation, and trust are seminal components of this process.

### A Full and Fair Collective Bargaining Agreement

IIAC observes governmental guidelines on wage hikes through discussions on demands by the labor union, in which the CEO is actively involved. In addition, the collective bargaining period has been sharply reduced, contributing to the stabilization of management. Finally, the company has replaced the seniority system with a performance-and capabilities-centered promotions structure.

### Expanded Opportunities for Joint Participation by Labor and Management

IIAC has substantially increased opportunities for joint labor and management participation at meetings and conferences in tandem with the CEO's commitment to building a trust-based labor-management culture. In addition, labor and management have taken part in joint evaluations on a broad array of activities, including the choice of medical service providers and English camp operators.



Kang Yong-Gyu,  
President of IIAC's labor union

## Encouraging labor-management relations based on mutual trust: the key to sustainable management.

Only two Korean companies had lasted for more than 100 years as of the end of 2005. This shows that the most important issue for management must be "how to survive." Labor unions must understand and accept this basic fact of corporate life.

Nowadays, "win-win" agreements based on mutual trust between labor and management have become integral to a company's survival. Given this trend, it follows that meaningful labor-management relations are essential. I believe that such relations begin with both parties showing respect for each other.

Both parties must change away from confrontational approaches to build labor-management relations that are based on trust. If we, as workers, can break away from old-style, antagonistic relationships and see themselves instead as "management partners," we will contribute greatly to IIAC's success.

The IIAC Labor Union will strive to make the company a great workplace so that everyone can continue developing and growing through constructive and trust-based labor-management relations.

## A Pioneer in Equal Employment

### Current Status of Employment

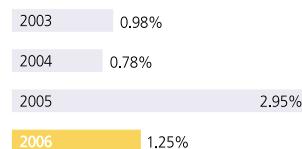
IIAC hires highly-qualified and experienced professionals in such areas as the sciences, engineering, and logistics. At the end of 2006, the company had a total of 810 employees (including contract basis workers), with women accounting for 14.3% of them. Korea's overall female employment rate stands at 30.7%, and it hopes to surpass this by attaining a full gender balance in the near future. It is worth noting that women constituted 55.2% of its new recruits in 2006. The average number of years of employment was 7.9 as of the end of 2006, while the average rate of employee turnover for the last five years stood at 0.19%--a mere 10% of the average public sector rate of 1.99%. IIAC had no work-related injuries or absenteeism in 2006.

### Improvements to Work Environment and Observance of Proscriptions against Forced and Compulsory Labor

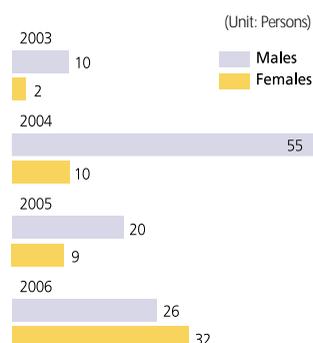
IIAC strives to heighten productivity and improve the work environment by encouraging cooperation between labor and management. Its efforts in this regard include the provision of health-care rooms with specialized staffers, periodic measurements of office air quality, testing for harmful elements at work sites, the implementation of health promotion programs, female employee lounges and breastfeeding rooms, and the creation of rooftop gardens.

IIAC observes all regulations regarding the banning of child, forced, and compulsory labor as promulgated by the International Labor Organization (ILO). The company also follows the dictates of the Maternity Protection Act prohibiting the forced labor of women.

#### Job Creation Rate



#### Females to New Recruits



- Require agreement on overtime hours with female employees who are less than one year post-partum
- Grant paid one-day-per-month menstruation leave
- Prohibit overtime work by pregnant workers; assign them to lighter jobs
- Grant 90-day pre-and post-partum leaves
- Prohibit night work and work on off-duty days by pregnant women
- Grant leaves of absence to employees with children under one year of age for purposes of childcare

### Open and Transparent Hiring Practices

IIAC is committed to open competitions in its recruitment and screening procedures and has no policy on local hiring.

The number of contract basis workers stood at 101, or 12.5% of its total workforce of 810, as of the end of 2006. IIAC does its utmost to motivate and develop the capabilities of all its workers. For example, 25 of them with distinguished work performances are now permanent basis workers. In addition, the employment rate for the disabled was 2.2% at the end of 2006, exceeding the statutory rate of 2%. Discrimination in terms of race, gender, age, religion, nationality, physical disorders, or legal standards is not allowed in matters affecting employment, education, compensation, or promotion. IIAC is developing programs to nurture female leaders and expand employment opportunities for women.

## A world with equal opportunities for everyone

Allow me to boast a little about my company. I was hired to work at Incheon International Airport, even though I experience difficulty walking. I have to use an electric scooter to move around the passenger terminal, but I have never met with any discrimination or inconvenience. IIAC, as an equal opportunity employer, cares about my physical and emotional needs and works hard to deal with the distorted viewpoints that others have of people like me. I joined the company on December 1, 2001 and got promoted under the same conditions as my colleagues. Ever since coming here, I have been part of a family-like corporate culture, and my co-workers treat me with kindness and consideration. In my opinion, Incheon International Airport is a kind, wonderful, and caring employer.

Kim Gi-Hyeon, Security Planning Team



## Counseling for performance and career development

IIAC employees can discuss their evaluation results and directions for improvement at the time of their performance appraisals. All employees, except executives, are offered counseling regarding their work performance and career development.

## Performance Evaluations and Wages

IIAC's personnel evaluation processes measure the performance and capabilities of its employees in an objective manner every year. This means that every individual is dealt with according to his or her ability and performance. Academic background and seniority levels are excluded from the evaluation criteria.

IIAC has a performance management system that results in fair and objective job evaluations; it is linked to such employment-related matters as pay, postings, training, career management, and other factors. The company has an annual salary system for second-grade and higher employees and a single payroll system for third-grade and lower. There is no wage differential between male and female employees. The average wage per employee is about KRW 51.0 million, similar to that of public organizations, and its employee welfare and benefit programs are comparable to those of other employers in related industries.

## Employee benefit programs

IIAC operates an employee welfare fund that allows it to provide a variety of employee benefits programs. It provides company homes in the new town near the airport for employees who live far away. In addition, the company promotes the welfare of employees' families by supporting tuition fees for their children and medical expenses for their spouses. Long-term employees can take sabbatical leaves for rest and relaxation in addition to their regular holidays, and the company grants leaves of absence for overseas study and training. Female employees can use their health and maternity leaves to their best personal advantage.

### Employee Benefits

Family Support	<ul style="list-style-type: none"> <li>• Support childbirth and child-care</li> <li>-Leaves of absence for child-care, partially paid child-care leaves</li> <li>-Pre-and post-natal leaves, paternity leaves for childbirth, subsidies for child-care</li> <li>-Support health care for pregnant and nursing employees, breastfeeding rooms</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits plan/support for school expenses/company housing</li> <li>• Compensation for leaves of absence or retirements due to illness (death, cancer, rare diseases)</li> <li>• Support for compassionate and congratulatory occasions</li> <li>• Winter/summer English camps</li> </ul>
Self-Development	<ul style="list-style-type: none"> <li>• Professional development expenses (language training, etc.)</li> </ul>	
Health Care Supports	<ul style="list-style-type: none"> <li>• Comprehensive annual medical check-ups</li> <li>• Help with medical and hospital expense (for employees and their spouses, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of health care center and consultations on health care, creation of rooftop gardens</li> </ul>
Holidays and Leaves of Absence	<ul style="list-style-type: none"> <li>• Annual leaves</li> <li>• Surgical operation leaves for sterile couples (1 week for men, 1 month for women)</li> </ul>	<ul style="list-style-type: none"> <li>• Long-service sabbatical leaves</li> <li>• Leaves for overseas study and training</li> <li>• Leaves for compassionate and congratulatory occasions</li> </ul>

## Employee Grievances and Whistle-Blower Protection

IIAC operates a facility called "Free Space" to entertain employee grievances, receive suggestions, and encourage labor-management communications; any employee can come to it to discuss employment-related difficulties with the assurance that all matters will be confidential. The company also provides guidelines for the protection of workers reporting corrupt and/or immoral behavior and offers them financial incentives for their contributions to ethical management. When employees suffer losses to their work status due to mistakes made in the course of their employment, the company affords them the opportunity to explain their viewpoint and enter a grievance.

# Building Mutually Beneficial Partnerships based on mutual trust and participation

IIAC has business partners in 25 areas, including airport operations, facility management, and system maintenance and repair, and it views them as partners with whom to create values and grow. Each business partner generates values for stakeholders in its respective area.

## Forming “Win-Win” Partnerships

### Protection of Human Rights for Employees of Business Partners

IIAC demands that its business partners observe all labor-related laws and regulations, including those dealing with the freedom of association and collective bargaining, prohibitions against forced and compulsory labor, and the protection of children and women. The company insists that its business partners apply the 40-hour work week system to their calculations of service costs at all of their business sites and that all holidays-both legal ones and those provided solely by IIAC-be given with full pay.

### Service Level Agreement (SLA)

IIAC implemented a service level agreement with its business partners in July 2006, focusing on equitable contracts and the establishment of fair and just evaluation and compensation systems. Major components of the SLA include paying quarterly incentives when goals exceed original standards and extending contracts and giving additional points when a partner bids for upcoming terms (depending, of course, on the results of evaluations during its previous contract period). Business partners can gain additional points when they establish employee motivation programs of their own accord and expand their own HR operations. Extra points can also be earned points based on their sustainable management practices, such as their number of ethical management cases and certifications for quality systems or environmental management. Points can also be lost for violations of ethical management practices, guidelines, and regulations.

#### Examples of SLA Common Indexes and Evaluation Bases

	Target	Bases	Frequency
Plus	Extent of sustainable management practices	Number of ethical management practices: x 0.3 points Certifications for quality systems or environmental management: 0.3 points Number of employee motivation programs: x 0.3 points	Quarterly
Minus	Violations of ethical management practices	Number of bribes: x -2 points Number of illegal data submissions or false reports: x -2 points	

## Sending Employees of High-quality Business Partners Overseas for Study

IIAC offers employees of its business partners opportunities to study at advanced overseas airports if they have received excellent evaluations in such areas as SLA and management innovation. This broadens their knowledge and expertise and leads to operational improvements when they return to work at their “home” facility. In the first half of 2006, 26 employees of partner companies visited Shanghai’s Pudong and Hong Kong International Airport.

## Establishing Communications Channels

IIAC conducts both formal and casual meetings with employees of its major business partners to establish channels for discussing policies and strategies that are of interest to all parties.



## Creating a Sense of Unity among Airport Workers

### Business Partners' Day



IIAC raises the morale of its business partners and their employees by designating the third Wednesday of each May as "Business Partners' Day." Last May, about 2,000 of these employees and their families participated in a variety of sports and recreational programs at the airport's grass fields, and six high-quality business partners were singled out and commended by IIAC's CEO. At the same time, employees of IIAC and its business partners signed a declaration pledging their commitment to customer satisfaction, transparent and ethical management, and social contributions.

### Summer homes

IIAC operates summer homes in the neighborhood of the airport that can be used by employees of its business partners. During the peak-demand summer season, employees of its business partners who have received awards on Business Partners' Day have first call on them.

## Strengthening Competitiveness of Business Partners' Employees

### Selection of friendliest employees, service competitions, Joint CS education

IIAC selects and rewards the "friendliest" of its business partners twice a year and does the same for excellent business partners and employees at year-end. In addition, the company offers incentives for excellent suggestions and companies by holding a "service competition." It also sponsors a program called "Joint CS Education" that targets the employees of its business partners and its own workers. Finally, an IIAC "One Family Workshop" is held at which all these employees can meet and get to know each other better.

# Deploying Social Contribution Activities In Line with the Airport's Characteristics and Operational Environment

IIAC participates in social contribution activities both at home and abroad. All its staff members participate in community service programs, with emphasis being placed on those that will most benefit local residents. After selecting "Communities and the Environment" as its core SC area, IIAC participated in a series of customized SC efforts that corresponded with the characteristics and surroundings of the airport-such as "specialized projects for neighboring schools."

## IIAC as a corporate citizen

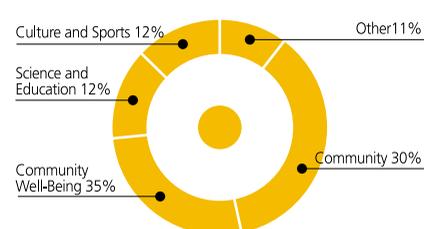
### New Value Creation

Most of the residents in IIAC's neighborhood are airport workers, and the growth and development of these communities are directly related to the success of its own operations. As a result, IIAC has identified "communities" as the top priority for its SC activities. Its efforts in this regard include improving on their cultural, educational, and recreational facilities and proffering specialized SC activities.

### Social Contribution Strategies



### Social Contributions by Sector



### Efforts for the Community

IIAC carries out a variety of projects that are of benefit to its neighbors. Besides this, the company holds regular discussions with community members and stakeholders regarding the economic, social, and environmental impacts of its operations and sustainable management-related issues. The Community Relations Group, which is in charge of sustainable management issues and operations, is responsible for these activities. In addition, the company consults with organizations such as the Incheon Free Economic Zone Authority to enable balanced decision-making on major problems and issues. Donations to community development projects amounted to KRW 0.47 billion at the end of 2006, a leap of 49.0% from KRW 0.12 billion in 2005. Donations to the underprivileged and needy communities made up 35% and 30% of that total, respectively.

### Donations by Year

(Unit: KRW 1,000)

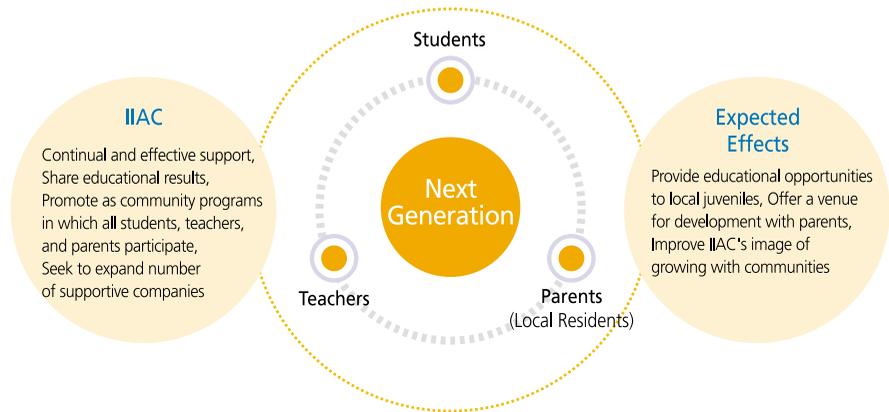


## Core SC Activities

IIAC works hard to identify the wants and needs of local residents and tries to base its SC activities on them. For example, it is pursuing the construction of an Airport Welfare and Cultural Hall which will function as a new cultural space for local communities.

### Support for schools in nearby communities

IIAC promotes the special qualities of local schools, as opposed to simply donating facilities and equipment. It plans to support characteristic projects at each school, targeting ten elementary and middle schools nearby.



### Construction of Airport Welfare and Culture Hall: Creating a New Cultural Space

IIAC is committed to the construction of an airport welfare and culture hall to support culture and recreation in neighboring communities. When finished, this facility will comprise indoor and outdoor athletics venues, facilities for juveniles, infants, and senior citizens, and cultural sites--including concert halls.



### Traditional Forests: supporting the glories of nature

IIAC is a leading force behind the re-creation of traditional forests, seeing them as essential recreational venues for local communities. Future projects will be carried out in cooperation with other companies, public-interest groups, and local government bodies.

## Supporting Education and Offering Scholarships

### Aviation Logistics Scholarship Program

IIAC has offered scholarships to university and graduate school students majoring in aviation logistics since 2005. During the initial year, it offered scholarships worth KRW 30.0 million to 15 students at three universities--the University of Incheon, Inha University, and the Korean Aerospace University--under an industry-academy cooperation agreement. The company is expanding such support schemes so that more students can become valued workers whose expertise will benefit both IIAC and the nation.



Programs	Activities
Aviation Logistics Scholarship Program	Offer scholarships to students at universities under an industry-academy cooperation agreement
Awards for graduates in surrounding neighborhoods	Award distinguished students
Donations of books to schools on nearby islands	Donate stationery and books to schools on nearby islands
Support for model airplane-building competitions	Support model airplane-building competitions, targeting students at aviation-related universities and local schools
Support for fine art and literary contests	Support fine arts and literary contests, targeting primary, middle and high school students in the Incheon area

## Support for culture and sports

### Incheon Sky Festival

IIAC has co-sponsored the "Incheon Sky Festival" with Incheon Metropolitan City every September since 2004. In 2006, a broad array of events, such as concerts, film premiers, fashion shows by airline flight attendants, and a children's sketching contest were offered to about 55,000 citizens and airport workers.





## Airport Experience Events

IIAC provides airport experience events for children who have few other opportunities to enjoy cultural activities. These programs allow them to experience various aspects of the airport, from the issuance of passports and boarding passes to check-ins, security checks, departure passport controls, and immigration and customs procedures. In 2006, more than 50 elementary students from Daecheongdo, one of five islands on the West Coast, came to visit IIAC and learn about its operations.

Programs	Activities
Incheon Sky Festival	Offer a variety of cultural events to local residents
Incheon International Marathon	Support for the Incheon International Marathon, a leading sports event in the Incheon area
Opening of cultural and sports facilities	Offer the use of IIAC's auditorium and sports complex free of charge to local residents
Free Film Premieres	Host free movies in IIAC's auditorium
Regular cultural performances at passenger terminals	Provide opportunities for travelers to experience traditional Korean culture
Investment in Incheon United Football Club	A shareholder in Incheon United Football Club, a professional football team

## Sharing Activities

### Information Gap Solutions for the Differently-Abled and Disadvantaged Students

IIAC donates computers and other equipment to the Korean Association for the Differently-Abled Information-Oriented (KADI) since 2006. So far, it has contributed 216 PCs and notebook computers to KADI and 26 PCs and printers to schools on nearby islands.



### Sharing with North Korea

Since 2005, IIAC has staged a joint labor-management fundraising campaign to help North Korean citizens. One result of this was that it delivered 50,000 charcoal briquettes through the "Briquettes Sharing Movement for a Warmer Korean Peninsula." Participants also visited Gaeseong to plant trees and donated seedlings to improve the environment there. Other efforts include donating to the "Beautiful Foundation," a fundraising organization, through charity concerts by the Incheon International Airport Chorus, as well as campaigns to contribute fire extinguishers to surrounding communities, donate PCs to social welfare facilities, and participate in blood donation drives. IIAC is also expanding its support for non-profit organizations. It does this by indirectly participating in natural environment protection and volunteer service with NGOs and NPOs and aiding fund-raising campaigns by community service institutions.

Programs	Activities
Information Gap Solutions for Differently-Abled and Disadvantaged Students	Donate computers and other equipment to Korean Association for Differently-Abled Information-Oriented (KADI) and schools on nearby islands
Support for Disaster Relief Activities	Ensure the safety of local residents by having the Fire Department at Incheon International Airport supply them with water during the winter
Participate in and support sharing activities with North Korea	"Briquettes Sharing Movement for a Warmer Korean Peninsula"
Coin Collection and Donations	Collect donations in cooperation with the Red Cross, UNICEF, and the Korea Welfare Foundation Participation by Locally-Based Companies in Airport
Construction Project	Increase orders for second-stage construction project to aid local small- and medium-sized construction companies
Support for Social Welfare Facilities and Volunteer services	Visit social welfare facilities, including Jangbong Hyerimwon and the House of Belief
Purchasing Products from Small- and Medium-sized Enterprises (SMEs)	Purchase goods produced by SMEs to heighten their profits

ECO-FRIEND



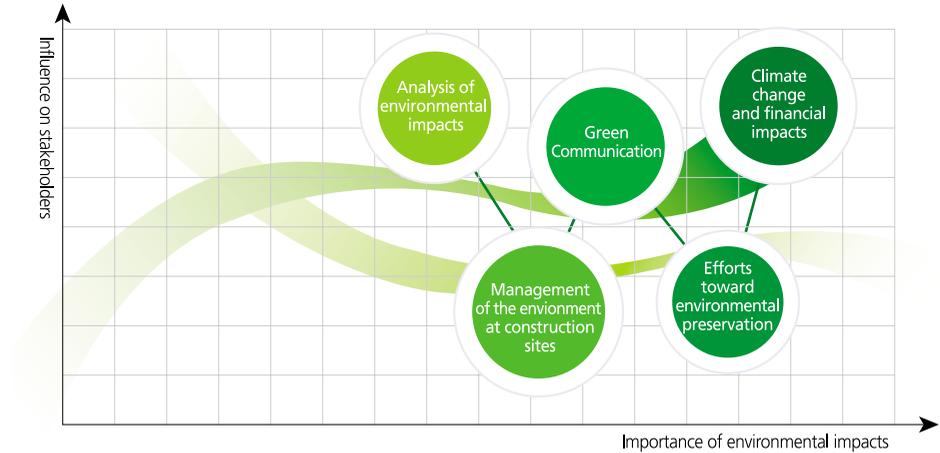


# ENVIRONMENTAL PERFORMANCE: THINKING ABOUT NATURE

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# DMA Environmental Strategy & Performance

## Disclosure on Management Approach



### Values for Stakeholders >> Environmental values

IIAC is establishing environmentally friendly management systems to minimize environmental impacts generated by airport operations and construction. This will result in an environmentally friendly airport—one that treats the environment as a treasure to be handed on to future generations and seeks a healthy balance between profits and the natural world.

#### Value Indicators

IIAC evaluated the importance of environmental impacts and their influence on its stakeholders, using 30 indicators of the G3 guidelines and 34 indicators of the BSR guidelines as its primary bases. This led the company to establish 11 value indicators for stakeholders in the following areas: analyses of environmental impacts, efforts toward environmental preservation, climate change and its financial impacts, environmental management for construction sites, and green communications.

### Results >>

#### Stressed Need for Environmentally Friendly Management

IIAC's contributions to the health of the environment have been recognized through the acquisition of ISO 14001 certifications for both airport operations and construction. Because the company is committed to in-depth environmental management and the prevention of pollution, it conducts a monthly measurement of aircraft noise, atmospheric and water quality, and waste treatment at 10 noise measuring stations and 3 atmospheric quality measuring stations and utilizes an environmental inspection vehicle.

#### Efforts to Prevent Global Warming through Energy Savings

Both electricity and fuel usage volumes have been decreasing, thanks to IIAC's efforts toward energy savings. For example, it has saved KRW 0.4 billion of electricity charges through aircraft lighting control systems and KRW 1.7 billion from water replacement effects and tax cuts by operating the gray water retreatment facility.

#### Environmental Friendly Management for Construction Sites

IIAC conducted environmental impacts assessments before its second-phase construction project construction began and periodically monitors the execution of agreements while it is going on.

#### Preservation of the Environment and Ecosystems in the Neighborhood of IIA

Incheon International Airport (IIA) has carried out recycling operations through its wastewater reclamation and reuse system and resources recovery facility ever since its opening. In addition, it has hired professional outside organizations to study the environmental impacts of its operations on marine and other ecosystems.

#### Green Communications with People

IIAC discloses environmentally-related data on its homepage. Other efforts toward environmental communications with its stakeholders include photo exhibitions and screening films about the environment.



**Environmental Performance Structure** >>

**Environmental Performance of Thinking of Nature**

Establishment of environmental management systems	Contribution to Energy Control and the Prevention of Global Warming	Environmentally friendly construction management	Efforts toward environmental preservation in the neighborhood of IIA	Green Communication
Environmental management visions	Changes in energy consumption	Waste management	Aircraft noise	Disclosure of environmental data
Winning of ISO 14001 certifications for both airport operations and construction	Efforts to prevent global warming	Management of water quality and geographical/geological features	Atmospheric quality	Communications with communities
Establishment of environmental policies		Management of noise and vibrations	Water quality	Photo exhibitions
Establishment of environmental policies		Management of atmospheric quality	Wastes	
Environmental surveillance programs			Preservation of ecosystems	

**Future Plans** >>

**Full-Scale Environmental Management**

Although environmental impacts in the airport area have proven to be insignificant, IIAC continuously monitors operations at the wastewater reclamation and reuse system, in-flight meal manufacturing, and resources recovery facilities-three major sources of bad odors.

**Programs in Support of UNFCCC**

IIAC is committed to meeting the environmental standards set out by the United Nations Framework Convention on Climate Change (UNFCCC). It will do this by developing detailed programs leading to energy savings and the prevention of global warming-both of which are major environmental problems. The company will also commission a professional outside organization to examine its volume of greenhouse gas emissions. In addition, it will insist that all its business partners develop environmental pollution reduction programs.

**Management of Environmental Impacts after Second Phase is Complete**

IIAC has pledged to manage for environmental changes and impacts in the neighborhood of the airport that have been caused by its construction activities through in-depth post-construction research.

**Change Environmental Problems into Opportunities**

IIAC will carry out such environmentally friendly projects as installing solar heating and wind plants to change environmental problems like global warming into eco-friendly opportunities.

# Developing an environmentally friendly airport

The natural environment is the basis of all life, and cherishing it is the best means of respecting all life-forms and preparing for the future. IAC is committed both to profits and to environmental sustainability. It will accomplish these goals by practicing environmental management to minimize the impacts of its airport and construction operations and providing environmentally-related information to its stakeholders.

## Building Environmentally Friendly Management Systems

### Environmental management in linkage with Vision 2010

In "Vision 2010," IAC called the "development of an environmentally friendly airport in harmony with nature" one of its major tasks. This includes carrying out its operational and construction activities in an environmentally friendly manner. Measures to accomplish this include the establishment of environmental management systems, the prevention of environmental pollution, monitoring environmental quality, and forming a consensus on its goals for environmental management with concerned stakeholders.

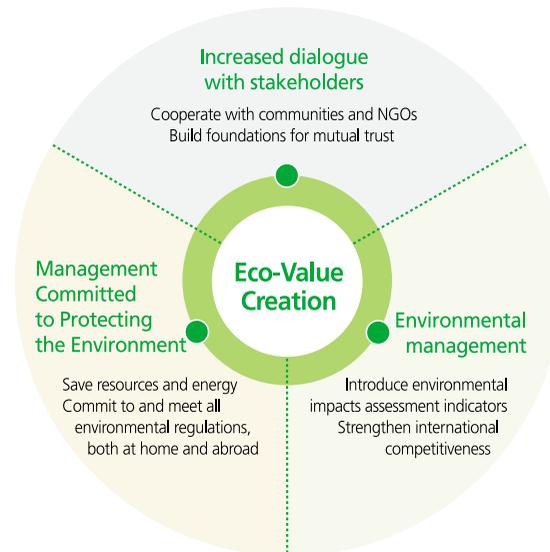
### Goals for Environmental Management



Environmental management systems	Prevention of environmental pollution	Environmental monitoring	Formation of consensus on goals for environmental management with stakeholders
<ul style="list-style-type: none"> <li>• Build and operate environmental management systems</li> <li>• Prevention-oriented environmental management                             <ul style="list-style-type: none"> <li>– Internal inspections</li> <li>– Post-management &amp; inspections</li> <li>– Systems analyses and improvements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Water treatment facilities</li> <li>• Waste treatment facility</li> <li>• Prevention of air pollution</li> <li>• Wastewater reclamation and reuse system</li> <li>• Other pollution prevention facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental monitoring facilities                             <ul style="list-style-type: none"> <li>– atmospheric, noise, water quality</li> </ul> </li> <li>• Research into environmental impacts</li> <li>• Monitoring devices, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Relevant organizations</li> <li>• NGOs, environmental groups</li> <li>• Communities</li> <li>• Other stakeholders, etc.</li> </ul>

## Strategies for Environmentally Friendly Management

IIA's environmental vision is to "develop into an environmentally friendly airport in harmony with nature." Its environmental management strategies include the establishment of a management that is committed to the protection of the environment and increased dialogues with all its stakeholders.



### Environmental management

IIAC is committed to increasing its international competitiveness and developing world-standard management systems. It will accomplish these ends, in part, by ensuring that its environmental management structures are compatible with the evaluation indicators of guidelines set by international organizations and Korea's Ministry of the Environment.

### Increasing dialogues with stakeholders

IIAC will build healthier foundations with nearby communities and environmentally-oriented NGOs by strengthening its ongoing relationships with them.

### Environmentally friendly management

IIAC's initial aim was to reduce pollutant emissions by more than 50% through the operation of its wastewater reclamation and reuse system and resources recovery facility, and the company is proud to say that this goal has been accomplished. In addition, it is committed to meeting all relevant environmental standards through the activities and leadership of its prevention-oriented environmental management.

## Obtained ISO 14001 Certification for Airport Operations and Construction

IAC has been awarded ISO 14001 certifications for both airport construction (1998) and operations (2002). It analyzes the environmental impacts of its operations through its environmental management system and follows them up by putting effective countermeasures in place. By repeating this plan-do-check-act (PDCA) cycle, real environmental improvements are guaranteed.



May 1998: Awarded ISO 14001 certification for airport construction  
 November 2002: Awarded ISO 14001 certification for airport operations  
 May 15-16, 2003: Post-Management Inspections  
 June 2003: Obtained recertification for airport construction  
 December 4-5, 2003: Post-Management Inspections  
 June 22-25, 2004: Post-Management Inspections  
 November 9-12, 2004: Post-Management Inspections  
 June 21-24, 2005: Post-Management Inspections  
 December 6-9, 2005: Post-Management Inspections  
 December 2005: Obtained recertification for airport operations  
 June 2006: Obtained recertification for airport construction

## Environmental Policies

IAC established its company-wide environmental management policies at the time of its initial ISO 14001 certification. These are basic principles pertaining to its goal of bringing "environmentally friendly airport operations" to fruition, and apply to the company's business partners, inspection and development companies, and all its internal organizations. They were revised in 2006.

IAC chose the "development of an environmentally friendly airport in harmony with nature" as a strategic task for "Vision 2010" and its ultimate goal of becoming a "Global 'Top 5' Air Hub" that is committed to the environment and its social responsibilities.

The following basic principles illustrate the company's commitment to minimizing environmental impacts generated during airport operations and construction processes. The company has also pledged to set up environmental management systems by establishing relevant goals and continuously improving the environment.

1. Observe environmentally-related laws, regulations, and requirements-- including international agreements
2. Prevent the generation of environmental pollution from airport operations and construction and minimize environmental impacts on surrounding areas
3. Establish environmental goals and improvement plans while setting up proactive and systematic environmental management systems through regular performance reviews
4. Ensure the transparency of environmental management by providing environmentally-related information to stakeholders
5. Commit to environmentally friendly airport and construction operations and form a consensus on its efforts for environmental management with communities and environmentally-related NGOs

These principles apply to all of IAC's internal organizations, its business partners, and inspection and development companies. Every employee is expected to understand and obey them.

## Environmental management team

IAC's environmental management team is composed of a group of highly-qualified and extremely committed individuals. Led by the Head of the Community Relations Group, the organization consists of the Quality and Environment Team (which is in overall charge of environmental management) and the Environmental Plant Team (which is responsible for the operation of related facilities, including the resources recovery facility). In addition, three business partners are tasked with the maintenance and management of IIA's environmental surveillance, gray water retreatment and resources recovery facilities.

IAC has also designated a group of employees to be in charge of ISO 14001 post-management operations at its environmentally-related divisions and business partner companies. This ensures that its guidelines are obeyed and its systems effectively delivered. In addition, the company strives to minimize environmental impacts from its construction operations by placing authorized environmental personnel at all its building sites.



## Minimize environmental impacts by introducing clean technologies

IAC uses a broad array of pollution prevention facilities to treat pollutants generated from its operations. For example, its wastewater reclamation and reuse system recycles sewage water from passenger terminals, the international business complex, and transportation centers to be used as water for cleaning and restrooms, landscapes, and cooling and cleaning. In addition, it has installed four first rainfall treatment facilities inside the airport to remove oil contained in rainwater.

The resources recovery facility helps reduce the generation of wastes and saves on waste treatment and energy costs by incinerating inflammable wastes produced at the airport's own facilities and the "new town" area. The company also operates cogeneration power plants and recycling centers. The latter are equipped with such state-of-the-art facilities as selective separators and can compressors.

IAC strives to minimize the level of atmospheric pollution by establishing countermeasures at its resources recovery facilities and cogeneration plants.



Wastewater reclamation and reuse system



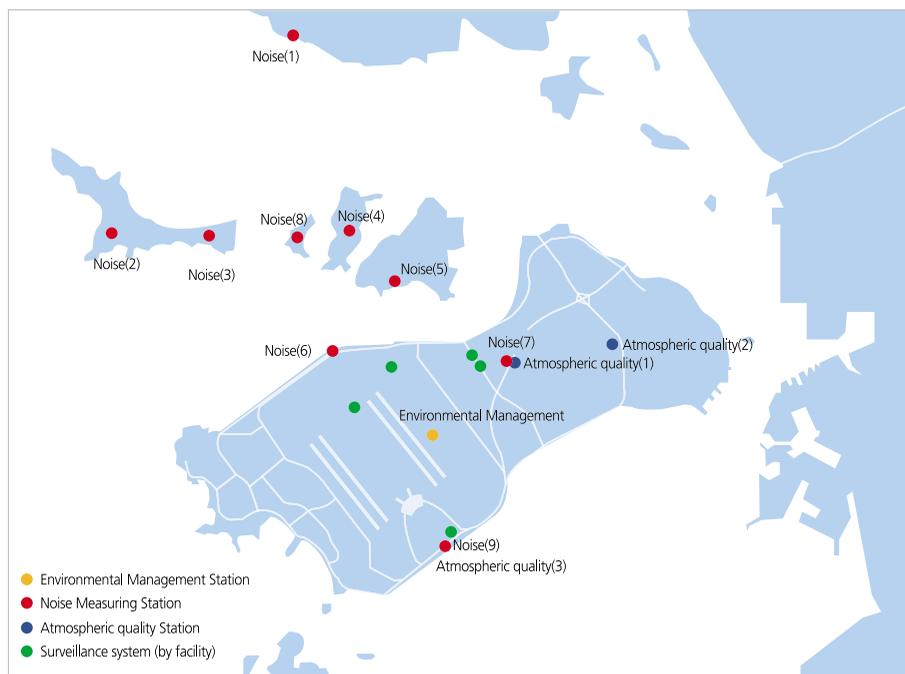
Resources recovery facility



Cogeneration power plant

## Environmental Surveillance Program

Incheon International Airport operates ten airplane noise measuring stations and three atmospheric quality measuring stations on a 24/7 basis. Water quality is measured by a remote measurement network, and the company also uses a vehicle to conduct inspections in areas where measuring stations have not been installed and complaints have been made. All results are analyzed by the Environmental Management Office for environmental changes. These facilities enable IIAC to monitor the quality of the airport's environment and surrounding areas and deal with environmental impacts, environmental pollution accidents, and complaints from the public in a proactive manner.



Atmospheric quality measuring station



Environmental Inspection Vehicle

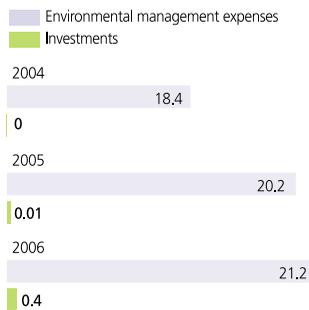
## Environmental Inspection Vehicle: a reliable assistant in environmental inspections

**Environmental Inspection Vehicle:** a reliable assistant in environmental inspections  
Incheon International Airport manages the environment more exhaustively than any other international airport. To begin with, it operates ten noise measuring stations and three air measuring stations to prevent and examine environmental pollution accidents. For areas where measuring stations have not been installed, an Environmental Inspection Vehicle is dispatched to conduct inspections.

-- Kim Ju-Hee, Quality & Environment Team



(Unit: Billions of KRW)



## Environmental management costs

In 2006, IIAC earmarked KRW 21.5 billion (or 4.6% of its total operating budget) for environmental management. These costs are divided into those for environmental management (e.g., environment-related service fees, waste treatment expenses, and measurement and analysis expenses) and environmental investments (e.g., the purchase of measuring equipment and systems and environmental improvements). The first set of expenses is larger than the second due to relatively low demand for investments in new facilities and systems.

## Nurturing professionals through education and training

IIAC provides environmental education and training for the employees of its business partners (for airport operations), inspection companies and developers (for construction projects), and its own environmental managers. In 2006, 11 employees completed training in environmental duties and management systems at the National Institute of Environmental Human Resources Development (NIEHRD), the Korean Foundation for Quality (KFO), and LRQA. The company also offered its own programs on environmental management systems, targeting 111 employees of inspector and developer companies.

## Prevention-oriented environmental checks and compliance with environmental regulations

IIAC conducts biannual, environmentally-oriented checks on its own construction-related divisions, private-invested companies, and developers. The goal of these activities is to improve the environment through the most efficient possible operation of its environmental management systems.

When environmental impact factors arise at its construction and/or operational business sites, the company corrects them immediately and confirms their results.

These checks concentrate on aircraft deicing and anti-icing operations, oil leakages in aircraft movement areas, drains, dust and waste in the second-phase construction areas, and earth and sand outflow prevention measures.

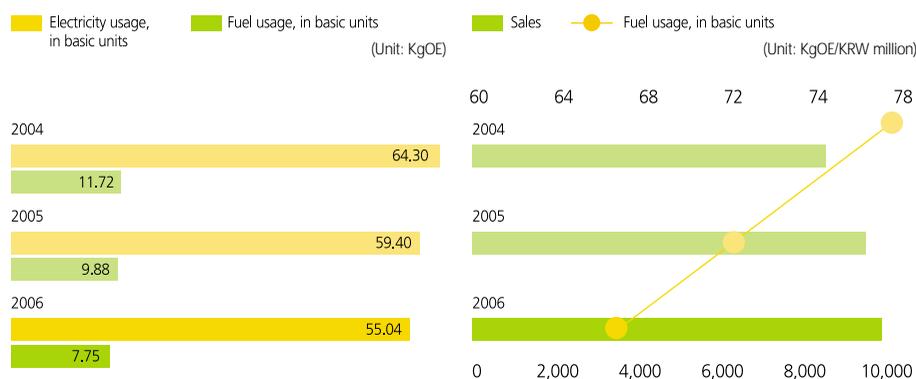
In 2006, the airport internal environment was inspected for ISO 14001, targeting IIAC, its business partners, and developers. This lasted from May until December, while conditions at privately invested companies were checked in June and December. 14 problems needed to be corrected immediately at second-phase construction sites, while ten items were listed as needing correction at airport operation facilities.

IIAC has had no violations of environmental regulations, and no items were listed for correction when checked by external organizations. There were also no cases of negative environmental impacts on its surrounding areas from leakages of chemicals, oil, or fuel.

## Contribution to Energy Control and the Prevention of Global Warming

### Changes in energy consumption

Incheon International Airport used 98,285 TOE (Tons of Oil Equivalent) of energy in 2006, including 87,368 TOE of electric energy and 10,917 TOE of thermal energy. This represented a decline of 2.6% from a year earlier. When compared to sales, both electricity and fuel usage volumes (including those of gasoline and kerosene) have been on a downturn since the airport opened.



※ Statistics on energy usage volume: Based on volume of fuel for air conditioning and electrical energy at airport facilities

### Efforts to Prevent Global Warming

IIAC is committed to preventing global warming through continuous energy savings by such means as improving its facilities, energy saving programs, and educating people in saving energy. In 2006, it saved 2,739 Mwh of electrical energy, worth about KRW 0.31 billion, by installing PAC in the transportation centers retail areas and on the third floor of the passenger terminal and departure areas. In addition, it saved around 3,984 Gcal of mechanical energy, worth approximately KRW 0.32 billion. This was due to a decline in the use of warm water by adjusting CO<sub>2</sub> concentrations and blocking the entry of air from the outside. In the future, the company will continue saving energy through an increased rationalization of facility operations and analyses of energy demand by function and type. Greenhouse gas emissions amounted to 160,598 tons. IIAC plans to entrust the calculation of these volumes to a professional organization by 2008, developing more efficient and effective reduction programs through a studious analysis of the results.

## Voluntary agreement for an energy strategy and reductions in greenhouse gas emissions

Incheon International Airport manages the environment more exhaustively than any other international airport. To begin with, it operates ten noise measuring stations and three air measuring stations to prevent and examine environmental pollution accidents. For areas where measuring stations have not been installed, an Environmental Inspection Vehicle is dispatched to conduct inspections.

-- Kim Ju-Hee, Quality & Environment Team



## Environmental Management at Construction Sites

IIAC launched its second-phase construction project in November 2002. Because it was obvious that the environmental impacts that would be generated during this construction phase would influence the entire airport and surrounding areas, IIAC insisted that clauses regarding the prevention of environmental pollution be included in the design and specifications, that environmental pollution factors be analyzed by process and section, and that countermeasures be established and put into practice as and when necessary.

In addition, IIAC supplies its construction-related divisions and outside development companies with comprehensive plans for the management of the environment detailing such matters as the fulfillment of agreements and annual environmental checks. The parties are also provided with the results of environment-related service projects. This guarantees both the consistency of IIA's environmental management operations and the transparency of all information and data.

### Management of Wastes

A variety of wastes (including waste concrete, wastes ascon, and waste synthetic resins are being generated by IIA's second-phase construction activities. These are either treated by professional waste treatment companies or at the airport's resources recovery facilities.

### Management of Water Quality and Geological/Geographical Features

IIAC has minimized impacts on water quality by installing 17 grit chambers, 15 sediment pools, and 18,655m of temporary drains to prevent the leakage of earth and sand from its construction sites. In addition, it has applied slope stability treatments to a site of 88,557m<sup>2</sup> to prevent earth and sand from collapsing. It is also temporarily transplanting 85,707 trees and moving 1,776,488 cubic meters of topsoil in the embankment cutting area and plans to use them in future landscaping projects.

### Management of Noise and Vibrations

Noise and vibrations are mainly generated at airport construction sites by the operation of aggregate production facilities, the movement of sand and rock transportation vehicles, and blasting. IIAC is attempting to minimize these impacts by limiting the aggregate production facilities to night operations and reducing the speed of earth and rock transportation vehicles to 20 km an hour.

### Management of Atmospheric Quality

The major atmosphere pollutant at IIA's construction sites is dust caused by flying earth and rocks at its aggregate production facilities and the movement of earth and rock transportation vehicles in the embankment cutting area. IIAC is implementing a broad spectrum of countermeasures to reduce the effects of these, including the mandatory installation of sheds in aggregate production facilities and of dust protection nets in the embankment cutting area. It also insists on the constant use of car and wheel washing equipment, the installation of dust walls, and the use of water sprinklers.



## Environmentally friendly construction using conveyer belts

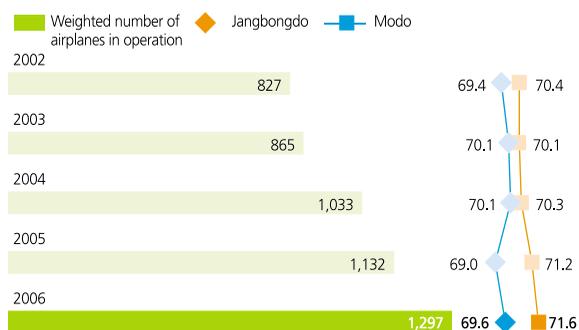
IIAC is using conveyer belts instead of dump trucks for the transportation of aggregates to improve safety and reduce environmental impacts and costs. These are being used for the third runway, which is part of the company's second-phase construction operations.

## Efforts towards Conserving the Environment in Nearby Areas

### Noise Levels

IIAC has ten stations to measure noise levels in the neighborhood of Incheon International Airport and nearby islands. This happens 7/24, and the results are used as data for strategic countermeasures and environmentally-related decision-making. Although the size of airplanes continues to increase and the frequency of flights to grow, IIAC strives to maintain noise levels below 75 WECPNL<sup>1)</sup> by changing routes and introducing driving noise reduction plans. According to measurements taken in 2006 by these stations, noise levels in the neighborhood of the airport ranged from a minimum of 48.1 WECPNL to a maximum of 71.6. Thus, although the number of flights climbed by 14.5% over the year, the average noise level increase on the east side of Jangbongdo island stood at a mere 0.86%.

### Weighted number of airplanes in operation



### Airplane Noise Reduction Programs

As a result of statistical analyses of take-off noise levels by airplane type, it was found that B747Fs, B747s, and DC-10Fs recorded the highest aircraft noise sensing frequencies and noise levels. Cargo planes had greater noise impacts than other aircraft, and all impacts tended to be higher at night than during the daytime.

IIAC analyzes noise data taken by its measuring stations on a regular basis and reports them to each airline monthly. In addition, changes in airplane noise levels are systematically managed compared to the weighted number of airplanes in operation. The company is also investigating a variety of other noise reduction measures.

\* WECPNL: Weighted Equivalent Continuous Perceived Noise Level

<sup>1)</sup> The standard prescribed by the Civil Aviation Act for those areas which are likely to suffer from airplane noise or which have suffered from it: 75 WECPNL

## Atmospheric Quality

Causes of air pollution during airport operations include non-point pollution sources<sup>2)</sup> (including aircraft, ground handling equipment, and vehicles) and point pollution sources<sup>3)</sup> (including resources recovery facilities and painting facilities).

IIAC uses the telemetry system (TMS) and the Environment Inspection Vehicle to analyze air pollutants discharged from airplanes and vehicles. Environmental monitoring facilities are in operation 7/24 at the airport "new town," Yeongjong-do, and the wastewater reclamation and reuse system to the south of the passenger terminal.

There has been no dramatic change in atmospheric quality since the opening of the airport. Results of air quality measurements in 2006 found the air quality to be satisfactory: for example, sulfur dioxide, CO, and ozone were 33.3%, 6.7%, and 60%, respectively, of natural standards. In addition, IIAC uses environmentally friendly refrigerants, which do not destroy ozone, in the majority of its cold storage devices.

### Atmospheric Quality in 2006



	Measurement Item (Unit: ppm)				
	SO <sub>2</sub>	CO	NO <sub>2</sub>	O <sub>3</sub>	PM-10(μg/m <sup>3</sup> )
Environmental Standards <sup>4)</sup>	0.015/yearly	7.0/8hr	0.03/yearly	0.06/8hr	50/yearly
Airport "New Town"	0.006	0.6	0.024	0.032	50
Yeongjong-do (Residential area)	0.006	0.6	0.019	0.033	41
Airport Area	0.006	0.6	0.020	0.034	52

## Air Pollution Prevention Programs

Given the increasing interest in and added regulations on atmospheric quality (such as special laws on the improvement of the atmosphere in Korean metropolitan areas and indoor air quality at public facilities), IIAC is doing its best to improve this part of the environment by setting up countermeasures against point and non-point pollution sources.



Exhaust gas check

In the case of resources recovery facilities, the company has installed exhaust gas treatment devices, such as semi dry-type reactors, a bag filter facility, and selective catalytic reducers. For cogeneration power plants, it uses clean fuels, such as LNG, to minimize the generation of pollutants. In addition, it conducts quarterly checks on vehicle exhaust gases to reduce pollution from ground service equipment (GSE) and vehicles in operation at passenger and cargo aprons. It also operates compressed natural gas (CNG) filling stations, which are clean energy supply facilities, to minimize the impact of buses operating in the airport area.



Indoor air quality measurement

As part of its efforts to improve the quality of the atmosphere, IIAC applies more stringent standards than are statutorily required to its measurements of air quality-related items-such as dust, CO<sub>2</sub>, carbon monoxide, and formaldehyde-at passenger terminals and the transportation center. In addition, it plans to replace all currently-operating shuttle buses by 2008. Finally, all IIAC employees participate in a "no driving one day of the week" program and are encouraged to carpool.

2) Non-point pollution source (NPS) is generated from the use of land. It is difficult to confirm its outflow processes accurately, and its inflows are not continuous.

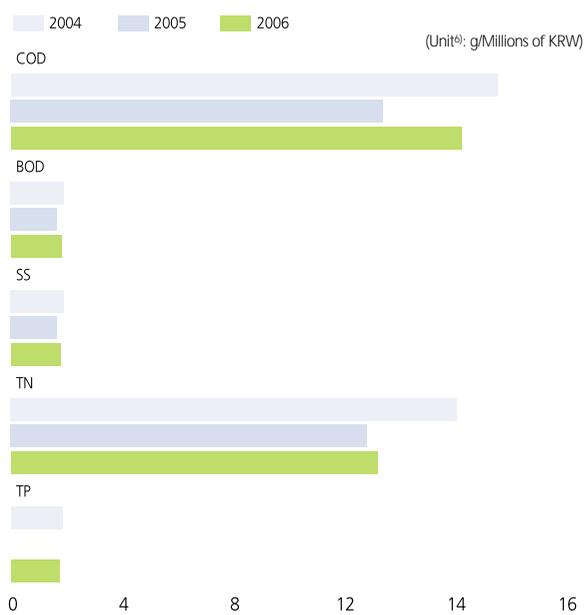
3) Point pollution sources that are continuously discharged from certain places.

4) Applied strengthened standards of the Framework Act on Environmental Policies, Incheon City Municipal Ordinances.

## Water Quality

IAC recycles polluted water and wastewater generated in the airport area by treating it in its wastewater reclamation treatment facility. After that, it is mainly used for landscaping, water for restrooms, and cooling. In 2006, polluted and wastewater that had been treated amounted to 2.93 million tons; 56% (or 1.65 million tons) of that was recycled. When calculating the generation of pollutants by basic unit, it was found that the volume of all water pollutants was on a gradual decline. These included measurements for chemical oxygen demand (COD), biochemical oxygen demand (BOD), suspended solids (SS), total phosphorus (TP), and total nitrogen (TN). Environmental impacts on nearby reservoirs turned out to be insignificant.

### Emission of water quality pollutants<sup>5)</sup>



5) Sharp declines in the volume of emissions in 2005 were led by reduced inflows into public waters-even following a rise in the use of water for landscaping due to the opening of golf courses in the neighborhood of IIA.

6) Basic Unit: g/KRW million, Emission = Emission Concentration (mg/l) x Emission (m<sup>3</sup>)

### Gray Water Treatment Facility

IAC uses water in an efficient and economic manner thanks to its wastewater reduction and reuse facility. This recycles sewage water and waste water, significantly contributing to the stability of the water supply. Treated water supplied by this facility in 2006 amounted to 4,513 tons daily on average, out of an original 8,030 tons of polluted water per day. The treated water has an average biochemical oxygen demand (BOD) of 0.4 ppm, significantly lower than the legal standard of 6 ppm. It is primarily used for restrooms, cooling, and watering flowers and lawns. This operation resulted in a substitution effect of about KRW 1.5 billion in 2006, allowing IAC to claim a tax reduction of 10.0 % on its typical water usage and earn tax relief worth KRW 0.2 billion.

### First Rainfall Treatment Facility and Management of Deicing and Anti-icing Fluids

IAC operates four first rainfall treatment facilities on the west and east sides of the passenger terminal aprons and at the aircraft maintenance plant; their purpose is to remove oil contained in first rainfalls. These are treated to have an n-hexane level of 5ppm or lower before being discharged into the water system.

The airport also has four deicing stands to perform deicing and anti-icing operations. Waste deicing fluids are collected in a storage tank; IAC ensures that they do not pollute by having them collected and treated by an external specialist. In addition, it monitors whether waste aircraft deicing fluids are being discharged to the outside. Results from 2005-2006 showed that there was no outflow of these fluids.

## Water Quality at Detention Reservoirs

IIAC examines for water quality (such as hydrogen ion concentrations, dissolved oxygen, TP, and TN) and the composition of Cyanophyceae species at two fixed points in three detention reservoir areas to the south, north, and east of IIA four times a year to minimize the environmental impacts of its construction and operations activities. In 2006, it found that water quality at these sites had not changed noticeably from the preceding year. The company will continue to investigate non-point pollution sources and manage the quality of water discharged from its treatment facilities to improve the rate of eutrophication.

### Water Quality at Detention Reservoirs

Measurement item	Northern detention reservoir			Eastern detention reservoir			Southern detention reservoir		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
pH	8.14	8.22	7.68	8.12	7.92	7.77	7.96	8.13	8.13
DO(mg/l)	8.36	8.63	7.83	7.98	8.47	8.04	7.88	8.75	8.03
COD	6.3	7.30	7.4	6.5	7.3	6.25	6.4	6.7	5.7
T-N(mg/l)	2.956	2.195	2.804	3.691	2.195	2.86	3.521	2.675	2.421
T-P(mg/l)	0.174	0.089	0.079	0.209	0.089	0.150	0.224	0.108	0.095



## Ocean Water Quality

Ocean water is tested for 12 general items and seven heavy metal items four times a year at 8-11 fixed points in the neighborhood of IIA. According to its analyses, comparing ocean water quality before, during, and after the construction of Incheon International Airport, pollution impacts on ocean water quality by IIA construction activities were minimal. IIAC received high scores in such items as pH and DO, while the impact of its activities on the remaining items was negligible. Heavy metals were also stable, having maintained the same concentrations since the mid-1990s.

Measurement item	Standard	2004	2005	2006	Measurement item	Standard	2004	2005	2006
pH	7.8-8.3	8.0	7.7	7.8	Cr+6	50	0.215	0.254	1.866
DO	7.5 & higher	8.4	8.7	8.8	Cd	10	0.246	3.112	0.530
SS	7.5 & higher	89.7	30.2	45.3	Pb	50	0.600	5.181	1.608
TN	30 & less	0.58	0.54	0.51	Zn	100	10.952	15.644	6.075
TP		0.041	0.050	0.071	Cu	20	2.705	1.947	2.557



## Generation of Wastes

Waste treatment at IIA was carried out by recycling (29.7%), incineration (53.0%), and landfill (17.3%). All wastes for incineration are treated at IAC's resources recovery facility. The company treats waste in an eco-friendly manner by giving priority to intermediate waste treatments and recycling rather than to landfill. In the future, it will continue reducing the volume of its wastes.

IAC compares the generation of wastes to its volume of sales to determine their proper management, using the recycling rate and quantity reduction rate as indicators. The total volume of waste from its business sites in 2006 was 12,141 tons, a slight decrease from a year earlier. In terms of basic generation per unit, the figure was 13.87kg/KRW million, a reduction of 22% year-on-year from the 17.86kg/KRW million measured in 2005.

(Units: Generated volume: Tons/Basic Unit: Kg/KRW million)

Type	2004		2005		2006	
	Emission	Basic Unit	Emission	Basic Unit	Emission	Basic Unit
Designated Wastes	27.8	0.039	28.1	0.035	62.76	0.072
General Wastes	13,336.7	18.91	14,124.8	17.82	12,079.08	13.80
Total	13,364.5	18.94	14,152.9	17.86	12,141.84	13.87
Sales (Millions of KRW)	705,117		792,549		875,256	

## Waste Treatment

IAC strives to turn wastes into resources while reducing their overall volume. In 2006, its waste treatment was carried out by landfill (17.3%), incineration (53.0%), and recycling (29.7%), with an upturn in the rate of incineration and recycling to 83.0% from 78.8% the previous year. By giving priority to intermediate waste treatments and recycling rather than to landfill, IAC is showing its commitment to eco-friendly waste management.

## Resources Recovery Facility

IAC can incinerate 140 tons of wastes daily at its resources recovery facilities. This helps in reducing the generation of wastes and also saves on waste treatment and energy costs. It uses a fluidized bed incinerator<sup>7)</sup> to improve efficiency; this prevents odors by pyrolyzing wastes at 850~950°C and has a more than 99% efficiency rating for removing dust and dioxin particles. Acid gases, such as sulphur oxides and HCl, are removed by the semi dry-type reactor, while over 90% of nitrogen oxides and dioxin gases are eliminated by the selective catalytic reduction (SCR) equipment. These rates are less than one tenth of the base statutory requirement.

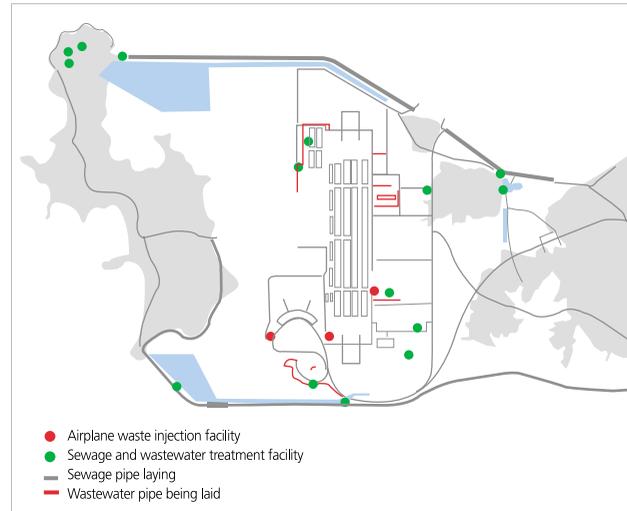
<sup>7)</sup> Fluidized Bed Incinerator: A device that burns general wastes and sludge at the same time. It uses moving media (including sand) that have been heated to about 700~800°C by blowing in high-temperature gases through a blower at the bottom. Because wastes are instantly dried and incinerated, the generation of carbon monoxide, which is produced by incomplete combustion, is prevented.

## Efforts to preserve ecosystems

IIAC has conducted research on the effects of its operations and construction activities on marine and ground ecosystems and birdlife two to four times a year since its opening. According to the results of studies by external organizations, there have been no significant environmental impacts caused by airport operations or construction. These activities will continue even after the final-stage project is completed.

### Marine ecosystem

Studies of the marine ecosystem have been conducted at five fixed points in the sea in the neighborhood of the airport. Items that were examined included zooplankton, phytoplankton, fish eggs, ichthyoplankton, and mediolittoral organisms between the rising and ebb tides. In studies undertaken between July and October of 2006, zooplankton showed high overall density levels, with an average population of 1081.7 ind./m<sup>3</sup> and a range of 345 ind./m<sup>3</sup>~ 2,057 ind./m<sup>3</sup>. Population density varied greatly, depending on the location of the fixed points. The standing crop of phytoplankton had a total average of 310,419 cells/ℓ with a distribution of 45,979~970,271. This fell within a range of 104~107 cells/ℓ--the average for the western coast. In addition, there were 101 species of mediolittoral organisms found at Yeongjong-do in 2006.



### Ground ecosystem

Studies of the ground ecosystem targeting flora and fauna are conducted twice a year at Yeongjong-do, Sammok-do, Yongyu-do, and Sinbul-do, which are the areas most likely to be influenced by the airport's construction activities. IIAC has also conducted a close investigation of damaged areas, while referring to all available documentation on and making pertinent inquiries about them.

The standing crop of flora and net production in the targeted areas were estimated to be 169,770 tons and 54,645 tons per year, respectively. Average Degree of Green Naturality (DGN) was 1.9, similar to the previous year's figure.

With regard to fauna, IIAC conducted document studies, engaged in collection and observation, and made in-depth enquires regarding animal populations. It found nine species of mammals (including elk), 3 species of amphibians (including one species of tree frogs and two of leopard frogs), and 4 species of reptiles (including *Matrix tigrinya laterals* and *Elaphe rufodorsata*). Also discovered were 12 families and 20 species of insects, including oriental long-headed locusts, mole crickets, and yellow butterflies.

### Birdlife

36 species of birds (including 45,805 individuals) were sighted in the neighborhood of IIA during the spring and fall of 2006. The most dominant species was the dunlin, followed by black-bellied plovers, black-tailed gulls, Eastern curlews, and great knots. IIAC also found that the movement of water birds arriving in the areas of Yeongjong-do and Yongyu-do (including sandpipers and plovers, had not changed appreciably compared to 2005. They are believed to have migrated within Yeongjong-do according to changes in construction sites.

Although the number of water bird species and individuals seen arriving in the area between 1993 and 1997 (when the airport was under construction) had been on an annual downturn, it has begun to increase since 1999, when disturbances to habitats began to decrease. Thus, figures for both were higher in 2000 than in 1997.

Between 2001 and 2006 (i.e., after IIA opened), sandpipers and plovers arriving at the mud flats in the region of the airport did not show great changes in either the number of species or individuals, although their numbers varied considerably on an annual basis depending on the environment being studied. Happily, six endangered species (including *Egretta eulophotes*) were observed in the neighborhood of the airport. They will be monitored on a regular basis.

## Green Communications with Stakeholders

In the past, companies have focused on communicating with their direct stakeholders-shareholders and employees. However, sustainable management attaches equal importance to an organization's social and environmental responsibilities. Therefore, communications with indirect stakeholders-communities, business partners, consumers and relevant organizations-have become increasingly important.

IIAC strives to communicate and build a trusting relationship with its environmentally-oriented stakeholders in several ways. These include developing greater transparency in its operations by disclosing environmental measurement data, pursuing noise prevention projects, inviting residents who are affected by noise to oversee airport operations, holding photo exhibitions, and supporting environmental NGOs.

### Disclosure of environmental data

IIAC's surveillance facilities allow for increased environmental preservation by continuously monitoring the environmental impacts of its operations. These data are mounted on its homepage, both for reasons of managerial transparency and to ensure their reliability.



IIAC published environmental reports from 1996 to 2005, detailing the results of its environmental management programs, studies of its environmental impacts, and performance indicators. These were distributed to interested organizations, private environmental groups, environmentally-oriented academic circles, and overseas airports. In 2006, however, IIAC decided to incorporate its annual and environmental reports into one sustainability report.

### Environmental communications with local communities

IIAC believes in the power of communication to promote understanding and build trust with environmentally-oriented stakeholders. In addition, the company supports a host of private organizations, including the Incheon Federation for an Environmental Movement and Green Incheon.

In March 2006, IIAC provided airport experience events to 27 elementary students and teachers in areas that were affected by aircraft noise. In addition, 78 elementary students, teachers, and residents of these areas participated in a sketching competition during the Incheon Sky Festival in September 2006. The company also donated computers to the Jangbong Branch School of the Dowha Elementary School as a part of its program to support local residents and recycle resources.



### “Under the Greenwood Tree”

IIAC, in cooperation with the Korea Green Foundation, held an environmental photo exhibition, entitled “Under the Greenwood Tree,” from December 13, 2005 to January 13, 2006. The goals of this exercise were to improve the company’s image regarding environmental preservation and to encourage similar projects with other environmental groups. Composed of 84 photos of human habitations and habitats from around the globe, the exhibit was situated on the 3<sup>rd</sup> floor of the passenger terminal.



\*Exhibits: About 84 works by a dozen overseas photographers-- including world-renowned ecology artists Frans Lanting and Pascal Maitre



## Special Screening of “An Inconvenient Truth”

On November 22, IIAC held a special screening of the environmental film documentary, “An Inconvenient Truth,” in cooperation with the Korea Green Foundation. It was attended by about 400 persons, including employees, business partners, and the heads of airport-stationed organizations.

At the showing, its CEO, Jaehee Lee, said, “I was very impressed by the movie, as I am very interested in environmental management.” He went on to tell the audience, “I hope it will be an opportunity for you to ruminate upon the importance of the environment.”

Produced by former U.S. vice president Al Gore, “An Inconvenient Truth” delivers a strong message regarding the seriousness of environmental pollution and was featured at the Sundance and Cannes film festivals.

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# Appendix

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# Evaluation by Outside Experts

**Yoon Eun-Ki**

Dean, Seoul School of  
Integrated Sciences & Technologies,  
Chair, Korean Society of Corporate Studies

Incheon International Airport Corporation (IIAC) is tasked with duties that are directly connected with Korea's national image and contributes to the public interest as a leading national enterprise. Because of this, it is of great significance that IIAC has created this sustainability report, delineating its sustainable management strategies in concrete terms and applying stringent guidelines to its preparation. After having reviewed the report, I believe that the following items should be noted.

First of all, the report is based on guidelines contained within the GRI (Global Reporting Initiative) G3 as revised in October 2006. In addition, it complies with the BSR (B.E.S.T. Sustainability Reporting Guideline), a manual for Korean companies preparing sustainability reports that enables them to include domestic management issues. This demonstrates IIAC's willingness to adhere to high standards in its methodology.

Secondly, the report's information is given in an easily understandable manner. This will enable stakeholders to make judgments about such issues as IIAC's major accomplishments, matters that may need further improvements, future strategies, and their interconnections. It is important for the company to develop higher-standard sustainable management operations going forward. In the meantime, it is recommended that the company provide its stakeholders with even more reliable information by presenting credible target figures along with its base data.

Thirdly, I am pleased to see that IIAC has consulted with various external experts, sought verification by third parties, and recorded relevant results in the Appendix-all methods of heightening the report's reliability. I advise the company to keep on improving the quality of these reports by continuously seeking verifications by outside specialists.

Finally, an important goal of the Safety, Security, Social Contributions, and Environment sections is cooperation and connection with external organizations, both at home and overseas. I feel that these aspects should have been explained more specifically. It is also recommended that IIAC involve itself more with global-level social contribution programs to strengthen its international capabilities. Although the company carries on a variety of noteworthy programs in the social performance area (including ones for its employees), it has failed to quantify its results sufficiently. As a consequence, I would recommend that the company make further efforts in the area of social performance to attain a better balance within the report.

IIAC decided to incorporate its annual and environmental reports into this sustainability report, thus demonstrating its belief in and desire to practice sustainable management. This will play an important role in enhancing its relations both with its inside customers and its external stakeholders. I would recommend that IIAC improve on this report by including dynamic time-variant comparisons between goals and results and making greater use of comparisons with similar organizations and world-class companies.

# Third Party's Assurance Statement

## To the Management of the IIAC Sustainability Report 2007

The Institute for Industrial Policy Studies (The Auditor) was engaged by the Incheon International Airport Corporation (IIAC) to review its 2007 Sustainability Management Report (The Report) to provide independent third-party assurance on its contents. The IIAC is responsible for the collection and presentation of all information within The Report as well as the maintenance of the underlying data collection system and internal controls. The key objective of our review was to provide independent assurance that all statements and data cited in The Report are free of material misstatement or bias and that the data collection systems used are robust. On the basis of the above, The Auditor presents the following third-party statement of assurance.

### Context and Scope

In The Report, the IIAC describes efforts and progress made toward sustainability management as well as its plans for the future. The Auditor's review examined the following.

- Reasonable assurance on whether : the financial data specified under "Financial Performance" of The Report is properly derived from the IIAC's Audited Annual Report for 2006
- Limited assurance on whether : the data specified under "Sustainability Management", "Social Performance", "Environmental Performance", and "Appendix" of The Report are stated adequately and in full and are free of material misstatement or bias.

※ Reasonable assurance constitutes a higher level of assurance than limited.

### Our Independence

The Auditor was not involved in the preparation of any key parts of The Report, and with the exception of this work has no other affiliation with the IIAC that might compromise our independence or autonomy or place us under IIAC's influence, giving rise to possible conflicts of interest. The Auditor has no relationship with the IIAC regarding any of its for-profit operational activities.

### Standards and Criteria

The Auditor reviewed whether The Report was written in accordance with the Global Reporting Initiative (GRI)'s G3 Sustainability Reporting Guidelines Version 3.0, as well as the AA1000 Assurance Standard's (AA1000 AS)\* three core principles of Materiality, Completeness and Responsiveness. Additionally, The Auditor reviewed the reporting level of The Report against the local BSR Guidelines (B.E.S.T Sustainability Reporting Guidelines)\*\* for sustainability management.

\* AA1000 AS is an assurance standard for social and sustainable reporting developed by the U.K.-based Institute of Social and Ethical AccountAbility in November 1999. A nonprofit organization that promotes corporate social responsibility, business ethics and responsible business practices, AccountAbility aims to improve the quality of social and ethical accounting, auditing and reporting through the AA1000 AS.

\*\* The BSR Guideline (B.E.S.T Sustainability Reporting Guideline) was jointly developed by the Ministry of Commerce, Industry, and Energy (MOCIE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) and provides for five differing levels of reporting rigor (Reporting Level 1 ~ 5).

### Work Undertaken and Scope

The Auditor reviewed the Materiality, Completeness, and Responsiveness of The Report through the following process:

- a review of media reports relating to the IIAC
- a review of information contained in The Report as well as the underlying data collection system (a review of the internal organization in charge of sustainability management as well as relevant systems and activities)
- data sampling and high-risk area assessment for intensive review of key statements in The Report, IIAC's internal policies, documentation, and information system
- on-site review by visiting the Head office
- interviews with managers and staff in charge of sustainability management and reporting, as well as persons responsible for The Report's source information
- interviews with senior executives in charge of sustainability management
- a reconciliation of financial information stated in The Report against the Audited Annual Report

### Conclusions

Based on the above, the Auditor did not find The Report to contain any material misstatement or bias. All material findings of The Auditor are included herein, and detailed conclusions and follow-up recommendations have been submitted to the IIAC.

- **Materiality:** Does The Report cover economic, social and environmental issues of the greatest importance to the IAC?

The Auditor does not believe that the IAC has omitted or excluded any information of great importance to itself. The Report provides a balanced representation of all major dimensions of sustainability management -economic, social, and environmental - as well as innovation and creativity management. It is the Auditor's recommendation, however, that the IAC develop a Materiality testing model to ensure that all key stakeholder issues are identified according to an objective set of standards and incorporated in The Report.

- **Completeness:** How reliable is the information and data stated in The Report, and is the underlying information and data collection system complete and robust?

The Auditor noted that economic, social, and environmental issues were discussed internally through management meetings. In addition, we confirmed efforts by the IAC to strengthen the reliability of its financial data by improving its ERP system, accompanied by efforts to ensure compliance to relevant laws, regulations, and internal policies. Notably, we verified the IAC's hard work toward innovative improvement activities via a logistics processing system, as well as its commitment to ensuring transparent and fair transactions through the advance disclosure of its purchase specifications as well as an internal check system. We also found the IAC to be managing its environmental performance with a real-time environment management system for measuring and identifying environmental issues. However, we do recommend that a separate organization be established whereby the Board of Directors can continue to discuss sustainability management issues on a regular and active basis.

- **Responsiveness:** How well does The Report address information of importance to IAC stakeholders?

The Auditor determined that the IAC has been making efforts to identify sustainability management issues of the greatest importance to its stakeholders by means of various surveys and communication channels with executives, employees, suppliers, and the local community.

#### Issues for Future Consideration

The Auditor found The Report, the first sustainability report by the IAC, to be meaningful in that it encompasses the company's commitment and achievements thus far for sustainability management. In the interest of continued qualitative improvements in its sustainability performance management and reporting, The Auditor would like to make the following recommendations

#### [Reporting Level against BSR Guidelines]

Upon review of The Report against BSR reporting guidelines, the Auditor finds The Report to satisfy 99.3% of Level 5 requirements (from Level 1 ~ 5). The IAC is advised to refer to the letter of recommendation submitted to the management to supplement the unfulfilled 0.7% portion of requirements. In the future, we recommend improved adherence to GRI and BSR reporting guidelines, and greater inclusion of quantitative information in The Report.

#### [Depth of Reported Information]

Unlike the financial portion of The Report, which presents specific targets regarding major issues, the social and environmental dimensions of The Report were found to be lacking. In the future, we suggest presenting concrete targets for all parts of The Report, along with figures showing actual performance achieved against target to better demonstrate IAC's commitment to keeping its promise to stakeholders.

We also suggest that in next year's report, regarding contents that may have appeared already in the first report, the IAC should decrease where possible, the proportion of information that is general in nature or represents low materiality, while providing more specific details on major activities conducted during that reporting period.

Taking into account this assurance statement and the separately provided recommendation letter, we suggest that the IAC continues to build and improve upon its sustainability management and reporting system in the future.

Sept. 17, 2007

**Dong-Sung Cho**

Director, Center for Sustainability Management, IPS  
Professor, College of Business Administration, Seoul National University




The Institute for Industrial Policy Studies (IPS)  
Established in 1993, the Institute for Industrial Policy Studies has accumulated broad expertise in the area of sustainability management since 2002. \* The Auditor\* is composed of eight individuals (Dong-Sung Cho, Seok-Young Lee, Sung-Pil Park, Yoon-Cheol Lee, Dong-Won Lee, Hee-Jung Kim, Young-Soon Ryu, Ji-Yeon Ahn) - professors at Korea's top universities or consultants with professional accreditation and extensive experience in sustainability management with majors in business management, accounting, environmental science etc.

# Evaluation of Environment Performance

## Evaluation of Environmental Performance

Climate change is a significant contributor to environmental and economic agendas throughout the world-including those in the field of aviation. This means that the Incheon International Airport Corporation must do whatever it can to minimize the volume of carbon dioxide emissions coming from both aircraft and ground equipment. In particular, the company needs to minimize the waiting time for aircraft take-offs and landings and establish policies to manage its ground equipment. Because of this, I recommend that IIAC set up cooperative systems with the airlines that use its facilities to aid it in establishing effective climate change-related policies.

Climate change and energy usage are closely related to each other. Incheon International Airport uses large amounts of fuel and electricity-especially now, when positioning itself as a global "top 5" air hub has led to dramatic increases both in the scale of its logistics and its volume of passengers. As a result, it is encouraging to see that IIAC is already deploying many energy control and efficiency improvement projects. However, the company also needs to develop long-and short-term goals for fuel and energy savings, along with programs to bring these goals to fruition. If this were to be done, IIAC would be able to use less energy, provide better services, and cope with climate change-all simultaneously.

The airport is well suited to introducing new and renewable energy innovations. To take just one example, it could reduce its usage of fossil fuels that discharge carbon dioxide by placing solar photovoltaic power generation facilities on the roofs and in little-used areas of its terminals and logistics-related installations.

I hope that the company will actively make use of such new and renewable energy resources. It must satisfy the needs and demands of many groups to grow into the world's best airport, and I am certain that environmental considerations will be among the most important of them. If this happens, I am sure that Incheon International Airport will continue to be esteemed by travelers, both for its convenience and its commitment to the environment.

## Choi Yul

President of the Korea Green Foundation,  
Executive Committee Chairman of the Seoul  
Green Film Festival  
- Former Co-President of the Korean  
Federation for the Environment  
- Selected as one of "15 global civic activists"  
by the Worldwatch Institute and UNEP  
Global 500 Winners  
- Winner of the Goldman Environmental Prize  
from the Goldman Foundation

# GRI G3 Contents Index

GRI Index	GRI content	Reporting level	Page	BSR Index
<b>Strategy and Analysis</b>				
1.1	Statement from the most senior decision-maker of the organization	●	10-11	A_1
1.2	Description of key impacts, risks, and opportunities	●	10-11	A_2
<b>Organizational Profile</b>				
2.1	Name of the organization	●	14	A_3
2.2	Primary brands, products, and/or services	●	14	A_4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	15, 31	A_5
2.4	Location of organization's headquarters	●	15	A_7
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	N/A	-	A_7
2.6	Nature of ownership and legal form	●	15	A_8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	32-37	A_9
2.8	Scale of the reporting organization, including: * Number of employees; * Net sales (for private sector organizations) or net revenues (for public sector organizations);	●	15	A_10
2.9	Significant changes during the reporting period regarding size, structure, or ownership	N/A	-	B_8
2.10	Awards received in the reporting period	●	138	CO8
<b>Report Parameter</b>				
3.1	Reporting period for information provided	●	5	B_3
3.2	Date of most recent previous report (if any)	N/A	-	B_8
3.3	Reporting cycle (annual, biennial, etc.)	●	5	B_6
3.4	Contact point for questions regarding the report or its contents	●	140	B_9
3.5	Process for defining report content	●	5	B_4
3.6	Boundary of the report	●	5	B-1
3.7	State any specific limitations on the scope or boundary of the report	●	5, 40, 66, 94	B-2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	●	15	A_6
3.9	Data measurement techniques and the bases of calculations	●	5	-
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	N/A	-	-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	N/A	-	B_5
3.12	Table identifying the location of the Standard Disclosures in the report	●	118-121	B_10
3.13	Policy and current practice with regard to seeking external assurance for the report	●	5, 114-116	B_7
<b>Governance</b>				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	●	68-69	GR1
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	68	GR1, GR3
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	●	68	GR2
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	68	GR12
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	●	69	GR7
4.6	Process in place for the highest governance body to ensure conflicts of interest are avoided	●	69	GR13
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	●	68-69	GR4

GRI Index	GRI content	Reporting level	Page	BSR Index
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	133, 139	-
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	●	69	GR5
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	31	GR6
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	69	GR11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	133, 139	GR10
4.13	Memberships in association advocacy organizations in which the organization	●	138	A_11
4.14	List of stakeholder groups engaged by the organization	●	8	C_1, C_2
4.15	Basis for identification and selection of stakeholders with whom to engage	●	8-9	C_1
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	9	C_2
4.17	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	●	9, 124-131	C_3

**Economic Performance**

**Disclosure on Management Approach (Economy)**

40-41

EC1	Direct economic value generated and distributed, including revenues, operating costs, employees compensations, donations and other community investment, retained earnings, and payments to capital providers and governments	●	43-45	EC1
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	102	EC2
EC3 <sup>3)</sup>	Coverage of the organization's defined benefit plan obligations	●	-	EC3
EC4	Significant financial assistance received from government	●	44	EC5
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	●	85	EM4
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	84	EC4
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	84	EC4
EC8	Development and impact of infrastructure investment and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	37	EC6
EC9	Understanding and describing significant indirect economic impact, including the extent of impacts	●	44	EC7

**Environmental Performance**

**Disclosure on Management Approach (Environment)**

94-95

EN1	Materials used by weight or volume	N/A	-	EV10
EN2	Percentage of materials used that are recycled input materials	N/A	-	EV11
EN3	Direct energy consumption by primary energy source.	●	102	EV7
EN4	Indirect energy consumption by primary source	●	102	EV8
EN5	Energy saved due to conservation and efficiency improvements	●	102	EV5
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	102	EV5
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	102	EV5, EV25
EN8	Total water withdrawal by source	●	106	EV9
EN9	Water sources significantly affected by withdrawal of water	●	106	EV20
EN10	Percentage and total volume of water recycled and reused	●	106	EV18
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	109	EV22

GRI Index	GRI content	Reporting level	Page	BSR Index
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	109	EV22, EV26
EN13	Habitats protected or restored.	●	108-109	EV27
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	●	106-109	EV6, EV26
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	109	EV28
EN16	Total direct and indirect greenhouse gas emissions by weight	●	102	EV12
EN17	Other relevant indirect greenhouse gas emissions by weight	●	108-109	EV13
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	102	EV4
EN19	Emissions of ozone-depleting substances by weight	●	105	EV14
EN20	NOx, SOx, and other significant air emissions by type and weight	●	105	EV15
EN21	Total water discharge by quality and destination	●	106	EV17
EN22	Total weight of waste by type and disposal method	●	108	EV16
EN23	Total number and volume of significant spills	●	101	EV21
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	N/A	-	EV29
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	●	107	EV19
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	101	EV23
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/A	-	EV24
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	132	EV31
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	N/A	-	EV30
EN30	Total environmental protection expenditures and investments by type	●	101	EV1
<b>Social Performance</b>				
<b>Disclosure on Management Approach (Society-Labor, Human Right, Society, Product Responsibility)</b>			66-67	
LA1	Total workforce by employment type, employment contract, and region	●	84	EM1
LA2	Total number and rate of employee turnover by age group, gender, and region	●	84	EM5
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	85	EM20
LA4	Percentage of employees covered by collective bargaining agreements	●	82	EM12
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	●	82	EM13
LA6	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	●	17	EM14
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	●	84	EM19
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	85	EM18
LA9	Health and safety topics covered in formal agreements with trade unions	●	17	EM15
LA10	Average hours of training per year per employee by employee category	●	80-81	EM27
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	80-81	EM28
LA12	Percentage of employees receiving regular performance and career development reviews	●	85	EM29
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	68, 84	EM2

GRI Index	GRI content	Reporting level	Page	BSR Index
LA14	Ratio of basic salary of men to women by employee category	●	85	EM3
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	●	86-87	PN2
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	●	86-87	PN3
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	81	EM30
HR4	Total number of incidents of discrimination and actions taken	●	84	EM7
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	●	86	EM8
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	84	EM9
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	●	84	EM10
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	●	81	EM31
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	●	88-91	CO2
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	●	88-91	CO2
SO2	Percentage and total number of business units analyzed for risks related to corruption	●	18-21	CO5
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	18-21	CO5
SO4	Actions taken in response to incidents of corruption	●	18-21	CO5
SO5 <sup>1)</sup>	Public policy positions and participation in public policy development and lobbying	●	118-121	CO6
SO6 <sup>2)</sup>	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	118-121	CO7
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	72	CS3
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	○	-	CO9
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	●	16-17	CS4
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	●	72	CS11
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	70-71	CS5
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	72	CS12
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	70-74	CS9
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	N/A	-	CS13
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	●	72	CS14
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	72	CS15
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	72	CS12

GRI content	Reporting level	Page
Global Compact Communication on Progress (CoP)	●	139

1) EC3: IIAC does not have a retirement pension plan in place yet, but it intends to introduce one as soon as an agreement can be reached between the company and its labor union. The purpose would be to help stabilize the income of its workers after they retire.  
 2) SO5, SO6: IIAC does not make donations to any political party.

# Focus Group Interviews

IIAC has organized a focus group of experts from around the world as one means of continuing sustainable management practices in its operations. Targeting specialists in such areas as informatization, construction, and logistics, the company has conducted interviews on its sustainable management practices and is attempting to reflect the recommendations it receives in its future operations.

## Informatization

**Lim Jong-In, Member**  
Superintendent, Korea University  
School of Information Society

Google's CEO, Eric Schmidt, said at the 2007 World Economic Forum in Davos that a corporation's best assets are its brands and the trust of its customers. This is, obviously, connected to ethical and transparent management—an extremely hot topic of late. For example, the United States Congress has enacted the Sarbanes-Oxley Act, which requires companies to comply with ethical management, adhere to their social responsibilities, and stress security and the protection of customers' personal information. These laudable goals are also reflected in the Dow Jones Sustainability Management Indices. IIAC is committed to establishing the safest and most secure operational systems possible as its core strategy for sustainable management. To do so, the company must implement preemptive and systematic action plans. These should include acquiring the ISO 27001 standard for information security management systems and seeking objective verification of its data from external experts.

## Construction

**Seo Young-Chan, Member**  
Professor, Hanyang University  
School of Transportation  
Engineering

As a Korean, I was proud to see Incheon International Airport opened, generating so much interest and meeting so many expectations from our people. It has always been well operated. For example, its runways and taxi areas have now been in use for seven years, with no significant problems or defects. Now the second-phase construction is in full swing. Any faults in the facilities that resulted during the first-phase construction should be exhaustively analyzed as to their causes and remedied in the second phase. If this is done, we should be able to minimize the possibility of such errors being repeated.

## Logistics

**Jeong Myung-Soo, Member**  
Head of UPS Korean Branch  
President and CEO of  
UPS Korea Express

Societies now demand that everything should be done transparently. State-of-the-art computerization makes it impossible to hide failings by backtracking on all data, and the ripple effects of such findings can have explosive power, depending on the gravity of such problems. As a result, companies can no longer rationalize their activities by simply stating that their overall management objective is to create profits. The founder of UPS, Jim Casey, has stated that a company's activities should be based on justifiable and reasonable social ends, reflecting the fact that corporate ethics really means engaging in "honorable conduct toward others." Ethical standards underpinning the exchange of services, sales, and currency values are now the ultimate justification of such transactions. As it strives to grow into a global enterprise, IIAC should devote its efforts to developing corporate ethics to enhance its sustainable growth.

# Stakeholder Involvement in Sustainable Management

IIAC is committed to providing the finest services to its customers and a pleasant work environment to its airport-stationed companies' employees. In order to heighten their levels of satisfaction, it gathers opinions on its operations from its various stakeholders and uses the results to resolve any problems. In addition, the company conducts regular surveys to help it develop into a great workplace, knowing well that low employee satisfaction will result in poor performance. All reasonable and worthwhile suggestions are subsequently reflected in the company's corporate strategies and policies.



Survey of airport service quality by Airports Council International (ACI)_ Targeting airport users	124
Management of VOC (Voice of Customers) _ Targeting customers	125
Survey of customer satisfaction with commercial facilities _ Targeting customers	126
Survey of community contribution projects _ Targeting schools in the community	127
Survey of business partners through field visits _ Targeting business partners' employees	128
Survey of airport-stationed companies' employee satisfaction _ Targeting airport-stationed employees	129
Survey of "family friendliness" _ Targeting employees	130
Survey of transparency among internal employees _ Targeting management	131

IIAC has been evaluated every year by the Airports Council International (ACI) regarding its users' level of satisfaction with its services. The results are used to improve the airport's international profile and service competitiveness.

- Evaluated by: Airports Council International (ACI)
- Evaluation Period: Seven days quarterly, 28 days annually

### | Evaluation Items |

Service Items (7)	Facility/Operation Items (25)	A total of 32 service evaluation items	
<ul style="list-style-type: none"> <li>• Courtesy, helpfulness of airport staff</li> <li>• Passport and visa inspections</li> <li>• Customs inspections, security inspections, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Restaurant/eating &amp; shopping facilities</li> <li>• Comfort levels of waiting rooms and washrooms</li> <li>• Waiting times in check-in queues/lines</li> <li>• Ground transportation, parking facilities, etc.</li> </ul>	<ol style="list-style-type: none"> <li>1. Overall satisfaction with the airport</li> <li>2. Ambience of the airport</li> <li>3. Courtesy, helpfulness of airport staff (excluding check-in and security)</li> <li>4. Ease of finding way through airport</li> <li>5. Flight information screens</li> <li>6. Comfort of waiting/gate areas</li> <li>7. Availability of parking spaces</li> <li>8. Feelings of being safe and secure</li> <li>9. Availability of baggage carts/trolleys</li> <li>10. Speed of baggage delivery service</li> <li>11. Cleanliness of terminal</li> <li>12. Value for money of parking facilities</li> <li>13. Ease of making connections with other flights</li> <li>14. Walking distance inside the terminal</li> <li>15. Availability of washrooms</li> <li>16. Cleanliness of washrooms</li> <li>17. Shopping facilities</li> <li>18. Phone/Internet/IT facilities</li> </ol>	<ol style="list-style-type: none"> <li>19. Courtesy and helpfulness of security staff</li> <li>20. Thoroughness of security inspections</li> <li>21. Waiting times at security inspections</li> <li>22. Restaurant/eating facilities</li> <li>23. Value for money of restaurant/eating facilities</li> <li>24. Value for money of shopping facilities</li> <li>25. Ground transportation to/from airport</li> <li>26. Passport and visa inspections (at departure)</li> <li>27. Passport and visa inspections (on arrival)</li> <li>28. Customs inspections</li> <li>29. Efficiency of check-in staff</li> <li>30. Waiting time in check-in queues/lines</li> <li>31. Courtesy, helpfulness of check-in staff</li> <li>32. Business/Executive lounges</li> </ol>

### | Participating Airports (86) (As of 2006) |

Area	Participating Airports
Americas	• Denver, Houston, Vancouver, Minneapolis, etc.
Asia	• Incheon, Hong Kong, Changi, Nagoya, Sidney, etc.
Europe	• Copenhagen, Heathrow, Schiphol, Gatwick, etc.
Africa & Middle East	• Dubai, Doha, Cape Town, etc.

### Survey Results

According to surveys of 86 airports taken in 2006, IIAC ranked first overall for the past two years, winning official recognition as being one of the best airports in the world.

### | Major Accomplishments |

- Ranked first in 29 out of 32 items
- Ranked in the top 3 in terms of baggage claims speed, business facilities, and satisfaction with restaurants and their prices
- Placed first in 13 ACI categories (including "airport of the year" and "the best airport in the Asia/Pacific region")

### Applications for Sustainable Management

IIAC is continuously introducing innovations to its service. It is also solidifying its position as a "world's best" airport by enhancing the scope of its networking with external stakeholders. This includes the Service Improvement Committee, which is mainly comprised of government bodies (e.g., Customs and the Ministry of Justice), airlines, focus groups in service areas, and the Incheon International Airport Customers Committee.

### | Action Plans |

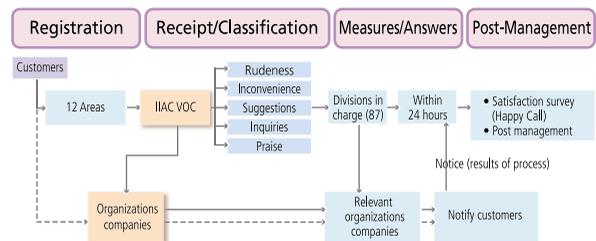
- Hold Service Improvement Committee meetings on a regular basis (i.e., at least quarterly)
- Activate Customers Committee and focus groups in service areas by creating a Web site, holding regular meetings, etc.

IIAC receives the opinions of airport users and prospective customers through the “Voice of Customers” (VOC) and analyzes them to remedy problems and other related matters

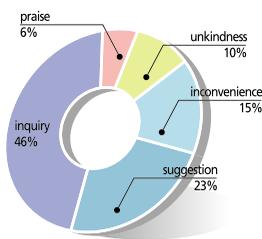
■ User data: 2,889 persons in total (arriving & departing passengers -64.4%, welcoming & airport-stationed employees -8.1%, others -28%)

| VOC analysis results and work procedures |

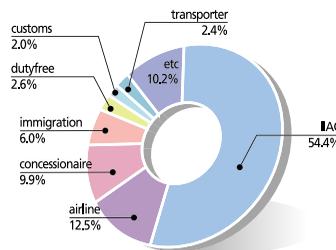
	2005	2006
Total (Number of cases)	2,394	2,889
Change (%)	Δ8.4%	21%
Daily average	6.6	7.9
Dissatisfaction (Number of cases)	1,008	725
Dissatisfaction ratio (%)	42	25



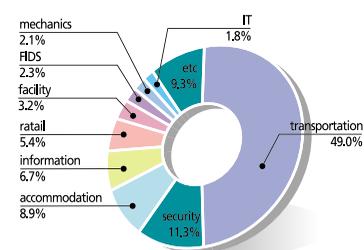
Satisfaction Types



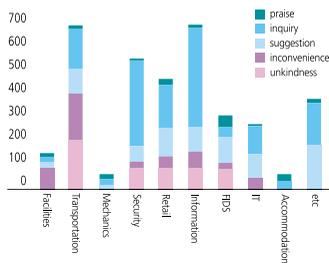
By interest targets



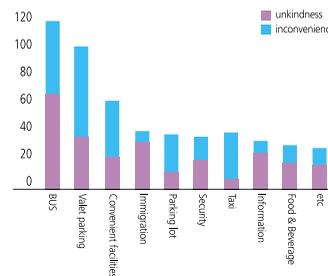
By Airport Facility



Satisfaction by airport facility



Top 10 customer complaints



Survey Results

Satisfaction with process results (Happy Call): 8.06 points (on a 10-point scale)  
Dissatisfaction: 25%

Major complaints include dissatisfaction with public transportation. This includes rudeness on the part of airport bus staff, inconvenient valet parking, and a lack of convenient facilities within the airport.

Applications for Sustainable Management

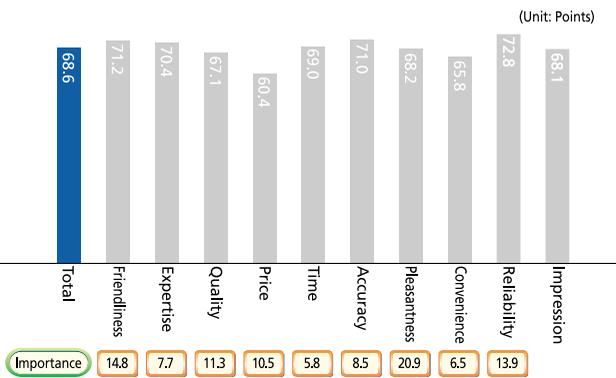
Target satisfaction with process results (Happy Call): 9 points  
Target dissatisfaction ratio: down 5% from a year earlier (targeting 20%)

IIAC will improve on its levels of customer satisfaction by holding regular Service Improvement Committee meetings with airport-stationed organizations (including public transportation companies and immigration offices), improving on the performance of each operating division (KPI: key performance indicators), and collaborating with its business partners.

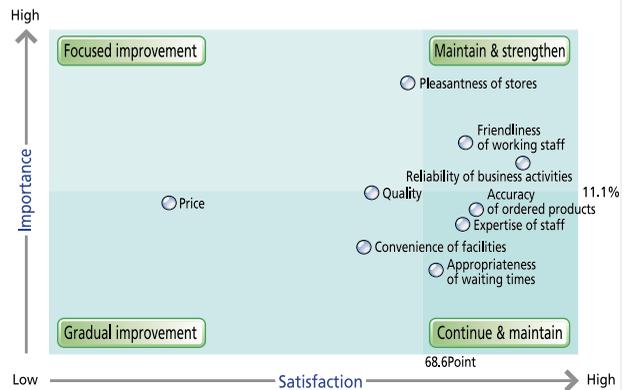
IIAC uses survey results regarding its business facilities to maintain high service levels by discovering and improving on weaknesses. This information is gathered through customer satisfaction and disguised customer surveys. The company also stresses the need for high-quality service to its business facility operators.

- Frequency: Biannually
- Method: Satisfaction surveys targeting customers/disguised customer surveys (i.e., "mystery shopping")
- Survey targets: Number of surveys = 3,100. Number of "mystery shopping" events = 385

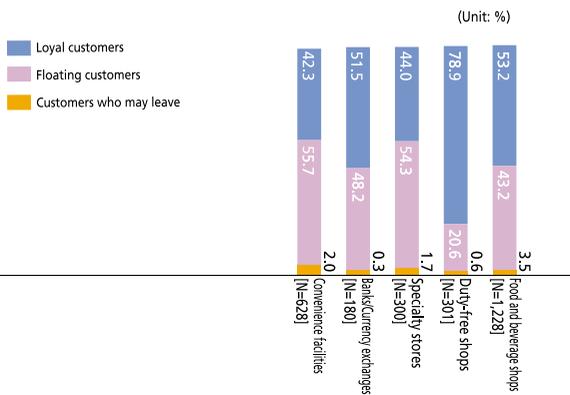
| Item Analysis |



| Portfolio Analysis |



| Loyalty by business facility |



Survey Results

IIAC learns about satisfaction and dissatisfaction levels and major complaints by surveying airport users regarding their satisfaction with its business facilities and use the results to improve on them.

- Establish price satisfaction improvement programs
- Provide incentives for excellent business operators
- End contracts with low-level service providers

Applications for Sustainable Management

IIAC will continue to monitor its services to maintain excellent levels at its business facilities and meet its customers' expectations regarding quality.

- Discover and improve on weaknesses by business area and store
- Create new services to increase customer satisfaction

IIAC conducted studies regarding the level of demand for specialized projects by school. This was done by targeting schools in the community near the airport, with the aim of promoting juvenile education and supporting customized educational opportunities.

- Period: January–March 2007
- Method: Hold briefings → Submit proposals for specialized projects by school

(Units: Millions of KRW)

School names	Number of students	Proposed projects	Estimated costs
Gonghang elementary school	1,103	Understanding international relations	78
Sammok elementary school	1,010	Construction of English Zones	43
Yeongjong elementary school	225	Operation of certificate/license acquiring processes	42
Dohwa elementary school	19	Samulnori (traditional Korean percussion quartets)	20
Unseo elementary school	128	Education in traditional music	42
Incheon Shinheung elementary school	37	Samulnori (traditional Korean percussion quartets)	32
Youngyu elementary school	114	Marine education	54
Youngyu middle school	41	English musical & pop song class	14
Yeongjong middle school	120	English play classes & Spoken Chinese classes	21
Gonghang middle school	855	Foreign language conversation reading & essay writing programs	20

### Survey Results

IIAC submitted proposals to support specialized projects at seven elementary and three middle schools.

- Five schools applied for these programs--including four foreign language facilities and one devoted to understanding international relations and nurturing professional human resources in this age of globalization.
- Supported special and professional educational programming at three schools, allowing their students to experience traditional Korean culture

### Applications for Sustainable Management

IIAC will continue with its commitment to juvenile education by supporting specialized projects by school as part of its community social responsibility management operations

#### | Schedule |

- Seek advice from outside specialists in social contribution activities
- Decide on programs and specialization by school
- Conclude agreements (IIAC ↔ Schools in the community)
- Operate programs

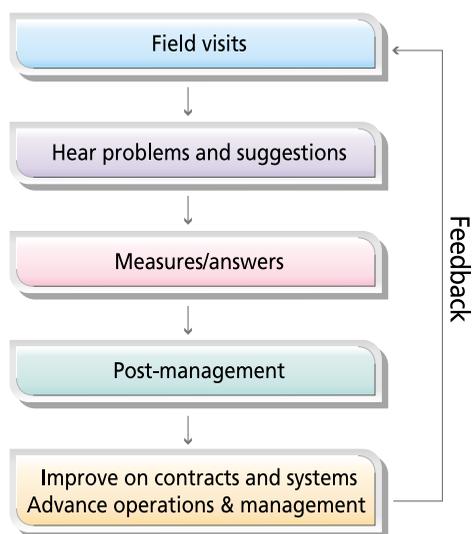
IIAC seeks to understand the needs of its business partners and utilizes the information it gathers to improve on its outsourcing. This is done by conducting surveys and holding regular visits with managers and field workers and analyzing the results. The ultimate goal here is to improve on its communications channels and better its relationship with these partners.

- Survey targets: 16 businesses holding 12 service contracts

### | Major interview items |

- Contract period and bidding details
  - Improve on contract systems--including changes to the "lowest price" bidding system
  - Improve on descriptions of task details, etc.
- Manpower operations and costs
  - Guarantee autonomy of business partners
  - Implement five-day workweek system, etc.
- Welfare and motivation
  - Distribute profits from cost savings
  - Extend contract periods with excellent companies, expand use of bonus points at time of bidding, etc.
- Other problems
  - Lack of information-sharing
  - Difficulty with communications due to frequent reorganizations and changes in supervisors

### | Work Procedures |



### Survey Results

The complaints that IIAC met with have been reflected in improvements to the relevant outsourcing systems.

- Major complaints
  - Employee benefits, work environments

### Applications for Sustainable Management

IIAC will improve on its business partners' satisfaction levels by gathering information on their problems and promptly solving them. The company will continue to gather suggestions from the employees of its business partners through regular field visits and/or satisfaction surveys.

- Improve on outsourcing contracts and systems
- Strengthen outsourcing operations and management
- Increase efforts for increased "win-win" results

IIAC conducts regular surveys of the level of satisfaction of airport-stationed company employees and use the results to improve on the facilities and systems that they use.

- Managed by: Korea Productivity Center (KPC)
- Period: Biannually (i.e., in the first and second halves of the year)
- Targets: Airport-stationed employees (e.g., government bodies, airlines, tenant stores, ground handling service companies, etc.)

| Evaluation items |

Major quality factors	Evaluation items
Airport structures	<ul style="list-style-type: none"> <li>• Air conditioning, ventilation, lighting, convenience of movement between floors, etc</li> </ul>
Convenience facilities	<ul style="list-style-type: none"> <li>• Lounges</li> <li>• Rest rooms</li> <li>• Employee cafeterias</li> <li>• Parking lots, Shower rooms</li> </ul>
Elevators/Escalators	<ul style="list-style-type: none"> <li>• Elevators, escalators, moving walks</li> </ul>
Cooperation with IIAC operations	<ul style="list-style-type: none"> <li>• Work process levels</li> <li>• work process attitudes, complaints handling</li> </ul>
Airport services	<ul style="list-style-type: none"> <li>• Security checks, issuance of passes</li> </ul>

Survey Results

IIAC strives to improve on the quality of its airport services by measuring the satisfaction of airport-stationed customers and sharing the results with KPC.

| Major Accomplishment |

- Discovered and resolved complaints via focus group interviews with airport-stationed employees
  - Improved lounges for airport-stationed employees
  - Strengthened PR regarding airport-stationed employee support center, etc.
- Sought service improvements through competition by publishing CS indices by internal team and establishing linkages to key performance indicators (KPIs)

Applications for Sustainable Management

IIAC will continue conducting regular surveys of the levels of satisfaction of airport-stationed company employees, since it realizes that improvements to their satisfaction will result in increased airport customer satisfaction as well.

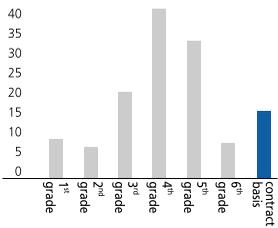
| Action Plans |

- Conduct annual surveys of satisfaction levels of airport-stationed company employees and make improvements whenever and wherever necessary

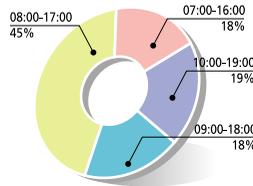
Starting with a target base of 110 IIAC employees, IIAC conducts surveys regarding the popularity of leisure events organized by the company, the level of satisfaction with childcare support, and desired times for flexible working hour. The results are of inestimable help in making improvements to its work environment.

■ Number of respondents: 110 (Gender: 25 females, 85 males/Marital status: 76 married, 34 single)

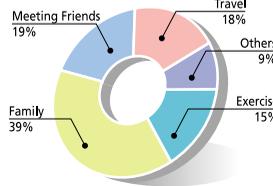
Survey respondents' data



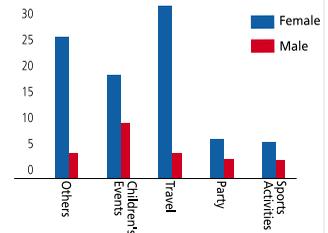
Desired times for flexible working hours



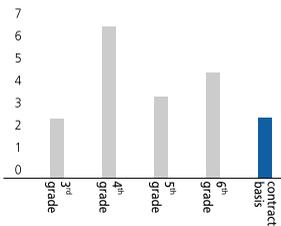
Preferred leisure events



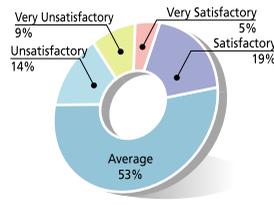
Preferences for events supported by company



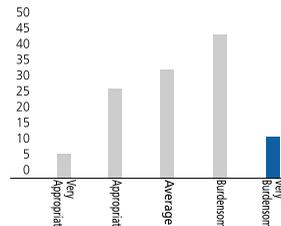
Preferences for childcare supports



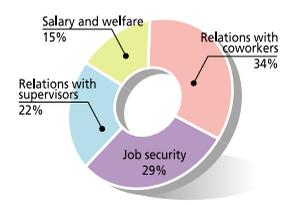
Satisfaction with childcare facilities



Work stress levels



Work stress factors



Survey Results

The respondents had a high interest in leisure activities with families and childcare. Their primary stress factors centered around interpersonal relations--including those with superiors.

By taking this high interest in and need for activities that foster a "family friendly," bright, and healthy corporate culture into account, IIAC will work to better everyone's working environment.

Applications for Sustainable Management

These survey results have been mirrored in extended "family friendly" programs that offer expanded family participation and leisure activities, childcare supports, consulting programs, etc.

The flexible working hour system is currently in partial operation. IIAC's primary goal in using it is to provide smooth passenger services during high-demand periods. It will continue working to refine this system.

In order to improve on the level of integrity of its executives, IIAC engages the services of a professional agency to evaluate their work processes, the details of their duties, and their attitudes towards their work. The results are of seminal importance to its commitment to ethical management.

- Survey Targets: 108 persons (4 executive directors, 5 office/group/division heads, 84 team leaders, 15 1<sup>st</sup> and 2<sup>nd</sup> grade team members)
- Surveyor: Gallup
- Evaluation period: Biannually (i.e., in the first half and second halves of the year)
- Evaluation method: Multilateral evaluations (i.e., simultaneously by superiors, colleagues, and subordinates), targeting 1,018 samples

#### | Measurement Items |

Superior areas	Measurement items
Integrity of work processes	<ul style="list-style-type: none"> <li>• Fair job instructions (i.e., whether or not seeking personal benefits or benefits from a third person)</li> <li>• Fairness of management (i.e., whether or not depending on hometown and school connections)</li> <li>• Transparency of work processes (i.e., whether or not disclosing necessary information)</li> <li>• Transparency of customer management (i.e., whether or not protecting customer information and ensuring fair transactions)</li> </ul>
Integrity of work details	<ul style="list-style-type: none"> <li>• Transparency of expense accounts (i.e., transparent use of travel/business promotion expenses)</li> <li>• Fairness of personnel-related operations (i.e., job-related solicitations or pressure)</li> <li>• Fairness of concessions-related operations (i.e., whether or not wrongfully interfering in concessions)</li> <li>• Non-receipt of money and other articles and entertainments (i.e., whether or not receiving money and other articles and entertainments)</li> </ul>
Personal attitudes	<ul style="list-style-type: none"> <li>• Thrifty living (i.e., whether or not frequenting luxury establishments)</li> <li>• Creation of sound organizational climate (i.e., excessive gambling or similar forms of entertainment)</li> <li>• Sincerity of work attitude (i.e., whether attending to personal affairs)</li> </ul>
Evaluation of job performance	<ul style="list-style-type: none"> <li>• Having expertise at work</li> <li>• Effectively coping with complaints</li> <li>• Demonstrating leadership</li> </ul>

#### Survey Results

The overall level of integrity of IIAC's executives turned out to be satisfactory, standing at 90.8 points.

- By item: Personal Attitude (91.7 points), Work Details (90.8 points), Work Processes (87.7 points)
- By evaluation type: By Subordinates (91.7 points), Superiors (90 points), Colleagues (89.8 points)

#### | Results of Analysis |

- Integrity (67%) was considered to be more important than job performance capabilities (33%) when evaluating the qualifications of executives.
- Integrity was also considered to be more important when evaluating superiors and division heads.

#### Applications for Sustainable Management

IIAC's overall level of integrity was judged to be satisfactory. IIAC ranked first among all Ministry of Construction and Transportation organizations, winning 9.2 points (compared to an average of 8.77) on a ten-point scale in the 2006 evaluation of integrity by the Korean Independent Commission Against Corruption (KICAC).

It is committed to achieving a global standard of integrity throughout all of its operations.

#### | Future plans |

- Continue improving systems to heighten integrity
- Preemptively identify and delimit factors that might lead to corrupt activities
  - Activate "whistle blowing" system
- Insist on company-wide "clean culture"
  - Place in top rank in KICAC integrity evaluations

# Compliance

## Domestic Law

IIAC observes the following laws and regulations as a public enterprise that is tasked with the construction and operation of Incheon International Airport:

Incheon International Airport Corporation Act, Act on Improvement of Management Structure and Privatization of Public Enterprises, Commercial Law, Act on Promotion of New Airport Construction for Seoul Metropolitan Area, Civil Aviation Act, Act on Aviation Safety and Security, and 60 other laws.

## International Agreements and Conventions

IIAC complies with the following international agreements:

UN Global Compact (became a member in March 2007), ILO International Labor Standards, ICAO agreements and annexes

## Violations

There have been not any violations of the following since January 2006:

- Customer safety and health-related laws and regulations
- Advertising and marketing-related laws and regulations
- Environmental laws and regulations

## Observance of other laws and regulations

IIAC observes the following laws and regulations, all of which are included in the GRI G3 and BSR guidelines.

Other rules and regulations	Violations	Relevant GRI G3/BSR
Laws and regulations related to governance by enterprise type	None	GR9
Laws and regulations related to child labor	None	EM9
Laws and regulations related to forced and compulsory labor	None	EM10
Laws and regulations related to employees	None	EM22
Laws and regulations related to unfair labor practices	None	EM23
Laws and regulations related to consumers	None	CS2
Laws and regulations related to fair competition and monopolies	None	CS3
Laws and regulations related to consumer safety and health	None	CS11
Laws and regulations related to breaches of consumer privacy	None	PR8
Laws and regulations related to communities	None	CO9

# Code of Business Conduct

IIAC's Code of Business Conduct outlines the company's management values and the behavioral standards demanded of its employees. Major issues are discussed as follows. The full text can be found in the Ethical Management section of IIAC's homepage.

## Code of Ethics

### Our Values

IIAC's Values: Integrity, Safety & Security, Accountability, Social Contributions, Value Creation, Creativity, Trust, Continuous Learning

### Corporate Responsibilities

For Employees: Enhance individual capabilities, provide a sound and responsible work environment, hire based on qualifications and abilities, respect individual dignity and freedom of association, forbid any form of discrimination

For Consumers: Secure the trust of customers by placing top priority on customer values and providing them with the finest in quality, health, and safety services

For Shareholders & Investors: Heighten enterprise value through transparent decision-making and management activities and provide necessary information in a timely manner

Seek mutual benefits with business partners--including business associates, vendors, and suppliers.

### Sustainable Management

Environmental Management: Seek harmony between profitability and environmental soundness to guarantee an environmentally friendly airport.

Ethical Management: Forbid any and all unfair advantages and bribes and ensure accounting transparency

Community Involvement: Become a company capable of winning the trust of the people and their society

### Conflicts of Interest

Prohibit business-related personal advantages and abuse of superior positions; agree to ethical guidelines; report any external interests

## Code of Conduct

### Guidelines on Conflict of Interest

- Report when it is difficult to execute duties fairly because they are related to personal interest(s)
- Prohibit the following with work-related parties and companies:
  - Holding two or more positions concurrently, lending and borrowing money, real estate ownership and leasing, acquisition of more than a certain amount of shares
- Report on external interests
- Prohibit property transactions or investments using information obtained while executing duties
- Prohibit notifications of compassionate and congratulatory events to work-related parties
  - Prohibit compassionate and congratulatory gratuities worth more than KRW 50,000

### Instructions on the Receipt of Gifts and Forms of Entertainment

- Prohibit receipt of gifts and entertainments from work-related parties
- Prohibit the giving of money or other gifts to work-related government officials or politicians
- Prohibit and report on gifts from foreigners (organizations) (over KRW 100,000)
- Prohibit and report on golfing with work-related parties
- Prohibit gambling with work-related parties
- Report persistent demands for unfair work performance from government officials, politicians, and companies soliciting business
- Execute all business (including bidding and contracts) in a fair and transparent manner according to procedures prescribed in relevant laws and regulations

### Guidelines on Use of Property and the Protection of Information

- Observe regulations on security operations when disclosing information on IIAC. Prohibit awarding of unfair benefits to self or others by using important and/or confidential information
- Carry out IIAC budgets efficiently and in accordance with relevant regulations
- Prohibit use of office supplies, facilities, and working hours for personal purposes
- Prohibit individuals from monopolizing and hoarding useful information on IIAC and report such activities
- Prohibit deliberate distortions of IIAC-related information and distribution of false data

# Financial Statements

## Balance Sheets

Years ended December 31, 2006 and 2005

(Unit: KRW, millions)

	2006	2005
I .Current Assets	114,535	119,679
1. Quick Assets	112,523	118,011
2. Inventory	2,012	1,668
II .Fixed Assets	7,243,605	6,565,889
1. Investments	49,928	58,651
2. Property, Plant, and Equipment	7,156,087	6,449,433
3. Intangible Assets	37,590	57,804
<b>Total Assets</b>	<b>7,358,140</b>	<b>6,685,568</b>
I .Current Liabilities	1,478,492	1,315,409
II .Non-Current Liabilities	2,356,466	2,294,128
<b>Total Liabilities</b>	<b>3,834,958</b>	<b>3,609,536</b>
I .Capital Stock	3,352,345	3,050,246
II .Retained Earnings	170,995	27,275
III .Capital Adjustments	(158)	(1,489)
<b>Total Shareholders' Equity</b>	<b>3,523,182</b>	<b>3,076,032</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,358,140</b>	<b>6,685,568</b>

## Income Statements

Years ended December 31, 2006 and 2005

(Unit: KRW, millions)

	2006	2005
I .Sales	875,256	792,549
II .Cost of Sales	407,687	391,890
III .Gross Profit	467,569	400,659
IV .Selling, General, and Administrative Expenses	61,163	56,867
V .Operating Income	406,406	343,792
VI .Non-Operating Income	31,188	41,529
VII .Non-Operating Expenses	235,581	209,770
VIII .Ordinary Income	202,013	175,551
IX .Extraordinary Income	-	-
X .Extraordinary Losses	-	-
X I .Income Before Income Taxes	202,013	175,551
X II .Income Taxes	56,885	51,658
X III .Net Income	145,128	123,893

## Cash Flows

Years ended December 31, 2006 and 2005

(Unit: KRW, millions)

	2006	2005
I .Cash flow from operating activities	512,425	392,704
1.Net income	145,128	123,893
2.Addition of expenses without cash outflows	224,939	229,393
3.Deduction of revenues without cash inflows	(24,508)	(38,800)
4.Changes in assets and liabilities due to operating activities	166,866	78,218
II .Cash flow from investment activities	(829,431)	(644,782)
1.Cash inflows from investment activities	8,351	2,144
2.Cash outflows for investment activities	(837,782)	(646,926)
III .Cash flow from financing activities	316,789	259,231
1.Cash inflows from financing activities	4,686,819	3,840,857
2.Cash outflows for financing activities	(4,370,080)	(3,581,626)
IV .Increase (decrease) in cash	(267)	7,153
V .Cash at beginning of fiscal period	10,352	3,199
VI .Cash at end of fiscal period	10,085	10,352

# Glossary of Terms

## **GRI (Global Reporting Initiative)**

An organization launched in 1997 under the aegis of CERES (Center for Education and Research in Environmental Strategies) and UNEP (United Nations Environmental Program). The GRI is headquartered in Amsterdam, Netherlands; its members include companies and NGOs from around the world and experts in environmental and social fields. It published the GRI-G2 Guidelines prescribing methodologies for sustainability management in May 2002 and the G3 Guidelines in October 2006. These are all considered to be universal guidelines for the creation of sustainability reports.

## **GRI G3 Guideline**

Published in October 2006 as the third revised edition of the GRI Guidelines, the GRI G3 Guidelines offer companies a framework to present their sustainable management results based on their economic, social, and environmental “bottom lines.” It includes 70 indices.

## **BSR Guideline (B.E.S.T. Sustainability Reporting Guideline)**

A guideline for Korean companies preparing sustainability reports. Co-authored by the Ministry of Commerce, Industry and Energy, the Korea Chamber of Commerce and Industry, and the Institute for Industrial Policy Studies (IPS) to increase the relevance of sustainability reports for Korean companies.

## **ACI (Airports Council International)**

The first worldwide association of airport operators, ACI was formed in 1991 by merging three airport-related associations (AOCI, AACC, and ICAA). Consisting of a General Assembly, Executive Committee, Governing Board, Secretariat, and five standing committees, its goal is to advance common interests and foster cooperation with its partners throughout the air transport industry. It also conducts research into airport facilities, technologies, and operations. IAC joined the ACI in April 2001; its president, Jaehee Lee, is currently the vice-president of the ACI Asia-Pacific Region and the Director of the World Governing Board.

## **IATA (International Air Transport Association)**

Established in 1947 in Havana, Cuba to conduct research and increase safety standards in air transport and encourage cooperation within the airline industry, IATA is now headquartered in Montreal, Canada, with liaison office in Geneva, Switzerland. With more than 270 member from 140 nations, its organization is comprised of a general assembly, executive committee, and six standing committees. Korean Air joined IATA in 1989, followed by Asiana Airlines in 2002.

## **ICAO (International Civil Aviation Organization)**

Established as a UN organization in 1947 following upon the Convention on International Civil Aviation (aka the “Chicago Convention”), ICAO fosters the development and safety of international civil aviation and the economics of air transportation. It is comprised of an assembly, council, secretariat, and three committees. Korea became a member in 1952.

## **CAT-III b**

A precision instrument approach and landing system featuring a runway visual range of not less than 50m.

**RFID (Radio Frequency Identification)**

Automatic identification technology that collects and manages cargo information from warehouses to airports. IIAC's pilot RFID program was organized by the Ministry of Information and Communication. When it goes into full operation, it will manage such processes as manufacturing goods control, the joint management of infrastructure bases, and RFID air cargo control, while also acting as a foundation to advance its overall logistics services.

**RFS (Road Feeder Service)**

A complex transportation service linking trucks and airplanes conveying cargo to airports for transshipment to other aircraft for the cargo's final destination. It is being used by IIAC to encourage increases in air cargo from China.

**Wave**

A system that allows arrival and departure schedules to be linked within a range of 2-3 hours so that transit passengers can head to their destinations conveniently. IIAC is heightening the efficiency of its airport operations by building an air hub operations system that will be based on the "4-Wave" system.

**WECPNL (Weighted Equivalent Continuous Perceived Noise Level)**

An international unit for measuring aircraft noise, arrived at by taking the highest noise level and frequency of landings and take-offs. Calculations are made by considering noise level per aircraft, hours of flights (i.e., day, night, and midnight), and numbers of flights.

**Sludge Cake**

Sludge refers to a mixture of microorganisms and suspended solid matter in sewage and wastewater that remains after industrial, water treatment, or wastewater treatment processes. Sludge cake refers to solid matter without moisture. It is produced by artificially concentrating and dehydrating residual, semi-solid sludge.

**Weighted Number of Aircraft in Operation**

Number of landings and take-offs, calculated by dividing and weighting them into day, night (i.e., 3 X daytime), and midnight (i.e., 10 X daytime) proportions.

$$\ast N = N_1 + 3N_2 + 10N_3$$

N: Number of landings and take-offs,  $N_1$ : Number of landings and take-offs from 7 am until 7 pm,  $N_2$ : Number of landings and take-offs from 10 pm until 7 am the next day,  $N_3$ : Number of landings and take-offs from 10 pm until 7 am the next day.

**Fluidized Bed Incinerator**

A facility that incinerates general wastes and sludge, this device instantly dries and incinerates injected wastes using high-temperature sand (i.e., at 700-800 degrees Celsius).

# Evaluation by External Organizations and Memberships

## Major Awards (2005-2006)

Year	Award Name	Awarding Organization
2006	The Best Airport in the World	Official Airline Guide (OAG), a global travel news and ranking company
2006	Best Airport Worldwide	Airports Council International (ACI)
2006	Best Airport in Asia	ACI
2006	Airport Service Quality Award	ACI
2006	Best Airport in Asia-Pacific in a Survey of Passengers	ACI
2006	2006 World's Best Airport in a Survey of Passengers	Global Traveler
2006	2006 Airport of the Year	Centre for Asia-Pacific Aviation
2006	2006 Korea Safety Awards	Minister of Government Administration and Home Affairs award (National Emergency Management Agency, Kyunghyang Newspaper)
2006	Top Asia-Pacific Efficiency Award	Air Transport Research Society (ATRS)
2006	2 <sup>nd</sup> Place in Public Enterprise Satisfaction Levels	Government (Ministry of Planning & Budget)
2006	Best Organization for Benchmarking from Overseas	Government (Office of Government Policy Coordination)
2006	Best Founding Newsletter Award	Korea Corporate Newsletter Association
2006	1 <sup>st</sup> place in the Evaluation of Integrity Levels among Organizations under the Ministry of Construction and Transportation	Korea Independent Commission Against Corruption
2005	-Best Airport Worldwide	AETRA (ACI+IATA)
2005	-Best Airport in Asia	AETRA (ACI+IATA)
2005	-Airport Service Quality Award	AETRA (ACI+IATA)
2005	-Best Improvement of Overall Satisfaction	AETRA (ACI+IATA)
2005	-Grand Prize at 2005 Korea Service Satisfaction Award	Hankook Daily Newspaper
2005	-Grand Prize at 2005 Korea Logistics Award	Ministry of Construction and Transportation, Korea Logistics Association, Maeil Economic Daily

## Certifications (2002-2006)

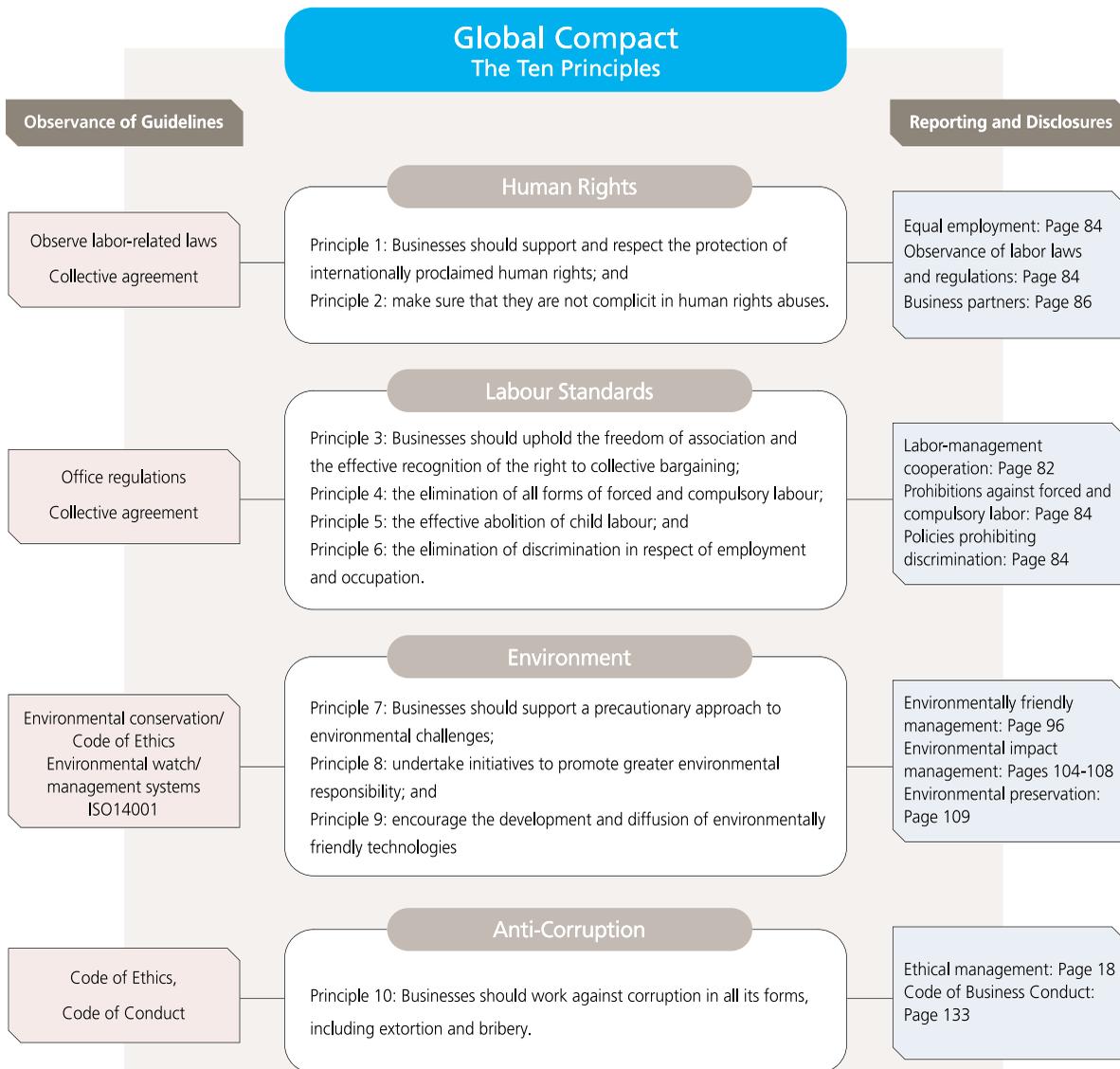
Year	Name of Certification	Awarding Organization
Nov. 27, 2006	Best HRD Certification	Ministry of Education & Human Resources, Ministry of Commerce, Industry & Energy, etc.
Aug. 2, 2006	Korea Occupational Safety & Health Agency (KOSHA) 18001 Certificate	Korea Occupational Safety & Health Agency
May 20, 2004	Certificate of Toilet Culture Quality	Korea Toilet Association
Nov. 26, 2003	Airport Operating Certificate	Civil Aviation Safety Authority
Sept. 5, 2003	Designation as Excellent Productivity Improvement Enterprise	Ministry of Commerce, Industry and Energy
Nov. 15, 2002	Quality Management System Certification	LRQA Korea

## Memberships in Associations and Organizations (1995-2006)

Name of Associations/Organizations	Year Joined	Name of Associations/Organizations	Year Joined
Korea Civil Aviation Development Association	1999	Saeul Foundation of Culture	2000
Incheon Chamber of Commerce & Industry	2003	Korea Foundation for Women	2006
Federation of Korean Industries	1999	Korea Green Foundation	2006
Korea Management Association	2006	SERI CEO	2006
Aviation Management Society of Korea	2005	BEST CEO Club	2007
Future Forum	2005	Korea Navigation Institute	2005
Public Corporations' Council for the Korean Pact on Anti-Corruption and Transparency (K-PACT).	2005	Korea Foundation for Quality ISO9000/14000 Council	2002
IPS BEST CEO	2005	Korea Environmental Preservation Association	1995
Korea Forum for Progress	2005	Korea Employers Federation	1996
Korea Association of Air and Space Law	2004	Incheon Employers' Federation	2003

IIAC joined the UN Global Compact in March 24, 2007 to ensure corporate transparency and fulfill its social responsibilities in the areas of corruption, human rights, labor, and the environment. It is committed to observing the principles of the UN Global Compact and playing a role of a leading global company in all aspects of sustainable management through continuous innovations and creativity management.

| Observance of Global Compact |



The Global Compact was first broached by the UN's former Secretary-General, Kofi Annan, in an address to the World Economic Forum in Davos, Switzerland, in January 1999. It consists of ten principles in four areas (Human Rights, Labor, the Environment, and Anti-Corruption), based on the Universal Declaration of Human Rights, the ILO Declaration, the Rio Declaration, and the UN Anti-Corruption Convention. Once a company joins the compact, it must periodically disclose its implementation activities for these ten principles in the form of a sustainability report.

# G3 Guideline Application and Participation

## GRI G3 Guideline Application

IIAC's sustainability report meets all requirements of the GRI G3 reporting guidelines on the "A+" level. The Institute for Industrial Policy Studies, in its role as a third-party assurance organization, has confirmed that the report fits the "A+" level of the G3 Guidelines.



Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either a) reporting on the indicator or b) explaining the reason for its omission.	

## Participation in IIAC's Sustainable Management

Additional information on sustainable management at IIAC can be found on its homepage. Please contact the following if you have any feedback, or complete and send in the questionnaire.

### | Writers |

Byung-Ki Lim, Director of Strategy & Policy Initiative Group  
 Yong-Gi Cho, Director of Community Relations Group  
 Young-Il Kim, Kwang-Hee Yang, Sang-Won Yoo

### | Teams in Charge |

Innovative Management: Corporate Assessment Team	82-32-741-2205-6
Creative Management: Strategy Planning Team	82-32-741-2161-2
Ethical Management: Community Relations Team	82-32-741-2107-8
Social Responsibility Management: Community Relations Team	82-32-741-2161-2
Family Friendly Management: HR Planning Team	82-32-741-2304-5
Environmental Management: Quality & Environment Team	82-32-741-2644-5

# Questionnaires Seeking Readers' Opinions

IIAC wishes to hear from its stakeholders. Your feedback may be reflected in its future sustainability reports to heighten their accuracy and the fullness of their contents.

## 1. What is your profession?

- Employee     Shareholder     Investor     Business Partner     IIAC stationed worker     Civil Servant  
 Social Group (including NGO)     Specialist in Sustainability Management     Media     Academic Community     Other \_\_\_\_\_

## 2. Which part did you find most satisfactory?

- Company Introduction & Sustainability Management     Economic Performance     Social Performance  
 Environmental Performance     Appendix

## 3. Which part, if any, of the report should be added to?

- Company Introduction & Sustainability Management     Economic Performance     Social Performance  
 Environmental Performance     Appendix

## 4. What is your overall level of satisfaction with the report?

- Very satisfactory     Satisfactory     Average     Unsatisfactory     Very unsatisfactory

## 5. Please check to show how much you agree with the following?

	Very Much	Yes	Moderately Agree	Disagree	Totally Disagree
Clearly written and easily understandable	<input type="checkbox"/>				
Provides sufficient and useful information on important issues	<input type="checkbox"/>				
Useful and reliable content	<input type="checkbox"/>				
Well-designed and helpful for understanding its contents	<input type="checkbox"/>				

## 6. Any other comments?

Community Relations Team,  
Incheon International Airport Corporation (IIAC),  
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## A World Best Air Hub

