

Korea Airports Corporation is aware of its economic, social and environmental responsibilities and makes efforts to take the corporate social responsibilities through its sustainable management activities. This report is Korea Airports Corporation's first sustainable management report, which includes the corporation's sustainable management strategies, activities and performance.

### Reporting Scope and Boundary

This report includes the sustainable management activities and performance of the headquarter, **\*3 regional departments, 11 branch offices**, Air Route Traffic Control Center and Civil Aviation Training Center. It separately indicates notes if the performance of some business units is only presented.

### Reporting Period and Cycle

This report covers the performance from January 1 to December 31, 2008. For certain major issues to have relevance as the meaningful performance, the timelines have been extended up to before and after 2008. The Corporation will publish the report every year in the future for the transparent reporting to stakeholders.

### Reporting Guidelines Principles

This report has been prepared in accordance with G3 Guideline in **\*GRI (Global Reporting Initiative)**, **\*BEST (BEST Sustainability Reporting) Guideline**, and UN Global Compact. It identifies and preferentially includes the important information to Korea Airports Corporation and all the stakeholders on the basis of the performance information that has

been collected from departments responsible for their areas by the Strategic Planning Team as an organization in charge of preparing the report.

### Calculation Criteria for Reporting Data

The financial information is based on financial statements in 2008, expressed in Korean Won. The Corporation's fiscal year starts on January 1 and ends on December 31 every year.

### Verification

The entire information in this report has gone through the verification by the Institute of Industrial Policy Studies (IPS), an independent assurance agency. The verification results are included in "Third Party Assurance Statement" (page 88~89).

### Additional Information

This report is published in both Korean and English versions with a summary edition for the brief reporting on major details. This report can be found at the Corporation's homepage ([www.airport.co.kr](http://www.airport.co.kr)). Please direct questions and requests for more detailed information on the sustainable management performance and activities of Korea Airports Corporation to the following:

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- Team in Charge : Strategic Planning Team

\* **3 regional departments** Seoul, Busan, Jeju **11 branch offices** Daegu, Ulsan, Cheongju, Muan, Gwangju, Yeosu, Pohang, Yangyang, Sacheon, Gunsan and Wonju

\* **GRI(Global Reporting Initiative)** : he revised edition G3 was officially published in October 2006 as a guideline to preparations for the sustainable management report jointly developed in 1997 by GERESE as an international environmental organization and UNEP.

\* **BEST (BEST Sustainability Reporting) Guideline** : a guideline to the sustainable management report jointly developed by the Ministry of Knowledge Economy, the Korea Chamber of Commerce & Industry, and the Institute of Industrial Policy Studies for disseminating the sustainable management report for domestic companies.

# Contents

CEO Message	04	<b>Social_Customers</b>	41
Profile	06	CS Management System	42
Opportunity & Challenge	08	Improvements on the Customer Service	43
Major Business	09	Service Quality Management	49
Corporate Governance	11	Reciprocal Partnership	51
Risk Management	13	Vitalizing the Aviation Industry through Partnership	52
Ethical & Transparent Management	15	Strengthening the Capability of Partners	53
KAC Sustainable Management	21	<b>Social_Community</b>	55
Sustainable Management System of Korea Airports Corporation	22	Strategic System for Social Contributions	56
Sustainable Management	23	Three Core Projects for Social Contributions	58
Key Sustainable Management Performance Indicator	24	<b>Social_Employee</b>	61
Communications with Stakeholders	25	Respect for Human Rights	62
Airport Vitalization and Efficient Operation	26	Developing Specialized Manpower	64
Strengthening Airport Security and Safety	29	Fair Performance Evaluation and Compensation	65
<b>Economy</b>	33	Welfare and Benefits for the Increased Quality of Life	66
Strategies to Achieve Financial Goals	34	Labor Relationship	68
Business Performance	36	<b>Environment</b>	71
		Strategic Structure for Environment Management	72
		Realizing the Green Airport with Low Carbon	74
		Eco-Friendly Airport Operation	78
		Noise Reduction Efforts	82
		<b>Appendix</b>	85





## Comfortable Airports, People who Open the Sky.

It is the future that Korea Airports Corporation spreads out as a corporation specialized in the world-class airport operations.

Greetings from Korea Airports Corporation.

This is Si-chul Sung, the president of Korea Airports Corporation. First of all, I am very pleased to publish our first sustainable management report to everyone who values and supports Korea Airports Corporation.

Korea Airports Corporation was established in 1980 to make contributions to the national economic growth and national welfare promotion as well as the smoothness of air transportation while constructing, managing and operating airports efficiently.

Since its establishment, our corporation has established a representative corporation in Korea specializing in airport management to fulfill customer satisfaction and contribute to the national economy while operating 14 airports across the country including Gimpo, Gimhae and Jeju under a slogan 'Comfortable Airports, People who Open the Sky'.

Our value will not change in the future, in that the roles of an airport are to provide safe, quick and high-level services above all. In order to actively respond to rapid changes in the domestic and international environments while achieving the sustainable growth, our corporation believes that it is necessary to take social responsibilities in addition to the economic performance. Accordingly, our corporation makes our commitments to such responsibilities known to the public through this report.

First of all, Korea Airports Corporation keeps its sound financial state under the management without any loans while actively seeking for entering to overseas markets with the in-house development of navigational safety systems based on the airport operating technologies that have been accumulated for 30 years, as well as continuously increasing profits from the non-aeronautical sectors in addition to profits from the aviation sectors through developing SKYPARK, neighboring areas, etc.

Second, Korea Airports Corporation belongs to the public. Our corporation will realize the customer satisfaction services for all our customers to use any airport safely and conveniently in 14 airports across the country. Especially, our corporation aims at increasing the convenience of our people by developing Gimpo International Airport as a business-Oriented airport. In addition, our corporation has clearly declared management philosophy under 'To fulfilling our social responsibilities and roles through practicing love and sharing' management to satisfy all our stakeholders including resident agencies, tenants and business partners in the airports, local communities, and our executives and employees. Our corporation will practice the management philosophy through our social contribution activities including the welfare projects to support the senior citizens who live alone, boys and girls who support their family members, and the disabled people while creating jobs for people in our society.

Third, our corporation will establish the environment-friendly GreenPort with the introduction of facilities to reduce carbon in addition to the development of eco-friendly technologies in the future since the projects for low-carbon, green airports stand for the growth paradigm to lead the age of globalization in the 21st century while responding to United Nations Framework Convention on Climate Change (UNFCCC) in the future.

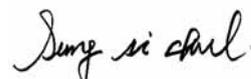
In addition, Korea Airports Corporation gave all our stakeholders a clear commitment to comply with 10 principles for the human rights, labor, environment and anti-corruption by subscribing to UN Global Compact in October 2007. Our corporation will sincerely carry out its managerial activities for the social responsibilities with the ethical management even in the future, which will be made public through our sustainable management report.

I expect this report with the dream and hope of our corporation to become a continuous and meaningful communication channel for all our stakeholders under my commitment to make our corporation become a company with the sustainable management recognized throughout the arena across the world, thanks to the trust and support of all our stakeholders.

Thank you.

October 2009

President and CEO of Korea Airports Corporation **Sichul Sung**



## Corporate Profile

Korea Airports Corporation is a national and public corporation, which was established under Korea Airports Corporation Act in 2002, after it had been operated as the International Airport Authority since its establishment in 1980 to make contributions to the development of our national economy with the promotion of our national welfare while providing the air transportation amicably by efficiently constructing, managing and operating airports. The Korea Airports Corporation is managing and operating 7 international airports (Gimpo, Gimhae, Daegu, Muan, Yangyang, Jeju and Cheongju) and 7 domestic airports (Gwangju, Gunsan, Sacheon, Yeosu, Wonju, Ulsan and Pohang).

Overview (as of December 2008)	<b>Name</b>	Korea Airports Corporation
	<b>Establishment</b>	March 2, 2002
	<b>Total Assets</b>	2,565,713 million won
	<b>Sales</b>	397,706 million won
	<b>Organization</b>	<b>[Headquarter]</b> 3 divisions, 7 departments, 1 center, 23 teams <b>[Branch]</b> 14 airports, Air Route Traffic Control Center, Civil Aviation Training Center
	<b>Headquarter</b>	274, Gwahae-dong, Gangseo-gu, Seoul
History	<b>May 30, 1980</b>	International Airport Authority founded
	<b>July 1, 1980</b>	Operational control of Gimpo International Airport acquired
	<b>May 9, 1983</b>	Operational control of Gimhae International Airport (Busan) acquired
	<b>June 1, 1984</b>	Civil Aviation Training Center established
	<b>September 6, 1985</b>	Operational control of Jeju International Airport (Jeju Island) acquired
	<b>April 7, 1990</b>	Renamed to Korea International Airport Authority
	<b>June 28, 1990</b>	Operational control of 9 domestic airports including Daegu Airport acquired
	<b>December 14, 1991</b>	Renamed to Korea Airports Authority
	<b>December 13, 1994</b>	Air Route Control Center established
	<b>January 15, 1997</b>	Operational control of Cheongju and Wonju airports acquired (Cheongju, Wonju Branch)
	<b>January 15, 1999</b>	Operational control of 8 VOR/TACs (including Anyang VOR/TAC) acquired
	<b>December 20, 2000</b>	Environment management system ISO14001 certification acquired
	<b>March 29, 2001</b>	International flights of Gimpo International Airport transferred
	<b>March 2, 2002</b>	Renamed to Korea Airports Corporation
	<b>April 3, 2002</b>	Operational control of Yangyang International Airport acquired (Yangyang Branch)
<b>November 30, 2003</b>	Inauguration of Gimpo-Haneda route	
<b>December 21, 2005</b>	Service & Aviation Security Training Center established	
<b>October 23, 2007</b>	Operational control of Muan International Airport acquired (Muan Branch)	

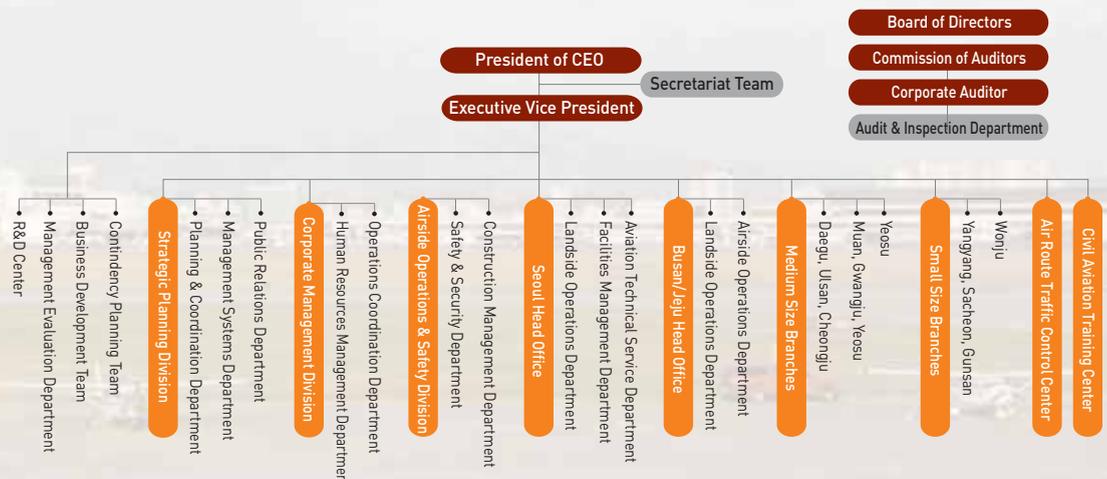


**Airport under Operation**

Division	International Airport [7]	Domestic Airport [7]
Civil airport (6) Military airport (8)	Gimpo, Jeju, Yangyang and Muan Airports Gimhae, Daegu and Cheongju Airports	Ulsan and Yeosu Airports Gwangju, Sacheon, Pohang, Gunsan and Wonju Airports

## Organizational Structure

Korea Airports Corporation restructured itself into task-oriented organizations, according to 'the Policy for Advancement of a Public Corporation' in 2008. KAC now consists of 3 divisions, 7 departments and 1 center in the headquarter along with 14 airport branches, Air Route Traffic Control Center and Civil Aviation Training Center.



## Changes in the Management Environment

### Changes in the Policy

The demand for domestic flights is expected to increase in response to low cost carriers, as well as the expected increase in the international flights from expansion of open sky by government. According to the mitigated regulation on the international flights for Gimpo International Airport, KAC can create new opportunities by strengthening the marketing activities to attract the international flights and vitalizing regional airports through supporting the low cost carriers. In addition, KAC has established comprehensive plans to improve management plans for airports under deficits by identifying the management situations for regional airports according to initiatives of the management efficiency for public organizations

### Change in Internal Environments

14 airports operated by Korea Airports Corporation have great differences in the management status, of which some airports are suffering from financial deficits. In order to improve the poor profit structure in some regional airports, it is necessary to make efforts in the innovation and management and to develop their strategic business. Accordingly, KAC will diversify the business areas and strengthen the management efficiency.

### Change in Needs of Stakeholders

It has become the global issue to meet climate change and to realize a low-carbon green growth, not limited to a national level. The Corporation will manage climate change issues in the corporate level and systematically, by building up the corporate management system for establishing the 'low-carbon green airport'.

#### SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> <li>• Continuous surplus business without loans</li> <li>• Securing rich liquidity in the finance</li> <li>• Experience in the airport construction, management and operation</li> </ul>	<ul style="list-style-type: none"> <li>• Poor profit structures for regional airports</li> <li>• KAC's low brand image</li> <li>• Outdated airport facilities as a whole</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>• Eased regulations on the international flights for Gimpo International Airport</li> <li>• Supports in the policy for entries to overseas businesses</li> <li>• Promotion of low cost carriers</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of infrastructure on the ground transportation</li> <li>• Stagnant demand on the domestic air transportation</li> <li>• Noise related complaints from local residents</li> </ul>



## Countermeasure Strategies

Korea Airports Corporation has rich experience on the airport construction, management and operation in the business operations with the secured financial resources. In addition, it has been establishing strategies to secure new growth engines through the cooperative relations with overseas airlines in addition to its continuous research and development activities. The Corporation will be aiming for the world-famous airports with the differentiated investments and increased management efficiency according to the hierarchy of airports under the medium and long term basic plans for the airport development by our government in the future.

# Major Business



## Change in Business Paradigm

Korea Airports Corporation is a company specialized in the airport management and run 14 airports including Gimpo, Gimhae and Jeju International Airport across the country. It is providing safe and convenient airport services across all the airports by reinforcing the levels of safety, security and service for all the stakeholders. The Corporation is making efforts for airports to be positioned as a new and complex culture space for shopping, leisure and culture among others. Due to the changes in the management environments and business conditions, the Corporation has changed its business structures to seek for the efficiency by diversifying profitable businesses from businesses for its inherent areas including the facilities development, safety management, etc. The Corporation has selected key business areas in consideration of goals in its establishment and management objectives and will diversify profitable sources by strengthening its capabilities in the non- aeronautical profit businesses while continuously expanding its inherent key airport businesses.

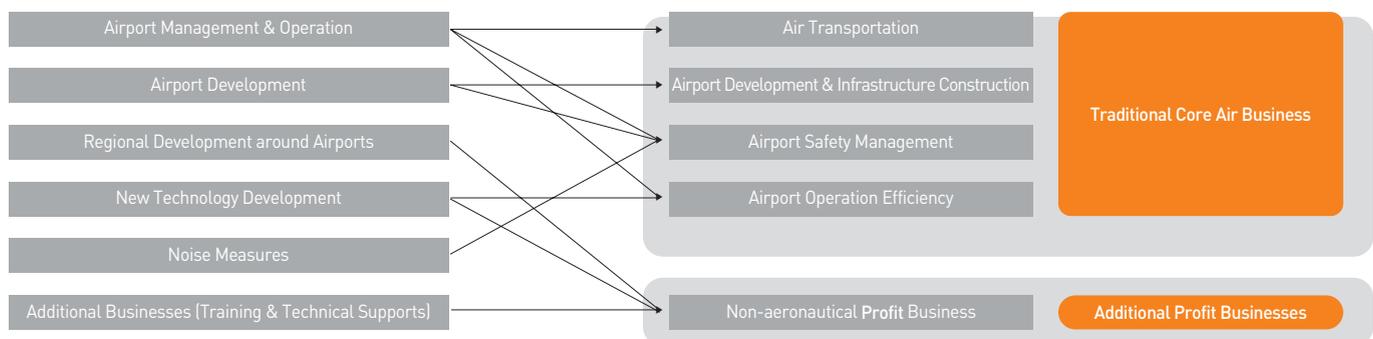
## Air Transportation

It refers to the business to expand the demand in the air transportation. The Corporation pursues a strategy for deferenciation with aims to increase the demand in air transportation upto 49 million people by 2015. In order to activate Gimpo International Airport, the Corporation plans to develop Gimpo International Airport as a business-oriented airport (BizPort) in North East Asia under our marketing strategies while reestablishing the airport's function and status. The Corporation also plans to support the attraction and activation of low cost carriers while expanding operations in the regional airports by making efforts to improve the business of regional airports with deficits.

## Airport Development & Infrastructure Construction

Korea Airports Corporation has established the comprehensive plans for the airport development while aiming at the medium and long term plans to build up the safety facilities as well as to expand the capability of airports with the expected increase of demand in the air transportation. The medium and long term plans are reorganized every five years and its businesses are driven systematically for the expansion and improvement of airport facilities according to the medium and long term plans. Especially, the Corporation is planning to expand the airport infrastructure in consideration of the demand and efficiency while expanding the airport facilities flexibly to cope with changes in the environment. In addition, the Corporation participates in the research conference of advancement for the cooperative projects between the South and North Korea managed by the Ministry of Land, Transport and Maritime Affairs as for the base airport for exchanges between he South and North Korea. As well, KAC has studies on projects commissioned by the government including surveys on the candidate sites for the construction of an airport for light aircraft in Ulleung Island in order to improve the transportation instruments for areas in Ulleung Island.

### Re-Established Major Core Businesses





## Airport Safety Management

Korea Airports Corporation is systematically managing airports through the number of accidents and the domestic and foreign evaluations on the safety standards. At the same time we are building up the world's best aviation safety system under our operations. We are continuing to put a lot of efforts in order to secure the safe operations for airplanes and make the airport a safe place. In addition to the facility expansions and improvement efforts for the safe operation along with the strengthened system related to the safety, the Corporation is making efforts to reinforce its specialized capabilities and contingency abilities.

## Airport Operational Efficiency

The Corporation is actively accommodating and trying for the needs of customers to efficiently operate airport by identifying the current status of the airport operation. Especially, it is developing u-Airport to support the prompt and convenient boarding services by applying IT such as the One-Pass boarding service among others, while aiming at a highly sophisticated system by 2015.

▶u-Airport : Report \_ Society\_Customer

## Non-Air Business

The Corporation diversifies profits through developing the remaining facilities, actively addresses R&D and overseas expansions, which are managed as businesses with new driving forces for growth. Through efficiently addressing developments for the airport support facilities and surrounding regions, the Corporation is preparing grounds for the next-generation growth and planning to have stepwise initiations under plans to become a company specialized in the aviation technologies to the world best level by 2015.

# Corporate Governance

Korea Airports Corporation makes efforts to strengthen the roles of the board of directors as the highest decisions making body and to increase the specialty and efficiency of management through reinforcing the operational structure of the board of directors, utilizing the expertise of non-executive directors, and constructing the advanced audit system. The Corporation established and is addressing the stepwise goals to achieve the advanced corporate governance, the settlement of operations by the specialized subcommittee, and highly functional system for the internal control by 2011. The Corporation has strengthened the internal control functions as well as the operational structure of the board of directors by establishing Regulations on Operating the Committee of Executive Recommendation and introducing the commission of auditors in 2008.

## Shareholders Structure

Korea Airports Corporation was established in March 2002 by Korea Airports Corporation Act, while comprehensively succeeding to assets, rights and liabilities of the existing Korea Airports Authority under Article 5 in the Additional Provisions of the Korea Airports Corporation Act. The Corporation's amount of paid-in capital amount is 2,089,741 million won as of 2008 and 100% of its equity is owned by the government as of 2008. Reports and communications for the management activities are made throughout the general meeting of shareholders, and the temporary general meeting of shareholders in addition to the regular general meeting of shareholders has been held twice in 2008.

## The Members and Activities of the Board of Directors

Korea Airports Corporation abides by the Commercial Code of the Republic of Korea and the Articles of Incorporation of Korea Airports Corporation in the number and organization of directors. Korea Airports Corporation's board of

directors consists of 6 executive directors including a president and 7 non-executive directors, and the ratio of non-executive directors in the board of directors is 54%. The board of directors is operating under 100% presiding board of directors meeting with no written resolution in their absence and the independency and supervision have been reinforced with the arrangement that the senior non-executive director becomes the chairperson of the board of directors. The board of directors consists of specialists in each field with their specialized knowledge and experience, who examine and resolve important matters on the business implementation as well as matters defined in the laws and articles of incorporation in order to have the efficient control in the management. During 2008, there were discussions on measures for the international accounting standards in response to the transparency in the accounting and measures for deficits in the regional airports, in addition to the management status reporting, revision of regulations on the anti-corruption contract for executives, expansion of yearly salary system and incentive differences for executives and employees and agenda on businesses for noise measures. Details on the list for the board of directors and major resolution in the board of directors meeting are open to the public on our homepage.

► Structure of the board of directors and management status :  
[Homepage\\_Management Announcement\\_Management Status](#)

### Organization of the Board of Directors and Subcommittee



### Status of Holding and Agenda for the Board of Directors Meeting

Year	Number (Rounds) of the Board of Directors Meeting	Participation Ratio of the Board of Directors Meeting (%)	Resolved Agenda (cases)	Ratio of Changed Opinion	Ratio of Speech by Non-Executive Directors
2006	13	94.4%	20	40%	57%
2007	14	99%	23	48%	68%
2008	17	98%	29	31%	69%

## Vitalizing Operations of the Board of Directors

Korea Airports Corporation had held total 17 rounds of the board of directors meeting which was increased by 21% to those in the previous year, and resolved 29 agenda (increase by 26% to those in the previous year) in order to carry out its businesses with no failure for making decisions in the major policies. Under the systematic management according to the operational plan for the board of directors meeting, a participation rate of 98% was achieved in 2008 under 100% presiding board of directors meeting with no written resolution in the absence for the five consecutive years since 2004. Especially, the ratio of speech by non-executive directors reached 69% while maintaining 50% or higher for the three consecutive years, and the management control functions have been reinforced with the in-depth deliberations on agenda as well as the active participation of non-executive directors. Agenda is sent 7 days before the board of directors meeting and explanations on agenda are done in advance through the individual phone guidance a day before the holding of the board of directors meeting. Efforts are made for the efficient deliberations by distributing data required by specific directors to other directors. The board of directors meeting can be constituted with the presence of majority of the registered directors, and the majority of the registered directors resolves agenda according to the articles of incorporation.

## Performance Evaluation and Remuneration for the Board of Directors

The board of directors is responsible for the performance in the sustainable management while carrying out activities for the sustainable management including the long-term promotion of values for shareholders, improvements on interests in stakeholders, constructions of environment-friendly systems, etc. The evaluation reflects such activities for the sustainable management, and Korea Airports Corporation improved the evaluation system for executive directors in 2008.

Evaluations are made by public organizations, internal evaluation and appraisal on president. Leadership evaluation categories have been newly established in the elements for the performance evaluation on executives by the president and the leadership evaluation on the management upon the questionnaire survey on the satisfaction of employees has been executed for the indirect evaluation. Executive directors are paid differently for their performance based bonuses and personnel affairs depending on the evaluation results after they enter into a management agreement with the president, and their dismissal and personnel affairs are made respectively.

In addition, the Corporation makes efforts to build up the advanced foundations for the board of directors meeting by operating the system to evaluate the board of directors meeting. The internal checkup meeting was done in October 2008 and plans to evaluate and strengthen the operational records for the board of directors meeting were delivered in November via the reporting to the president. The regular evaluations are planned twice a year for the operational performance on the board of directors meeting in the future.

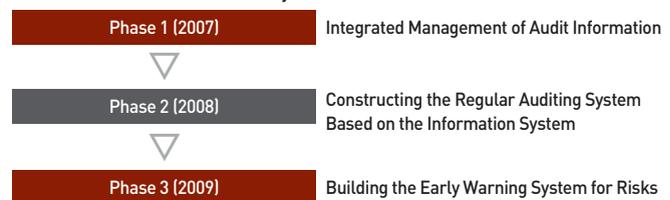
## Utilizing Expertise of Non-Executive Directors

Korea Airports Corporation has made it possible for non-executive directors to actually participate in the management as well as to utilize expertise of non-executive directors by expanding the specialized subcommittees in the board of directors. According to grounds prepared for the organization of subcommittees in the board of directors with the commission of auditors in the regulations on the board of directors, which was amended in August 2008, four subcommittees had been operated by establishing the commission of auditors, the executive recommendation committee, and the subcommittee for the organizational improvements in addition to the existing the subcommittee to appoint external accounting auditors, and 14 agenda were processed in those subcommittees. In addition, suggestions from non-executive directors were systematically managed through the circulatory structure and their understanding and solidarity on the airport operation have been reinforced through the onsite management participations including consultations, workshops and special lectures among others for non-executive directors.

## Internal Audit System

Korea Airports Corporation introduced the commission of auditors in November 2008 in order to carry out the internal control efficiently for the management's decision-making and implementation while strengthening the independency and functionality in the internal audit organization. Accordingly, the sole audit system under which one auditor makes decisions was improved with a body of agreement for the audit under agreements by three audit members. The independency of audit was secured under operations of the audit organization, and the specialities and responsibilities of the auditing affairs have been reinforced with the execution of the performance evaluation on individual auditors along with the execution of job training related to the audit. In addition, the accident prevention and earlier detection instruments were prepared through the e-Audit system and the audit input time has been reduced as a result of simulations with the immediate audit under the regular auditing system. The Corporation established the casual monitoring system using software (ACL) specialized in the auditing in September 2009 to computerize the auditing process while carrying out the prevention and earlier alarm for any risk business.

### Advancement Plan of e-Audit System



# Risk Management

## Improvements on the Crisis Management System

Amid the expansion of business areas with changes in the management environment, it has been more important to continue to identify any risk factor to the total business areas of the company in preparations for systematic measures. The Corporation expanded the risk management on six types around disaster to 14 types in 4 areas. The Corporation established the 'Risk Management Guideline' in March 2008. Subsequently, the overall establishment or amendment on manuals was completed with improvements on the practical manual on risk measures for the headquarter and the onsite measures and actions manual for branches. Accordingly, the efficient abilities for risk measures were secured with improvements on the risk management system for

the headquarter and branches. Especially, the Corporation selects and manages the important management items under the definition of priority by and severity of risk factors for each type of risk to set priorities. The Corporation selected the focal management items such risk factors as the management, disaster, public relations and conflicts while performing the preventive actions through simulations with preparations for countermeasure manuals per risk event. Practice manuals (headquarter) in the disaster and on-site measures manuals (branch) are managed through amendments regularly, and any revised manual is managed by posting it on the company's electronic bulletin board.

### Establishment of Practice Manuals (Headquarter) for Crisis Response (November 2008, Total 14 Types)

Crisis Management Field		Manual Name		Established Date	Team In Charge
Management	New issues and financial risks related to businesses	Class 1	Crisis management manual for "management risk from the construction of a new airport in Jeju"	Oct. 10, 2008	Strategic Planning Team
		Class 2	Risk management manual for "profit decrease from the opening of 2 KTX phase"	Nov. 5, 2008	Marketing Team
		Class 3	Crisis response manual for "financial risks of Korea Airports Corporation"	Sep. 2, 2008	Finance & Accounting Team
Disaster	Risks related to disaster from abnormal weather, accident and information system	Class 4	Practice manual for crisis in response to typhoon (rainstorm) disaster	Jun. 17, 2005	Safety & Environment Team
		Class 5	Practice manual for crisis in response to heavy snow disaster	Jun. 17, 2005	Safety & Environment Team
		Class 6	Practice manual for crisis in response to "earthquake disaster"	Nov. 28, 2008	Safety & Environment Team
		Class 7	Practice manual for crisis in response to "aircraft accident"	Jun. 30, 2005	Airside Planning Team
		Class 8	Practice manual for crisis in response to "troubles in the navigational safety facilities"	Sep. 16, 2005	Navigational Facilities Team
		Class 9	Practice manual for crisis in response to "fire (explosion)"	Jun. 17, 2005	Safety & Environment Team
		Class 10	Practice manual for crisis management to "information and telecommunication system"	Sep. 19, 2008	Information Management Team
PR Crisis	Matters related to the corporate image	Class 11	Practice manual for crisis management to "PR (communications)"	Nov. 19, 2008	PR Team
Conflicts	Matters related to conflicts with stakeholders	Class 12	Practice manual for crisis in response to "labor union's strike"	Nov. 6, 2008	Labor & Welfare Team
		Class 13	Practice manual for crisis in response to "troubles in the airport operations from the collective actions in the cooperating companies"	Aug. 8, 2008	Administration Team
		Class 14	Practice manual for crisis management to "collective actions from residents for aircraft noises"	Oct. 9, 2008	Safety & Environment Team

### Establishment of Site Action Manuals (Branch) for Disaster (October 2008, Total 82 Types)

Type of Disaster	Team in the Headquarter	Branches
Storm and flood (typhoon, rainstorm) damage disaster	Safety & Environment Team	16 branches
Storm and flood (snow) damage disaster	Safety & Environment Team	16 branches
Fire (explosion) disaster	Safety & Environment Team	16 branches
Earthquake disaster	Safety & Environment Team, Airport Facilities Team	16 branches
Aircraft accident	Airside Planning Team	14 branches (14 airports)
Troubles in the navigational safety facilities	Navigational Facilities Team	4 branches (Seoul, Gimhae, Jeju, Air Route Traffic Control Center)

## Risk Management Process

The corporation's risk management organizations, which includes the risk management TF team, a committee for the risk management, and board of directors, deals with a variety of risks comprehensively through the active communications and feedbacks. The Corporation makes efforts for the systematic risk management through the organic connections among such systems as the internal control system (ICS), financial risk management (FRM) system to manage the liquidity and foreign exchange rate risk, and integrated management information system among others.

## Systematic Financial Risk Management

The Corporation established and has carried out the countermeasure strategies by type while quantifying risks as well as analyzing each risk factor for the soundness of financial structure. Accordingly, it prevented 473 million won in the loss from the foreign currency exchange by efficiently removing volatility with hedge during 2008. In addition, it takes proper actions by analyzing the crisis indicators and deciding the crisis phase according to the crisis countermeasure process after the crisis countermeasure plan by scenario is established. The crisis phase can be quantified and measured, and subsequently divided into four phases such as 'Attention, Caution, Alert and Severe' according to the degree of risk and ratio of target profit achievement. The 'Severe' Phase refers to the stage with the target profit lower than 70% or the demand in the air transportation decreased by 10% or more.

### Measuring Standards for Crisis Phase

Phase	Measuring Standards for Crisis Phase	
	Profit Target	Demand in the Air Transportation
Attention	105% or less	100% or less
Caution	100% or less	2% or more decrease
Alert	90% or less	5% or more decrease
Severe	70% or less	10% or more decrease

## Internal Control System

Korea Airports Corporation's company-wide risk management system is prepared and managed under the COSO (Committee of Sponsoring Organization) Framework. The Corporation continues to make efforts to maintain its stable financial structure by establishing the pricing policy through cost analysis and strengthening the internal control through improvements on the internal accounting management system. It carries out the checkup and evaluation on the internal accounting management system semi-annually while reviewing and evaluating the internal control procedures, control environments, and validity per process. The Corporation evaluates the design and operation in the internal accounting under ICS while biannually evaluating and managing 412 check items for the internal control and 182 core control items in 9 areas from July 2007. As the Corporation identified 19 lacking items for the control items in 2008, 10 items including the operational profit calculation among others were completely improved and 9 control items are planned for their improvements. The Corporation will continue to make efforts to sustain the stable financial structure through improving the internal accounting management system continuously.



Internal Control System

▶ COSO : Report \_ Appendix \_ Descriptions on Terminology

\*hedge : Hedge refers to the spot transactions to offset the risk in the price variations with the price variations in futures.

# Ethical & Transparent Management

## Policy

Recently, our government tends to strengthen its supervision on ethics and anti-corruption initiatives to build up the transparent and clean management system for public organizations. Korea Airports Corporation is operating guidelines in detail such as the charter of ethics, code of ethics and code of conduct established in 2004, as well as the code of conduct related to golf and recreational entertainment, regulations on the anti-corruption contract for the job duty of executives, transparent society agreement, operating the internal reporting system for public interests, and guideline to protect informers among others. The Corporation also abides by 10 principles of UN Global Compact since our subscription for such principles in October 2007.

In addition, the Corporation is cooperating with the related departments in the government including the Ministry of Land, Transport and Maritime Affairs for the establishment of policies related to the aviation industry and airports, as well as the establishment and amendments on the related laws and regulations.

▶ Complying with UN Global Compact Principle : Report \_ Appendix \_ Complying with UN Global Compact Principle

## Organization and Committee Members

The committee of ethical management plays a role of establishing total policies on the ethical management with six members including president of CEO, executive vice president, vice presidents and corporate auditor with the installation of secretariat office to operate the committee. The implementing group for the ethical management consisting of each team in the headquarter and 16 branches establishes and implements practice plans in detail for the ethical management policy decided by the Ethical Management Committee. In addition, the Corporation fosters the site leaders for the implementations and instructions of the ethical management, appoints the personnel in charge of the ethical management in the headquarter and branches, and boosts the dissemination of the ethical management throughout the Corporation.



Practice leaders for the ethical management

### Organizational Structure for the Ethical Management



## Vision and Strategic Tasks for Ethical Management

While addressing the ethical management since 2004, Korea Airports Corporation set up the vision for the ethical management of a globally recognized company specialized in the airport operations for the sustainable advancement with the society and selected 5 strategic tasks and 27 working tasks along with its promotional goals for the stepwise initiatives. The Corporation improved the ethical awareness of executives and employees with the strengthened anti-corruption and ethical activities while reinforcing the abilities of practice with the strategic initiatives, amendments on the ethical code, and activation of working organizations in the ethical management in 2008, KAC put efforts to increase the transparent management with the strengthened timeliness in the management disclosure.

### Medium and Long Term Structure for the Ethical Management



## Strengthening the Practice Ability of Ethical Management

### Strengthening the Public Announcement on the Management

Korea Airports Corporation has increased the management reliability and transparency by updating the newest data in any time while promptly and accurately disclosing major management issues. The details publicly announced in any time over its homepage and the integrated public information system on public organizations called 'Alio (www.alio.go.kr)' have been strengthened with reliability as well as the increased accuracy with our checkups before and after the public announcements. The number of public announcements made public through Alio and our homepage increased comparing to those in the previous year (Alio : 14 times—25 times, homepage : 18 times—30 times). The information requested by stakeholders has been promptly handled with the accurate data by improving the relevant processes.

### Evaluation System for Transparency and Anti-Corruption

Korea Airports Corporation makes efforts to take all the responsibilities for anti-corruption for one of the public organizations using the diagnostic results through both the internal and external evaluations. And also the Corporation will strengthen the responsibilities for any vulnerable sector and the control to prevent any fraud behavior through utilizing the results from its in-house evaluation system.

#### Self-Evaluation System for Anti-Corruption

Division	Evaluation Details
Corruption Perception Index	<ul style="list-style-type: none"> <li>• Measuring item: contract and management, construction supervision and implementation</li> <li>• Evaluation item: responsibility, transparency, corruption index</li> <li>• Evaluation time : once a year</li> </ul>
In-house Investigation on Anti-Corruption	<ul style="list-style-type: none"> <li>• Investigation target : contract (items, construction, service and lease), construction supervision and implementation</li> <li>• Investigation item: satisfaction, kindness, fairness, monetary or in-kind bribery, entertainment offering</li> <li>• Investigation time : twice a year</li> </ul>
Self-Diagnosis on Anti-Corruption	<ul style="list-style-type: none"> <li>• Diagnosis method: questionnaire survey with the connection to SkyNet</li> <li>• Diagnosis item : in accordance with questions for the self-diagnosis on anti-corruption by Anti-Corruption and Civil Rights Commission (20 items)</li> </ul>
Evaluation on Management disclosure	<ul style="list-style-type: none"> <li>• Investigation method : organizing a deliberation committee for public announcements on the management in the audit office for evaluation</li> <li>• Investigation item : users of management disclosure, survey on satisfaction by the person in charge</li> </ul>

## Continuous Efforts for Improvements on Code of Ethics

Korea Airports Corporation has continuously amended the code of ethics since its establishment in 2004. It improved the code of conduct for executives and employees, regulations on the anti-corruption contract for the job duty of executives and guideline to compensations for informers for public interests in 2008 while expanding the scope of parties to enter into an anti-corruption contract from CEO and executive audit members to senior non-executive directors.

Especially, the corruption impact evaluation to analyze the related laws and regulations to find out any possibility for corruptions because of the loophole of laws and regulations was newly done to remove the evaluation on the corruption cause and induction for the corporate regulations and increase the fundamental transparency in the business. From the joint deliberations by both our internal members and members from Anti-Corruption and Civil Rights Commission for 94 cases of company regulations in total, recommendations for improvements on three regulations including procedures on the personnel regulations, regulations on the executive recommendation committee and guideline for the deliberation committee of item standards were done in October 2008, and their subsequent improvements have been in progress.

## Education on Ethics for Executives and Employees

Korea Airports Corporation strengthened the education and public relations according to CEO's strong intention of practice on the ethical management while expanding the education on the ethical management to increase the ethical perception of executives and employees, and to strengthen the capabilities of persons in charge of the ethical management. Education on ethics includes the cyber education and special education under such themes as the ethical management and improvements on the integrity among others. The cyber education was expanded to all the executives and employees in 2008 from those with grade 2 or higher in 2007, which resulted in the completion of education for 1,334 persons including CEO. In addition, the Corporation also opened special courses (2 courses) and carried them out three times for the ethical management during 2008, and trained one instructor for the ethical management while making efforts to disseminate the ethical culture.

### Status of Education on Ethics (2008)

Division	Date of Education	Education Details
Special lecture	September 30	- Audience : persons in charge of the ethical management and practice leaders - Subject : Ethical management and social responsibilities of companies - Lecturer : Kim Ki-chan, Professor in the management faculty, Catholic University - Completed trainees : 125 persons
	October 1	- Audience : executives and employees - Subject : Attitude of public servants to realize a country without corruption - Jung Ki-chang, Director of Anti-Corruption in Anti-Corruption and Civil Rights Commission - Completed trainees : 144 persons
Cyber education for executives and employees	September 1 ~ 30 (first)	- Goal: Increasing the ethical consciousness of executives and employees
	October 1 ~ 31 (second)	- Course name : Seeking for the ethical management as the positive energy
	November 1 ~ 30 (third)	- Number of course completion : 1,334 persons
Opening a specialized course for the ethical management	May 6 ~ 8	- Course for the sustainable management : 12 persons
	July 7 ~ 9 (first)	- SP course for the innovation and ethical management (first) : 11 persons
	July 14 ~ 16 (second)	- SP course for the innovation and ethical management (second) : 11 persons
Special education for auditors responsible for improving the anti-corruption	March 13 ~ July 24 (16 rounds)	- Itinerant education on the anti-corruption and integrity for all branch offices
	June 11 ~ 16 (6 rounds)	- Special education for vulnerable sectors (construction supervision, civil petition)
	September 2 ~ 5 (13 rounds)	- Special education for vulnerable seasons (thanksgiving seasons)
Strengthening capabilities of persons in charge of the ethical management	April 11	- Participation in UN Global Compact Workshop : 1 person
	January 31, October 28	- Corporate Ethics School of the Federation of Korean Industries : 2 persons
	September 17 ~ November 26	- Completing the instructor course of ethical management and acquiring qualifications : 1 person
Commissioned education for department heads	Twice a year (semi-annual)	- Abiding by the code of conduct such as prohibition of money or entertainment for irrational events
		- Reflecting on the anti-corruption indicator in the internal management evaluation

## Performance and Future Plan of Ethical Management

Korea Airports Corporation addresses the ethical management in a systematic and strategic manner through evaluations using the ethical management indicator developed on its own way along with the medium and long term plans for the ethical management. A guidebook for the ethical practices was prepared to help executives and employees find out solutions in reference to the guidebook when they face any ethical problem in reality. In order to solve the atmosphere under which executives and employees avoid consultations because the existing counseling room for the code of conducts in the Audit & Inspection Department has been operated over interpersonal interviews or phone calls, the Corporation plans to reorganize the counseling room for the code of conduct extensively with online activities including the electronic bulletin board and email among others, so that they can be supported for any consultation regarding the ethical dilemma comfortably with no concern on the opening of their privacy.

In addition, the Corporation is making efforts to realize the advanced operations

on the management disclosure system including the additional development for the autonomous public announcement items among others. The Corporation with executives and employees represented its intentions to practice the anti-corruption and integrity through the resolution of commitment to their resignation for integrity to commitments under which they would not demand or receive any unfair profit including any money or entertainment during their tenure and they would resign from their office if they violate their commitments. Thanks to such efforts, the Corporation has been awarded the Korea Ethical Management Grand Prize for two years in a row from 2008. Korea Airports Corporation plans to strengthen the anti-corruption and transparency activities through addressing the system of the resignation for integrity to commitments for the entire executives and employees, operations on the anti-corruption committee, introduction of the designated auditors by the business unit, etc.



CEO's interview to state the intentions on practicing the ethical management



2008 Korea Ethical Management Grand Prize

### Performance and Plan in the Ethical Management

[Unit : Points]

Item	2007	2008	Plan in 2009
Corruption Perception Index (10 point scale)	9.15	8.06	9.00
Ethical Perception of Executives and Employees (5 point scale)	4.16	4.23	4.27
Satisfaction of Users for Public Announcements (5 point scale)	3.40	3.65	3.70
Self-Diagnosis for Integrity	56% 'Safe' in the Degree of Exposure to Risk for Corruption	73% 'Safe' in the Degree of Exposure to Risk for Corruption	90% 'Safe' in the Degree of Exposure to Risk for Corruption
Satisfaction of Person in Charge of Public Announcements (5 point scale)	3.65	3.84	3.90
Ethical Management Index (100 point scale)	-	73.6	75.0

## History of Initiatives on the Ethical Management

Nov. 2004	Establishing Charter of Ethics, Code of Ethics and Code of Conduct for executives and employees
May 2006	Introducing the clean corporate card system, amending Code of Conduct for executives and employees
Jun. 2006	Establishing the operational guideline of code of conduct related to golf and recreational entertainment Representing the intention of ethical management on the declaration of Vision 2010
Oct. 2006	Reorganizing the ethical management committee
Nov. 2006	Establishing the volunteer group for social contributions, mainly addressing social contribution activities
Dec. 2006	Commitments to compliance with the corporate ethics for executives and employees Introducing the contract for job duties without corruption for executives (establishing regulations and contract conclusions) Sending letters for cooperation on the ethical management to cooperation companies Preparing the welfare fund for local communities (Matching Grant)
June 2007	Executing the cyber education for the ethical management Newly establishing the "Ethical Management" menu on the intranet bulletin board Executing the self-diagnosis for the ethnic perception Subscribing to the practice council for the transparent society agreement for public organizations
Aug. 2007	Amending the code of conduct for executives and employees
Sep. 2007	Appointing and operating practice leaders and persons in charge of the ethical management
Oct. 2007	Initial publication of annual environment report
Nov. 2007	Subscribing to UN Global Compact Public application request for the practice idea and slogan for the ethical management
Dec. 2007	Sending letters of anti-corruption and ethical management to cooperation companies and major civil petition applicants Public application request for the practice idea and slogan for the ethical management
Mar. 2008	Operating the mentor system on ethical management for new employees
Mar. 2008	Additional execution of commitment to compliance with corporate ethics
Apr. 2008	Improving homepage for the ethical management
Jul. 2008	Executing SP course education for the innovation and ethical management Conference with practice leaders for the ethical management
Aug. 2008	Executing education for persons in charge of the ethical management
Sep. 2008	Executing the cyber education on the ethical management for all employees Holding a workshop with practice leaders for the ethical management
Nov. 2008	Establishing the medium and long term plans for the ethical management and developing the ethical management evaluation index (KEVIX) unique to the Corporation Public application request for excellent examples on the ethical management



University Students Airport Experience Group



Attachment of Posters for Integrity and Anti-Corruption by Department



Mouse Pad for the Practice of Ethical Management



Site Leaders of the Ethical Management



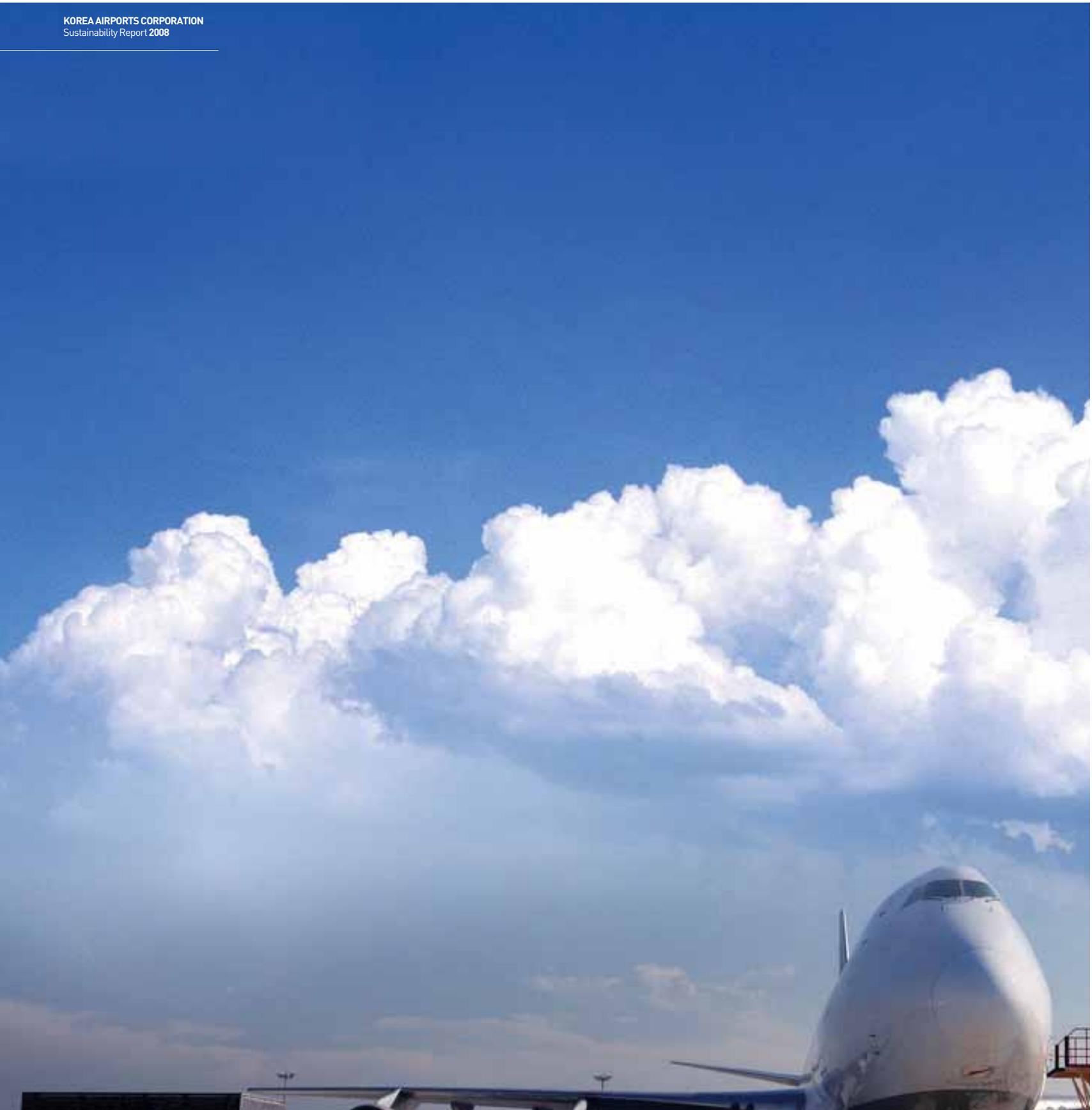
Special Lecture for Personnel in Charge of the Ethical Management



# KAC Sustainable Management

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008

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# KAC Sustainable Management

**Korea**

**Airports**

**Corporation**

**Sustainability**

*Sustainable Management System of Korea Airports Corporation*

*Sustainable Management*

*Key Sustainable Management Performance Indicator*

*Communications with Stakeholders*

## VISION 2015

Korea Airports Corporation reorganized the vision and strategic structure and established the medium and long term management plans while actively reflecting elements in the environmental changes and policy directions of our government in order to have a new take-off in December 2008. The newly declared 'Vision 2015' could form the company-wide bandwidth of response

through the management interview, workshop and consultations with specialists among others while the Corporation was selecting four strategic goals and ten strategic challenges to achieve the vision in link with the Corporation's missions and business scope.

### Strategic System Diagram of Vision 2015



Safety	Customer	Value-Up	Creativity
Strategic Direction & Strategic Challenge			
Airport Safety Focus	Customer Oriented Operation	Increasing Corporate Value	Pursuit of Advanced Management
<ul style="list-style-type: none"> <li>Expansion of airport safety facilities</li> <li>Adoption of global-standard airport safety system</li> <li>Installation of System</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing customer service</li> <li>Realization of u-AIRPORT</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of demand in the air transportation</li> <li>Multifying sales</li> <li>Improving cost structure</li> </ul>	<ul style="list-style-type: none"> <li>Innovation in management system</li> <li>Securing new growth engines</li> <li>Establishing sustainable management system</li> </ul>

## Vision and Core Value

Korea Airports Corporation declared the vision to comply with the goals of establishment as 'a globally recognized company specialized in airport management while realizing the customer satisfaction and fulfilling its responsibilities' in 2006. Its management guideline was modified to seek for the sustainable growth by expanding the business areas to the world in 2008 while increasing the management efficiency through the internal efficiency and

creativity in addition to the fundamental functions of the Corporation according to changes in the management environments for public organizations. The reorganized core values are underlying the code of fundamental conduct for executives and employees to realize the vision, which contain meanings in that the Corporation will continue to seek for the sustainable management under the strengthened key capabilities and differentiated management.

# Sustainable Management

Korea Airports Corporation seeks for the sustainable development by taking the corporation's economic, social and environmental responsibilities for its stakeholders while being aware of social responsibilities as one of the public organizations. The Corporation aims at achieving the sustainable development by excavating the new growth engines and creating values in addition to the airport development and stable airport operation as its inherent businesses.

## Sustainable Management System

The medium and long term plans for Korea Airports Corporation's sustainable management were established through the participation of all the employees as well as CEO's strong intention while preparing Vision 2015. Achieving the 'sustainable management index for public organization top 10' by 2015 was chosen for the strategic goal. In link with the vision and four core values such as safety, customer, value-up and creativity, the strategic directions were set to the airport safety focus, customer oriented operation, increasing corporate value and pursuit of advanced management, in line with which the Corporation was selecting the strategic goals and challenges. Due to the goal structure per business and/or department in link to the vision and strategic goals, the business

efficiency was heightened and the abilities of implementation were strengthened. Although the sustainable management had been addressed around the ethical management, social contribution and environmental activities, it could manage the economic, social and environmental responsibilities in an integrated system in accordance with the newly established medium and long term plans in link with the management strategies. The Corporation plans to systematically address the stepwise challenges to settle down and develop the sustainable management system and accordingly to improve systems and institutions to reflect the collected opinions through the open communications with stakeholders.

### Korea Airports Corporation's Sustainable Management Strategy

Strategic Goal	Achieving the 'sustainable management index for public organization top 10' by 2015		
Strategic Direction	Economy	Society	Environment
	<b>Pursuit of Advanced Management</b> <ul style="list-style-type: none"> <li>Constructing the sustainable management system</li> <li>Securing new growth engines</li> <li>Maximizing the demand in the air transportation</li> </ul>	<b>Strengthening Transparent Management and Social Responsibilities</b> <ul style="list-style-type: none"> <li>Strengthening abilities to implement the ethical management</li> <li>Addressing social contributions in a corporation-wide manner</li> <li>Increasing the customer service</li> </ul>	<b>Eco-Friendly Operation of Airport</b> <ul style="list-style-type: none"> <li>Building up the grounds of green airports with low carbon</li> <li>Eco-friendly operation of airport</li> <li>Preparing noise measures effectively</li> </ul>
Performance Indicator	Economic performance indicator	Social performance indicator	Environmental performance indicator
Major Strategies and Working Tasks			
	Building up the Sustainable Management System	Strategic Social Contributions	Low-Carbon, Green Airport/Eco-Friendly Airport Operation
	<ul style="list-style-type: none"> <li>Preparing the sustainable management system</li> <li>Publishing the sustainable management report</li> <li>Constructing the homepage for the sustainable management</li> <li>Strengthening the participation of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Driving social contributions in link with the management strategy</li> <li>Developing various programs</li> <li>Strengthening the social affinity through the participation of executives and employees</li> <li>Constructing partnerships with non-profit organizations and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Constructing the energy management system</li> <li>Establishing measures to reduce greenhouse gas</li> <li>Building up grounds for the expansion of the environmental management system</li> <li>Strengthening the management of environmental quality</li> <li>Actively addressing projects for noise measures</li> </ul>
Transparent and Ethical Management	The Corporation is making efforts to prevent any corruption and to settle down the clean and ethical corporate culture through the transparent and fair business process while disseminating the practice of ethical management and strengthening the practice abilities through improvements on the system and process.		
Management for the Customer Satisfaction	The Corporation is practicing the customer satisfaction through the differentiated service strategies while promptly providing services in consideration of customer using the airport.		
Efficient Airport Operation	In order to operate airports safely and conveniently, the Corporation is managing the systems and standards with world-class while attempting to vitalize airports as well as expanding the demand in the air transportation through the efficient airport operation.		
Reciprocal Partnership	The Corporation shares its intentions toward the sustainable management and strengthens supportive activities by constructing reciprocal partnerships with its partner companies including airlines, resident institutions, related organizations, service companies, etc.		
Management to Satisfy Executives and Employees	The Corporation protects human rights of executives and employees, supports those socially isolated strata, and expand the management focusing on performance. In order to make it possible for executives and employees to keep balance in their work and life, the Corporation initiates various family-friendly management activities.		
Social Contribution Activities	The Corporation strengthens the solidarity with local residents by operating councils for noise measures for local communities, addresses the social welfare projects, educational and cultural projects and environmental projects for the local communities, and actively supports the social contribution activities of executives and employees.		



## Key Sustainable Management Performance Indicator

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008

Division	Item	Unit	2007	2008	Target in 2009
Economy	Sales	mil. won	345,000	397,706	435,357
	Domestic passenger	1000 Persons	33,630	34,020	34,225
	International passenger	1000 Persons	6,282	5,959	6,723
	Revenues from traffic operations	mil. won	48,787	49,255	55,425
	Revenues from facilities utilization charges	mil. won	129,482	135,542	147,891
	Revenues from lease	mil. won	166,231	212,309	230,541
	Revenues from R&D	mil. won	500	600	1,500
Society	Newly employed	Person	25	83	100(Intern)
	Turnover	%	0.2	1.5	1.4
	Average working year	Year	15.3	15.6	16.5
	Employment ratio of the disabled	%	2.18	2.2	2.24
	Zero-accident goal achievement	Times	2.8	3.5	4.2
	Ethical perception of executives and employees	Point	4.16	4.23	4.27
	Ratio of female executives and employees	%	4.4	5.6	5.6
	Average training time per capita	Hour	43	51	55
	Educational and training expenses	mil. won	1,522	1,815	2,200
	Corruption Perception Index	Point	9.15	8.06	9.00
	Pubic-service Customer Satisfaction Index (PCSI)	Point	90.2	85.5	90.0
	In-House Customer Satisfaction Index (KAC-CSI)	Point	85.0	83.0	84.0
	Cost for social contribution	mil. won	11,700	12,300	19,600
Time for social contribution activities	Hour	29,047	27,290	28,600	
Environment	Emissions of Greenhouse Gas	tCO <sub>2</sub>	57,672	57,807	66,305
	Cases of violation to environment laws	Cases	-	-	-
	Investments to environmental facilities	mil. won	15,416	16,082	42,359
	Ratio of eco-friendly product purchase	%	97.0	98.0	98.5

# Communications with Stakeholders

## Characteristics of Major Stakeholders

Stakeholders refer to any individual or organization having effects or influences on the Corporation's business activities. Korea Airports Corporation's major stakeholders are the government, customers including airport guests and partners, local communities and executives and employees. The Corporation's sustainable management activities are driven through surveys on major stakeholders in the business. It plans to manage the opinions collected from the stakeholders in a process of pursuing the sustainable management activities in the future.

## Core issues

Korea Airports Corporation carried out the internal and external analysis to derive core issues for the sustainable management activities. Through the management evaluation indicators, management guidelines and company regulations, Vision 2015 and interviews with executives and employees, the Corporation identified the internal issues. In addition, it also identified the external issues through analyzing questionnaire surveys on stakeholders including customers, partners and local communities as well as through the media analysis and benchmarking to excellent companies. Regard issues, list of priorities was set, and those are included in the report, according to impacts on the Corporation and the degree of interests for stakeholders.

### Classification of Stakeholders

Stakeholder	Audience	Core Issues	Countermeasure Strategies	Page	
Government	National Assembly, Board of Audit and Inspection, Ministry of Land, Transport & Maritime Affairs	<ul style="list-style-type: none"> <li>Vitalizing airports</li> <li>Increasing competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of the demand in the air transportation</li> <li>Measures to vitalize regional airports</li> <li>Management efficiency including cost saving, etc.</li> </ul>	26-27	
				28	
Customer	General	Airport users	<ul style="list-style-type: none"> <li>Convenient airport</li> <li>Service improvement</li> </ul>	<ul style="list-style-type: none"> <li>Implementing ubiquitous airport</li> <li>Providing best services</li> </ul>	45-48 42-44, 49
	Partner	Airlines, airport based companies, airport incorporated institutions, cooperating companies	<ul style="list-style-type: none"> <li>Reciprocal cooperation</li> <li>Ethical and transparent management</li> </ul>	<ul style="list-style-type: none"> <li>Constructing and supporting partnerships for mutual profits</li> <li>Sharing ethical management and expanding education</li> </ul>	51-53 15-19
Local Community	Local residents, municipalities, NGOs and social organizations, academy/association/school	<ul style="list-style-type: none"> <li>Reducing aircraft noise</li> <li>Strengthening environmental management system</li> <li>Strategic social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Addressing effective noise measures</li> <li>Addressing eco-friendly management</li> <li>Social contribution programs</li> </ul>	82-83	
				71-81	
Executives and Employees	Executives and employees with their family members	<ul style="list-style-type: none"> <li>Fostering core talents</li> <li>Performance based corporate culture</li> <li>Balance between work and life</li> </ul>	<ul style="list-style-type: none"> <li>Constructing reciprocal culture between employer and laborer</li> <li>Personnel and compensation management based on performance</li> <li>Managing welfare, benefits, safety and health</li> </ul>	62-65	
				68-69	
				66-67	

## Communication Channel with Stakeholder

**Government** : general meeting of shareholders, discussion meeting, cooperative conference

**General customer** : management disclosure, survey on the customer satisfaction, VOC system, KAC Sinmoongo(system of handling complaints), service marketer by university students, CS management committee

**Partner** : management disclosure, questionnaire survey, VOC system, LCC community, council, TF team activities for deficit airports, VOC committee

**Local community** : council, briefing, and discussion meeting, explanation conference, public hearing, TF team activities for noise measures

**Executives and employees** : Complaint handling committee, suggestion system, business reporting, KAC Sinmoongo, workshop, discussion plaza, survey, etc.

## Developing Gimpo International Airport as a Business Specific Airport (BizPort) in North East Asia.

Gimpo International Airport is a convenient airport to be used for the business passengers sensitive to time for its excellent accessibility to the city center and faster boarding process. In order to increase the national benefits, strengthen the national competitiveness and realize the efficient utilization of major national SOC facilities, the Corporation plans to develop the airport as a business specific airport for shorter distances. The Corporation prepared grounds for the business specific airport to connect major international cities in three countries in North East Asia by opening lines between Gimpo and Haneda (Tokyo) in 2003, between Gimpo and Hongqiao (Shanghai) in 2007, and between Gimpo and Osaka in 2008. The Corporation plans to continuously discuss with the related institutions to open the international lines for shorter distances with which the new demands can be generated with many regular customers from China and Japan among others even in the future.

### Status of International Line Operations in Gimpo International Airport

Year	Operation [Flight]	Passenger (Person)	Line
2004	2,985	614,741	1 line
2005	4,166	944,948	1 line
2006	5,893	1,419,636	1 line
2007	6,435	1,670,762	2 line
2008	8,915	1,969,447	3 line

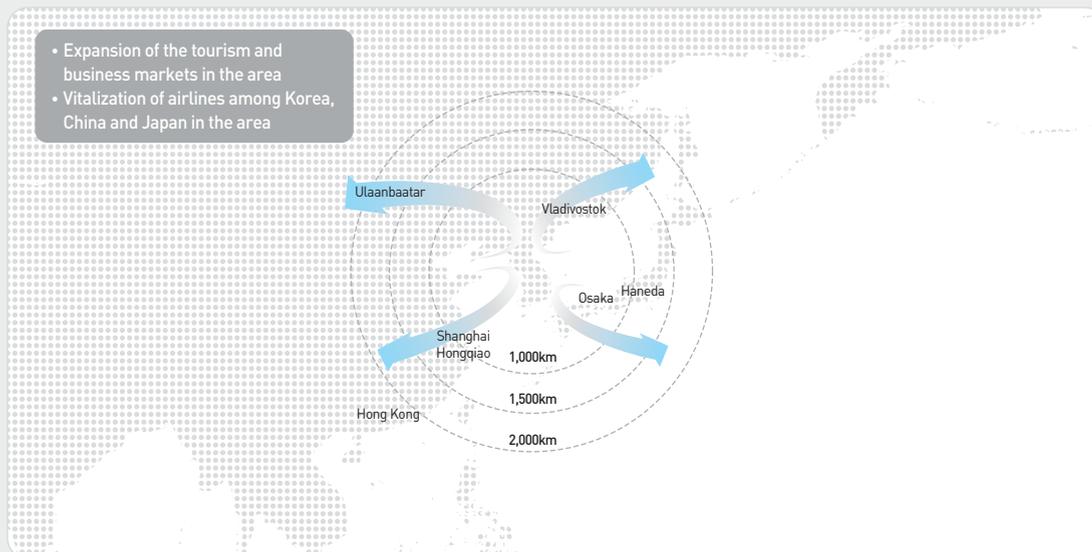


The Aviation Meeting Between Korea • China



Advertising the Operation of International Lines

### Direction to Develop Gimpo International Airport



### Effects from the Revitalization of Gimpo International Airport

Division	2007	2008	Improved Effects
Improving regulations related to aviation	<ul style="list-style-type: none"> <li>Restriction on the line opening under the chartered line operation regulations : within 1,500km radius</li> </ul>	<ul style="list-style-type: none"> <li>Revising the chartered line operation regulations : 2,000km radius</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of target routes for opening (43 lines→49 lines)</li> </ul>
	<ul style="list-style-type: none"> <li>Operation of privately owned aircraft : allowed only for aircraft owned by the company and individual</li> </ul>	<ul style="list-style-type: none"> <li>Operation of privately owned aircraft : allowed for business, private use, chartered aircraft and special events</li> </ul>	<ul style="list-style-type: none"> <li>Increased operation by 26.8% (527 flights→668 flights)</li> </ul>
Increasing Routes for Gimpo International Airport	<ul style="list-style-type: none"> <li>Operating niche routes (Haneda, Hongqiao) not opened to Incheon Airport</li> </ul>	<ul style="list-style-type: none"> <li>Developing Gimpo International Airport as a business-oriented airport in the North East Asia through growing together with Incheon Airport</li> </ul>	<ul style="list-style-type: none"> <li>Inaguration of route between Gimpo and Osaka</li> </ul>

### Vitalizing Regional Airports

Although most of the regional airports have difficulties in promoting the air transportation demands due to the upgrading ground transportation system in addition to lack of demands on the air transportation, the Corporation is minimizing the decrease of demands on the air transportation through its specialized strategies in accordance with its own characteristics of each airport. The Corporation focuses on the promotion of demands on the air transportation through its strategies such as the concentration on inviting the international lines from China and Japan among others for the regional airports with the international flights, and such as the expansion of operations for low cost carriers with the competitiveness to the ground transportation for the domestic flights. The Corporation realized its achievements to result in the expansion of financial supports from regional governments, as well as to extend the operational hours at night by holding conferences for measures to maximize the utilization of regional airports, discussion meetings with local residents for the noise areas, etc. In addition, the Corporation mitigated the burden of airlines and customers by deducting 10% of airport facility charges for domestic flights while expanding the incentives according to changes in the environments of the aviation markets.

Along with such efforts, it is strengthening its support system from the government, regional governments and the Corporation in order for low cost carriers to stabilize themselves while continuously addressing improvements on the operational systems and facilities by identifying the needs of low cost carriers. The Corporation increased the convenience to use by installing the dedicated pads for deicer for Gimpo International Airport and newly constructing \*ramps for Jeju International Airport, and plans to reviews on the installation of the dedicated facilities including terminals, etc. as the medium and long term planning.

#### Modal Split Performance of Operations by Low Cost Carrier

Year	*Share of Operation(%)	*Share of passenger(%)
2006	5.70	2.20
2007	14.40	6.50
2008	17.60	9.80



Workshop to Vitalize Regional Airports



Allocation of Counters for Low Cost Carriers

\*Ramp : places to taxi and park airplanes

\*Operating modal split of low cost carrier : operating flights of low cost carrier / operating flights of the entire airlines

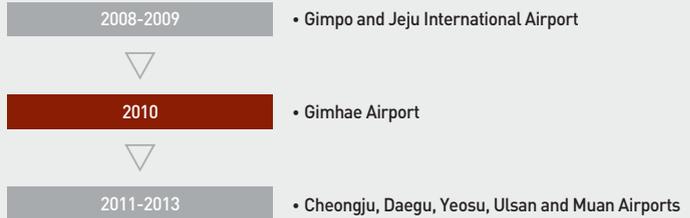
\*Modal split of passenger : number of passengers for low cost carriers / number of passengers for the entire airlines

## Airport Development and Facilities Expansion

Korea Airports Corporation is addressing the airport expansion projects to construct the safety facilities as well as to expand the capacity of airports expecting the increased demand in the air transportation. It is analyzing the handling level to the capacity of facilities through evaluation the capacity by airport with the actual survey on the airport facilities, and subsequently establishing and implementing the airport development projects by establishing the facilities expansion plans while operating the checkup system to expand and improve the airport facilities. Korea Airports Corporation has addressed the comprehensive airport development plan for Gimpo and Jeju International Airport to secure the systematic airport development with the competitiveness, which will be extended to the nationwide airports by 2013.

As the participation in the overseas airport construction has become possible under the amendment on the Korea Airports Corporation Act in March 2008, Korea Airports Corporation has been addressing the arrangements on institutions for the airport to the global extent, fostering the specialized human resources, and building up its capabilities for the airport construction. As the Corporation has strengthened the capabilities of construction business through improvements in the engineering method and construction technology, two cases including the change in the engineering method for the drainage structure in Jeju International Airport was qualified for the final competition in the BP (Best Practice) contest to save the construction project cost by the Ministry of Land, Transport & Maritime Affairs, of which one case was awarded the recommendation prize. The Corporation also achieved its performance in the budget saving ratio in excess of 2.9% comparing to that in the previous year as the budget saving ratio was increased from 5.5% in 2007 to 8.4% in 2008.

### Comprehensive Plan for Airport Development



Construction Site to Develop Sky Park



Expansion Projects for Jeju International Airport

### Airport development and facilities expansion plan

Division	Details	2007	2008	2009	2010	2011	2012
Jeju International Airport	Expansion for runway, office building, parking lot, mooring area and guidance road for high speed escape	17%	43%	74%	89%	100%	-
Yeosu Airport	Securing landing zone, sectional safety district, river (Dongcheon) transfer, road replacement, aviation lamp and other facilities	65%	100%	-	-	-	-
Ulsan Airport	Securing sectional safety district for runway, securing landing zone	10%	11%	25%	51%	76%	100%
Safety Facilities	Covering the open drainage in Gimpo, Gimhae, Sacheon, Pohang and Cheongju Airports	16%	52%	100%	-	-	-

# Strengthening Airport Security and Safety

## Securing Flight Safety on Aircraft

### Improving Aviation Safety Management System (SMS)

As the aviation safety is an important issue not only for the Corporation but for the international society, the aviation safety should be secured in a systematic effort from stakeholders as well as under the integrated control in a level of the country. The nation is controlling the safety management system (SMS) operated by the airport, operators of navigation safety facilities, air carriers, etc.

Although the Corporation used to carry out the system, procedures were changed and managed for the implementation after the government's approval as the country came to have the integrated control since March 2008 while the Corporation is managing and taking actions through monitoring. Through improvements on the safety management structure, the Corporation is contributing to securing the nationwide aviation safety with the aviation accident prevention and safety promotion activities.

### Nationwide and Integrated Safety Management System(SMS)



### Domestic and Foreign Evaluations on Aviation Safety

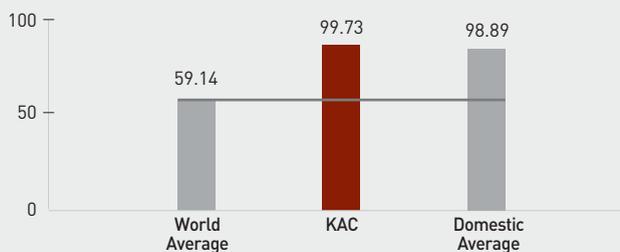
Korea Airports Corporation has developed and improved any insufficient matter in advance by carrying out the actual checkups in preparations for the audit from ICAO and USOAP7). Accordingly, the Corporation achieved 98.89%, which was the best among 108 countries, as a result of the ICAO audit in May 2008, and increased the degree of external recognition by achieving 99.46% in the aerodrome and 100% in the navigation. Although there was a recommended point in which the Corporation had not carried out the bird strike risk evaluation for the foreign airlines in the aerodrome, the Corporation prepared foundations for the risk evaluation on the foreign airlines in August and completed requests to foreign airlines for cooperation in reporting the bird strike.

### Constructing Obstruction Management System

The Corporation has systemized the safety management for the moorage, taxiway and runway where the aircraft is moving to the extent of achieving the zero aircraft safety accident caused by any airport facility since 2005. The Corporation has improved not only the business process reliability by standardizing the business procedures in detail for the obstruction management and building the management system, but also enhanced the business efficiency by greatly shortening the business process time. It prepared the business procedures including the mandatory discussions in advance with the airport operator upon any new or increasing construction within the restricted surface for obstruction around the airport in May 2008 while informing municipalities of such procedures with six times of discussions. Through the management system, the accuracy of obstruction data was improved from the existing  $\pm 5m$  to  $\pm 50cm$ . In addition, DB was constructed with the computerized land registry map in the '\*restricted surface for obstruction and noise damage area' around the airport exclusive for the private sector through discussions with the Ministry of Land, Transport & Maritime Affairs.

Execution Ratio of International Standards (2008)

(Unit : %)



\*USOAP of ICAO : activities related to checks by ICAO to see whether or not to comply ICAO international standards on 8 fields in countries across the world, such as the statutory system of aviation, organizational structure, employee qualifications, aircraft operations, aircraft maintenance, airports, air traffic and accident investigations.

\*Restricted surface for obstruction : surfaces to restrict the installation of obstruction around the airport for the safe operations of aircraft

## Implementation of Safe Airport

### Securing the Safety of Airport Facilities

Korea Airports Corporation secured the safety of facilities and increased the passenger safety through the increased durability for the airport facilities. It removed any disaster occurrence factor in advance by carrying out the regular safety check to facilities for the focal management in order to settle down the safety culture while achieving its goal of zero-accident. The Corporation had carried out checkups twice in 2008, expanded the management facilities from 27 to 30 places while checking out 62 items including the structural crack, state of finish materials, etc.

### Strengthening Capabilities of Airport Disaster and Crisis Management

In an attempt to secure the efficient crisis response by improving the total crisis management system, the Corporation totally established or amended 6 types of manuals in the disaster field with improvements on the crisis management system between the headquarter and branches in November 2008. It carries out improvements with its in-house training with the use of the government-wide disaster management networks in its 14 branches while strengthening capabilities by replacing equipments and securing additional items to increase the fire fighting and emergency rescue abilities.

#### Details on Strengthening Crisis Management Capabilities

Division	2006	2007	2008
Crisis Management Type	6 types	7 types	14 types
Crisis Response Practice Manual	9 volumes	10 volumes	14 volumes
Onsite Action Manual	5 volumes	5 volumes	82 volumes
Persons for Aviation Security Education	5,416 persons	7,407 persons	9,327 persons



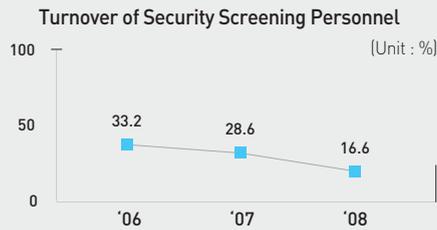
Security Screening



Fire Rescue Station



Concluded an agreement to process explosives between Korea and USA



#### Details on Strengthening Crisis Management Capabilities

Division	Improvements
Amending Operational Guideline for Controller's office (June)	<ul style="list-style-type: none"> <li>Preparing guideline to the personal information protection for airport users</li> <li>Newly establishing procedures on management, access and view for CCTV image information</li> </ul>
Improvements on Purchase Method for Aviation Security Equipment (August)	<ul style="list-style-type: none"> <li>Improvements on performance examination method for proposals               <ul style="list-style-type: none"> <li>Document examination → document examination + performance check</li> <li>In-house specialist → in-house specialist + outside specialist</li> </ul> </li> <li>Improvements on purchase method (independent purchase → integrated purchase)               <ul style="list-style-type: none"> <li>Integrated purchase for 9 sets including X-ray for Gimpo International Airport, etc.</li> </ul> </li> </ul>
Establishing the Standardized Maintenance Criteria (November)	<ul style="list-style-type: none"> <li>Establishing standards on the documentation for the equipment maintenance</li> <li>Unification of standards on the regular check and performance check by equipment</li> <li>Standardization of size for maintenance items</li> <li>Establishing standards on the legal qualification management for maintenance personnel</li> </ul>
Amending Regulations on Weapon Management (October)	<ul style="list-style-type: none"> <li>Reflecting amendments on the 'Security Guard Act' and 'Guard Business Act'</li> <li>Amending three clauses including detail records for the delivery and receipt of weapon and ammunition</li> </ul>
Amending Regulations Pass for the Secured Area (December)	<ul style="list-style-type: none"> <li>Amending 39 items including procedures to issue a pass for the secured area and reporting on loss, etc.</li> </ul>
Improvements on procedures to restore the qualification of supervisors for the security check	<ul style="list-style-type: none"> <li>Improvements on procedures for the restoration of qualifications for persons after the expiry of valid period from the suspended qualification               <ul style="list-style-type: none"> <li>Completion of initial, job duty, regular courses → Completion of regular courses</li> </ul> </li> </ul>
Recommending improvements for the regulations on the aviation security	<ul style="list-style-type: none"> <li>Recommending amendment on operation procedures of guard post by the enlargement of mechanical facilities on security system               <ul style="list-style-type: none"> <li>Operating one guard post per 500-1,000m → switching over to the boundary patrol</li> <li>The actual check is expected by the integrated defense headquarter in June 2009.</li> </ul> </li> </ul>

**\*A-PASS (Airport - Passenger Accurate Smart Service)** : It refers to the security check service with the customer satisfaction, which is safe, kind and prompt. It is meant to provide the safe, kind and prompt services for the security check for customers in the airport under the targeted values including A (Airport - foremost priority), passenger, accurate screening, smart smile, and speed service.

#### Improvements on the Level of Aviation Security Management

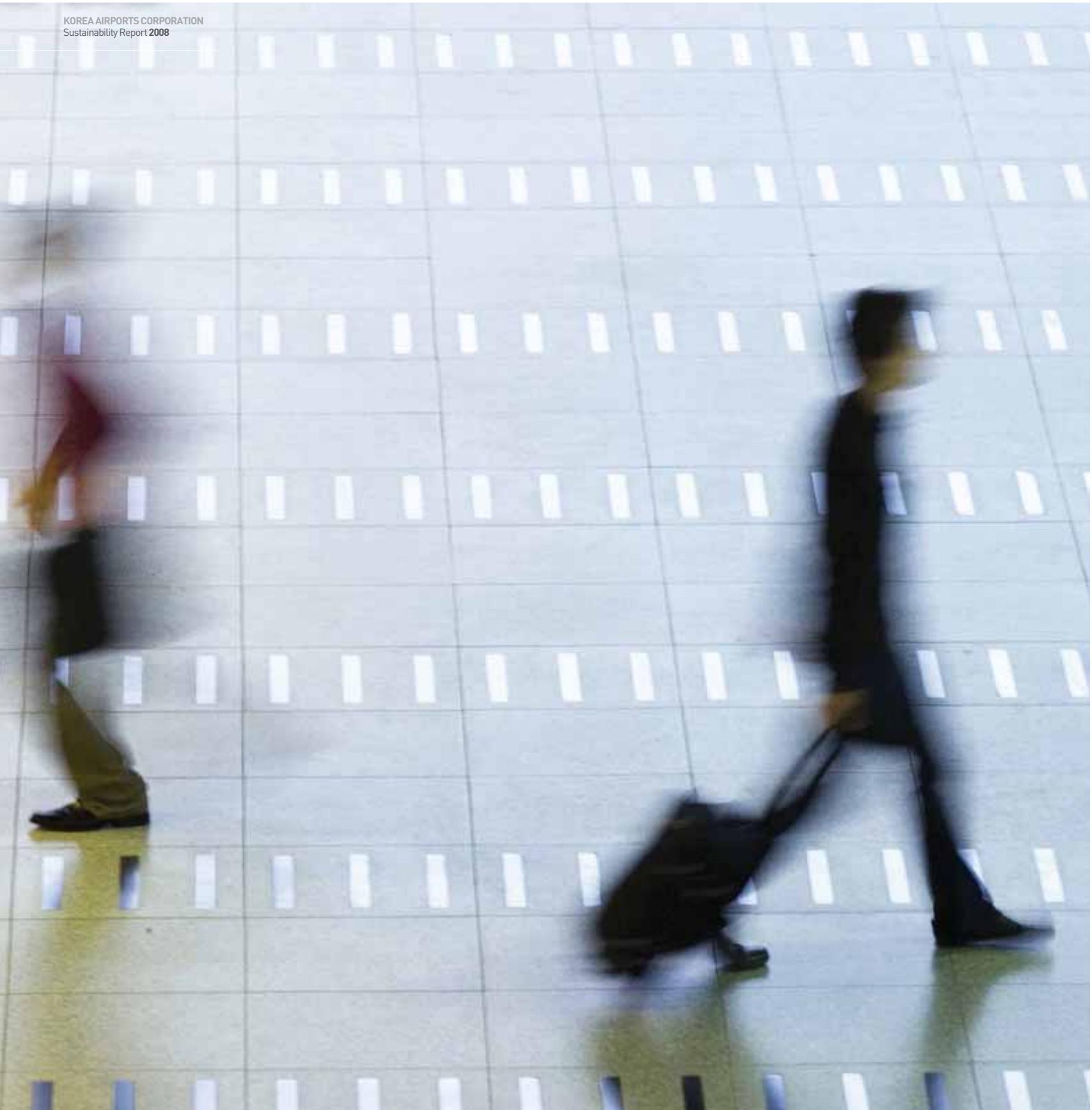
In preparations for terrors to the international level with the increased threats, the Corporation secured the prompt countermeasure abilities against terror through the mutual supports for the training, equipment and technologies while constructing the cooperating system with domestic and foreign institutions and government departments in March 2009. In order to preoccupy the aviation security training market in the Asia Pacific region as well as to foster personnel specialized in the international aviation security, the Corporation has established the institutional education systems with the regular opening of 24 programs in 10 courses including the international course for ICAO security specialists in its aviation security training center. Accordingly, 1,965 persons completed the specialized education for the aviation security and 14 persons acquired the qualifications for the aviation security instructor during 2008.

The Corporation has enhanced the management level of aviation security while reducing the turnover of security check personnel by improving environments on the security check in addition to standardizing the management of aviation security. There has no case of any accident on the aviation security or terror to the aircraft due to improvements on the security check environments such as the amendments on the entire security regulations, unification of the guard system for the wireless indicators across the country and extensive installation of scientific systems for the external guard among others in addition to the maintenance of equipments to the optimal state. In addition, the Corporation has made contributions to the enhanced level of security screening services by continuously improving and reinforcing **\*A-PASS** (Airport - Passenger Accurate Smart Service) as the service brand for the security screening.



# Economy

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008



# Economy

## Disclosure on Management Approach

### Strategy and Goal

Korea Airports Corporation keeps its financial status sound with 9.36% of debt ratio while maintaining the management without any loans. The Corporation addresses plans to increase sales, improve cost structure and expand the demand in the air transportation while targeting at achieving 7% of ROE or higher in the future. In order to excavate a new growth engine for the profitability increase, the Corporation established the master plan for R&D and overseas business, and is addressing its plans according to the medium and long term road map.

### Organizations in Charge

- Finance Management Team : Operating airports and managing management indicators
- Investment Planning Team : Budgeting and operational plans
- Marketing Team/Air Navigational R&D Team/Business Development Team : Business operations and R&D initiatives

### Major Performance and Plan

Division		Unit	2007	2008	Plan in 2009
Passenger	Domestic		33,630	34,020	34,225
	International	1,000 persons	6,282	5,959	6,723
	Total		39,912	39,979	40,948
Revenues from traffic operations			48,787	49,255	55,425
Revenues from facilities utilization charges			129,482	135,542	147,891
Revenues from lease			166,231	212,309	230,541
Revenues from R&D			500	600	1,500
Total			345,000	397,706	435,357

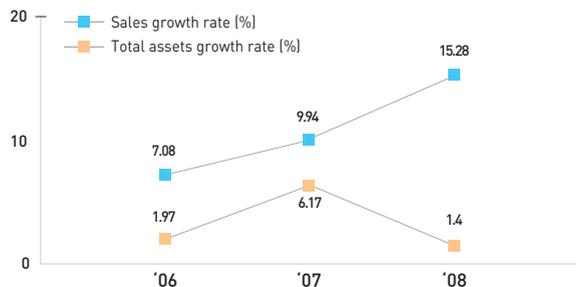
# Strategies to Achieve Financial Goals

Korea Airports Corporation is addressing plans to increase sales, improve cost structures and expand the demand in the air transportation while targeting at achieving 7% of ROE in 2015 by increasing the corporate value.

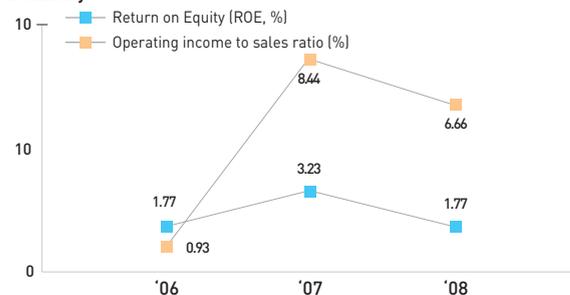
The Corporation increased sales from the increased profits in the non-aviation fields including profits from lease in 2008, even though there had been the decreased number of passengers due to global economic recession. As the current ratio and quick ratio as the representative ratios to judge the short-term payment abilities were 539.86% and 531.51% respectively with 9.36% of the debt ratio, the Corporation keeps its good and stable financial states with no external borrowing and debt with the high liquidity in assets to be able to appropriate the needs of short-term funds. Although the return on equity is low in terms of the profitability because most of its capital came from investments from the government with large facilities investment under the industry's characteristics, it has been improved gradually through its efforts for improvements. In order to secure the financial soundness, the Corporation is making efforts to develop new profit sources by making the airport operation experiences become its resources while securing new growth engine through its entries to R&D and overseas markets.

Indicator	Major Financial Indicator	Korea Airports Corporation		
		2006	2007	2008
Growth	Total assets growth rate (%)	1.97	6.17	1.40
	Current assets growth rate (%)	23.88	7.32	8.63
	Sales growth rate (%)	7.08	9.94	15.28
Profitability	Operating income to sales ratio (%)	0.93	8.44	6.66
	Net income to sales ratio (%)	12.84	21.93	10.46
	Return on Equity (ROE, %)	1.77	3.23	1.77
	Return on assets (ROA, %)	1.69	2.99	1.62
Stability	Current ratio (%)	441.78	669.00	539.86
	Quick ratio (%)	433.96	658.29	531.51
	Non-Current Assets to Long-Term Capital Ratio (%)	87.63	86.42	85.95
	Debt ratio (%)	4.81	8.01	9.36
Activity	Total assets turnover (round)	0.13	0.14	0.16
	Turnover of net worth (round)	0.14	0.15	0.17
	Turnover of tangible assets (round)	0.21	0.23	0.26

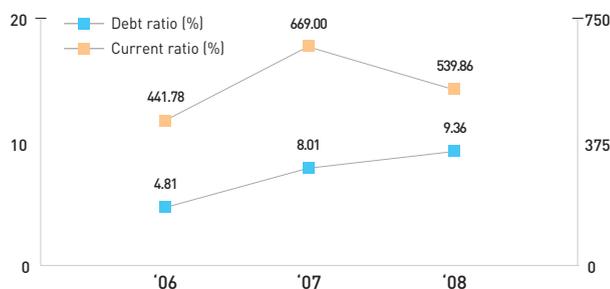
Growth



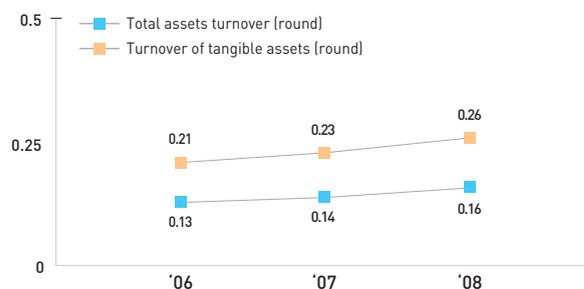
Profitability



Stability



Activity



## Value Distribution for Stakeholder

(Unit : million won)

Total Revenue (mil. won)	Value Distribution		Amount (mil. won)
417,350	Government	Tax	23,654
	Shareholders/Investors	Dividends	6,896
	Customers	Marketing expenses (advertising expenses)	749
	Partners / Cooperation Companies	Outsourcing service expenses	66,727
		Preferential purchase of products from small and medium enterprises	146,935
		Purchase of products from the disabled	94
	Employees	Payroll (wage + allowances + miscellaneous payments)	123,166
		Benefits and welfare expenses	18,377
		Retirement allowances	18,300
	Local communities	Donations	269
		Noise measures project	12,183

## Balance Sheet

(Unit : million won)

Division	2006	2007	2008
Current assets	367,736	394,672	428,714
Non-current assets	2,015,343	2,135,511	2,136,999
Total assets	2,383,079	2,530,183	2,565,713
Current liabilities	83,240	59,000	79,413
Non-current liabilities	26,134	128,631	140,198
Total liabilities	109,374	187,631	219,611
Capital	2,089,741	2,089,741	2,089,741
Others	183,964	252,811	256,361
Total capital	2,273,705	2,342,552	2,346,102

## Income Statement

(Unit : million won)

Division	2006	2007	2008
Sales	313,806	345,000	397,706
Cost of goods	273,686	280,353	322,554
Gross margin	40,120	64,647	75,152
Sales and administrative expenses	37,211	37,543	48,680
Operating income	2,909	27,104	26,472
Non-operating income	39,954	44,280	38,838
Non-operating expenses	3,721	5,764	9,066
Earnings before income tax	40,279	65,620	56,245
Income tax	-	△ 10,053	14,642
Net profit	40,279	75,673	41,602

Due to the increased boarding ratio in the line between Gimpo and Haneda along with the increased international lines in the regional airports, revenues from the international passenger increased and revenues from facility operation went up as well. Accordingly, total sales volume in 2008 increased 15.3%, compared to those in the previous year. Due to the increased revenues from building rentals and the increased variable rental charges from duty free shops, etc., according to the opening of new passenger terminal in Gimhae International Airport and others, profits also increased. Korea Airports Corporation is actively addressing R&D businesses and overseas expansion as new growth engines while diversifying profits through developing idle facilities for the continuous growth.

## Performance by Business Sector

(Unit : million won)

Division	2006	2007	2008
Revenues from aviation	44,581	48,787	49,255
Revenues from facilities	124,161	129,482	135,542
Revenues from lease	145,064	166,231	212,309
Revenues from R&D	-	500	600
Sales	313,806	345,000	397,706
Net Profit	40,279	75,673	41,602
Sales per Capita	169	181	206

## Aviation Industry

Although the demand in the domestic flight tended to decrease because of the opening of KTX in 2004 with the expansions of highway networks, it has increased due to the policy to vitalize low cost carriers for the first time since 2004. The records on the passenger traffic by domestic flights in 2008 showed over 34 million people increased by 1.2% compared to the previous year. In addition, the average increase rate of domestic passengers for the last five years increased by 14.7% due to the introduction of five-day work week system and active marketing for attracting international passengers according to Korean Wave. Although the records of passenger traffic in the international flights had shown the increasing tendency by developing the short distance flights based on open sky between Korea and China, it decreased by 5.1% in 2008 from decreased in the number of Chinese flights due to the economic depressions.

▶Records of operation, passenger and cargo traffic by airport : [homepage\\_public management announcement\\_transportation records by airport](#)

### Air Traffic Statistics for Domestic flight

Year	Aircraft (Flight)	Passenger Movement Traffic (person)	Cargo Traffic (ton)
2004	283,367	37,827,000	811,000
2005	251,843	34,299,000	738,000
2006	249,921	34,262,000	704,000
2007	262,547	33,630,000	626,000
2008	275,395	34,020,000	502,000

### Air Traffic Statistics for International flight

Year	Aircraft (Flight)	Passenger Movement Traffic (person)	Cargo Traffic (ton)
2004	24,244	3,439,000	78,000
2005	29,273	4,225,000	76,000
2006	35,768	5,186,000	91,000
2007	45,640	6,282,000	106,000
2008	42,741	5,959,000	99,000

## Development of Spacious Facilities

Korea Airports Corporation has established and promoted the medium and long term road maps for the efficient promotion in developing the airport support facilities and the surrounding areas including the Sky Park project in Gimpo International Airport. In order to efficiently utilize spare terminals resulting from the transfer of functions for the international flights in Gimpo International Airport to Incheon international Airport, the Corporation has transferred and operated those spare areas as shopping malls, movie theaters and special medical centers among others by reestablishing functions by facility. In addition, the constructions are in progress at the target of opening Sky Park in 2011 as a nature-friendly theme park with the vitalization of functions as an airport by utilizing the spare sites in Gimpo International Airport. Besides, the Corporation plans to make contributions to the vitalization of airports in addition to the expansion of lease profits by additionally developing the Gimpo International Airport logistics complex and public golf courses by utilizing the spare land outside the premises.

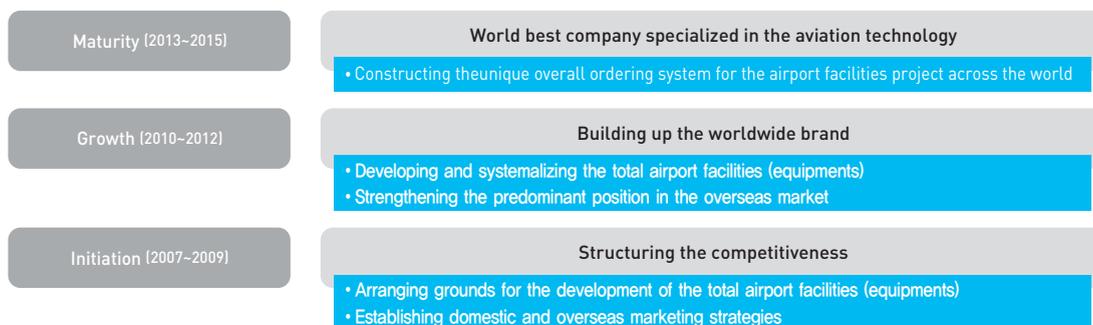
### Medium and Long Term Road Map for the Development of Spacious Facilities



## R&D Business

Korea Airports Corporation has been running R&D business since 2003. The Corporation established R&D Center in August 2006, plans to foster new growth engines by expanding entries to overseas markets, as well as directly developing the navigational aid system based on the technological abilities of airport management and operation that have been accumulated for over 30 years. In an attempt to actively run the R&D business, the Corporation strengthened the organization by securing 21 specialists in 3 teams and invested development expenses of 6.7 billion won by 2008. It continues to expand the developing items under plans with investment of 10.2 billion won during 2009 while reinforcing of capabilities overseas marketing for the developed equipments. Through the R&D business, the Corporation had saved the foreign currency of about 2 billion won until 2008, and expects sales increase of about 50 billion won by 2015.

### R&D by Phase



## Technology Development

Following the domestic production of DVOR to provide the azimuth information to aircraft by sending radio waves to all direction of 360 degree, since the start of the R&D business in 2003, Korea Airports Corporation succeeded in the localization of the navigational aid and wireless communication system and FTS\*. In 2007, we have developed DME(distance measuring equipment)

which measures the distance. Especially, we have developed the individual lighting control and management system that corresponds to international standard in May 2008, and in December, we have developed exclusive FTS and Electromagnetic Airport control and survey for expanding profit and its status.

### Status of Equipment Development

Division		Functions	Date of Development	Model Name	Remarks	
Navigational Safety	DVOR	Providing information on azimuth	Apr. 2004	SKY-MARU 220	Joint development	
	DME	Providing distance information	May 2007	SKY-MARU 310/320	Joint development	
	Electro Magnetic Airport Control and Survey		Selecting the optimal location of installation	Dec. 2008	SKY-MARU 1010	In-house development
		FTS	Ground measuring instrument	Dec. 2008	SKY-MARU 910	In-house development
		ILS	Providing information on the angle of glide	Mar. 2009	SKY-MARU 100	In-house development
Airfield Lighting	ILCMS	Monitoring and control of individual airfield lighting	May. 2008	-	Joint development	
Airport IT	FIDS	Displaying the aircraft operational information	Nov. 2007	-	Joint development	
Pavement Evaluation	PMS	Evaluation and analysis of pavement condition	Dec. 2008	-	In-house development	

In March 2009, we have concreted the foundation to list ourselves as a member of aeronautical safety equipment manufacturer in the world through developing ILS\*(Instrument Landing System) to provide the information of the landing angle and the runway centerline for the flight landing, which is a core safety equipment.



Entering into MOU with the Republic of Korea Air Force



Landscape on the Installation of DVOR/DME (Gimhae International Airport)

\* Doppler VHF Omni Directional Range (DVOR) : facilities to provide the azimuth information for any navigational aircraft to the destination safely

\* Field Test Set (FTS) : equipments to check any abnormality in the performance of navigational safety equipments (DVOR, ILS, etc.)

\* Instrument Landing System (ILS) : facilities to provide the central line of a runway, the angle of glide and location information for aircraft to land on the runway safely.

## Venturing into Overseas Markets

In order to overcome the marketing limits as a public organization and develop overseas markets, Korea Airports Corporation is regularly participating in International equipment exhibition (ATC) while carrying out the site survey and marketing to participate in overseas bidding in cooperation with KOICA and overseas airport partners for cooperation.

Through a consortium by entering into MOUs with companies positioned at the overseas markets, the Corporation plans to strengthen public relations and marketing in the future while participating in the equipment supply, installation, training, construction and operational consulting, etc.

### Status of Overseas Expansion and Marketing

Status of participation in Overseas bidding	• Bhutan : DME 1 set (160 million won)	May 2008
	• Turkey : DVOR 2 set (1.2 billion won)	Aug. 2008
	• Iran : DVOR, DME 1 set (700 million won)	Oct. 2008
Marketing activities	• Agreement on the cooperation of research and development for the navigational safety facilities with the Republic of Korea Air Force <ul style="list-style-type: none"> <li>- Mutual technological cooperation for the development of navigational aid system</li> <li>- Supports for the application test of developed equipments and the technological training from Civil Aviation Training Center</li> <li>- Joint technological cooperation initiative for the installation of 20 lots (about 24 billion won) on the development of TACAN and radar equipment development among others in the future</li> </ul>	Nov. 2008
	Explanation conference for the developed equipments to participate in EDCF loan project <ul style="list-style-type: none"> <li>- Ministry of Foreign Affairs and Trade, authorities from the Bank of Export and Import, KOTI, authorities from overseas airport construction</li> </ul> Major Performance <ul style="list-style-type: none"> <li>- Current status of the development in localization of the navigational aid systems by Korea Airports Corporation</li> </ul>	Feb. 2009
	Exhibition of developed equipments in "ATC Global 2009" (Amsterdam, Netherlands)	Mar. 2009
	Participation of 196 companies from 27 countries in the world	
	Major Performance <ul style="list-style-type: none"> <li>- Good reputation for the development products by the airport operator for the first time in the world</li> <li>- Preparations for grounds of main entry to overseas markets for KAC development products</li> <li>- Construction of sales cooperation system with good overseas agents</li> </ul>	
	KOICA education and maker training <ul style="list-style-type: none"> <li>- Marketing for KOICA international trainees</li> <li>: Training for 15 employees engaging in the air traffic from 13 developing countries</li> <li>- Maker training</li> </ul> March ~ April 2009 : Related personnel from Civil Aviation Bureau of Malawi (Civil Aviation Training Center) May ~ June 2009 : Related personnel from Iran Airport Authority of Iran (Civil Aviation Training Center) June 2009 : Related personnel from Turkey Airport Authority (Turkey)	Mar. 2009



Free Education for KOICA Developing Countries



Ceremony of Overseas Expansion for KAC R&D



ATC-Global Exhibition



# Social\_Customers

KOR- A AIRPORTS CORPORATION  
Sustainability Report 2008





*CS Management System*

*Improvements on the Customer Service*

*Service Quality Management*

*Reciprocal Partnership*

*Vitalizing the Aviation Industry through Partnership*

*Strengthening the Capability of Partners*

# Social Customers

## Disclosure on Management Approach

### Strategy and Goal

Korea Airports Corporation's CS vision stands for 'an airport to deliver the excitement and happiness by realizing customer impression over customer satisfaction' while making the next-generation airport based on the customer impression and global IT integrated network system to achieve the CS vision. The Corporation attempts to improve the customer service by the higher IT management system including the implementation of performance based airport system and customized services to each customer. Accordingly, the Corporation will acquire ISO 20000 as a certification for the international IT standard while realizing a next-generation airport system on the real-time basis.

### Organizations in Charge

- CS Management Committee : deliberations and opinions related CS
- Service Development Team, Operations Planning Team, Customer Support Team Terminal, Operations of Service Team and Operations Team : Overall CS management including the establishment and performance measurement on basic CS plans for headquarter and branches

### Major Performance and Plan

Item	2007	2008	Plan in 2009
Public-service Customer Satisfaction Index (PCSI)	90.2 points	85.5 points	90.0 points
Korea Airports Corporations's Customer Satisfaction Index (KAC-CSI)	85.0 points	83 points	84.0 points
Service monitoring (manual performance point)	88.1 points	92.3 points	93.6 points
Number of workplace with quality management certification	7 places	11 places	17 places

## Definition of Customers

Korea Airports Corporation reestablished the definition of customer according to the type of customer in 2008, and it is now trying to maximize the customer satisfaction by establishing the customized response strategy. Passengers and airport users who consume the value produced by the Corporation refer to the general customer, and the Corporation plans to strengthen the customer satisfaction with the service quality management and differentiated service providing. In addition, airlines, concessions in the airport, institutions permanently stationed companies on the ground and service companies in relation with the airport operation refer to customers in relation with partnerships for cooperation under which the Corporation should provide customers with services, and the Corporation is constructing the reciprocal partnership by strengthening the actual supports.

The corporation abide by the law and regulation related to advertisement marketing, customer securities in terms of administrative activities and customer information protection, and there was no case of violation in 2008.

## Improvements to the CS Management System

While establishing 'Vision 2015' as Korea Airports Corporation's medium and long term strategy, the Corporation reestablished the medium and long term CS plans after reviewing the existing CS management system, which resulted in the CS vision of 'an airport to deliver the excitement and happiness with the realization of customer impression over the customer satisfaction.' In order to sincerely carry out the strategic challenges according to the CS vision, the Corporation is reflecting various opinions from customers on the management activities by establishing the CS organization structure under the systematic cooperation between the headoffice and branches, as well as between its organizations through the division of roles.

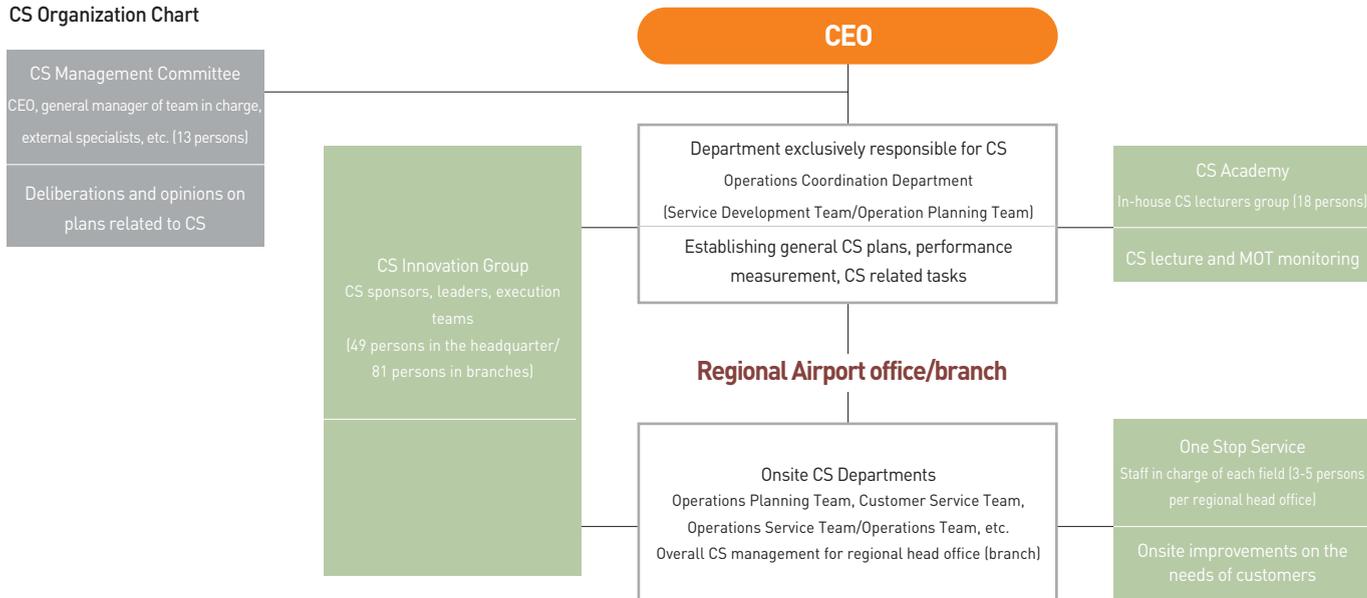
Especially, the Corporation established the CS management committee consisting of the internal members (6 persons) including CEO and responsible executives with the external specialists (7 persons) to deliberate and resolve plans related to CS under the reinforced authority. The committee excavated 48 CS improvement tasks by collecting and analyzing the voice of customers and the result from the customer satisfaction survey in 2008, of which 24 ones had been improved, including the outbound bus station, etc.

### CS Vision and Strategy

CS Vision	An airport to deliver the excitement and happiness with the realization of customer impression over the customer satisfaction	
CS Goal	Public-service customer satisfaction index No. 1	Global top 3 in CS



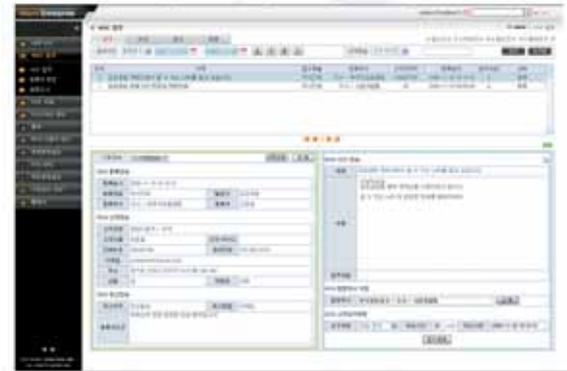
### CS Organization Chart



# Improvements on the Customer Service

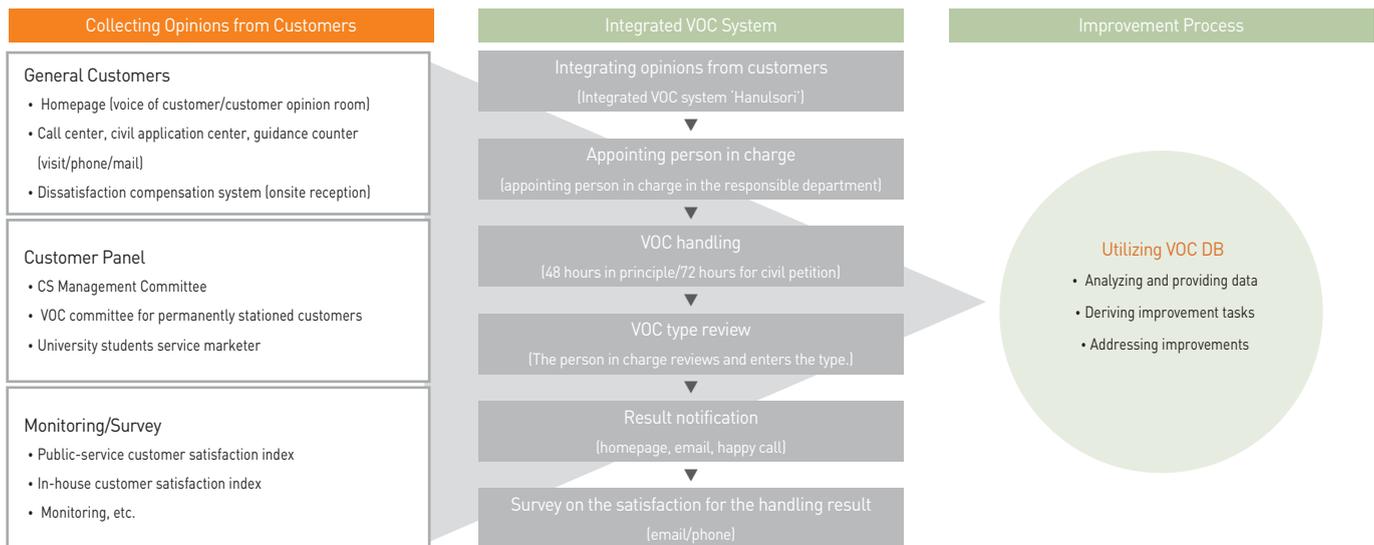
## Integrated VOC System

Korea Airports Corporation established the integrated VOC system to settle down the customer satisfaction based on VOC in 2008. The Corporation made it possible to take care of the interface with customers through the newly systemized 'Hanulsori' which is an integrated VOC channel to manage the integrated DB and customer opinions collected by various communication channels. The corporation made a clear guideline to handle VOC promptly and accurately, and completed the system to be able to monitor the real-time data. The handling standard is in principle based on 48 hours (72 hours in case of civil petitions). For any case of civil petition that might take longer than seven days, the Corporation defines and sincerely carries out the service standard to inform the applicant of the progress within two days. The VOC handling time in 2008 was shortened from 3.90 days to 2.97 days compared to the previous year, and the Corporation plans to choose it for Korea Airports Corporation's Performance Indicator (KPI) and give incentives while expanding the education by manuals to achieve the sincere and prompt VOC handling in the future.



Integrated VOC System

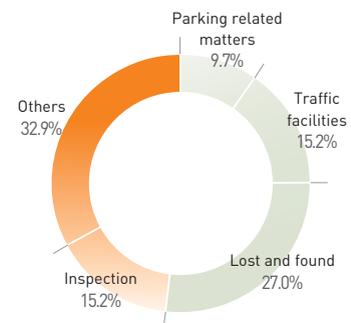
### VOC Handling and Improvement Process



## Service Improvement Performance by VOC

In order for customers to conveniently use the amenities in the airport, Korea Airports Corporation is continuously improving the facilities and services, reflecting customer opinions collected by VOC system. During 2008, The Corporation had improved services by shortening of baggage claim time in Gimpo and making it better the parking facilities in Jeju International Airport, etc. Along with its activities, the Corporation is making efforts for customers to use happily and conveniently the airport, while vitalizing the commercial facilities, upgrading the level of boarding service and increasing flights, etc.

VOC Type (2008)



## New Service for Customers

Korea Airports Corporation is holding various events along with its differentiated services in order to make customers happy and have useful time at the airport. It carried out cultural events and various exhibitions in the waiting room for 13 airports across the country while holding the event called 'Month of Gratitude to Customers' in November 2008. The Corporation also carries out the

'landscaping theme events' for customers in Gimpo International Airport more than one time a month around the year. Besides, we are carrying out various cultural events including the 'Memory in Airport' twice a year to provide free filming with photo frame by operating photo zones for customers in the major airports.



Landscaping Theme Event



Photo Zone 'Memory in Airport'



Holding a Small Music Concert



## Guideline to CCTV Operation for Public Organization

### Survey Details

The committee of deliberations for the personal information protection in the public organization examined the actual utilization of closed circuit television installed in 14 public organization including Korea Airports Corporation, and confirmed that 79.8% or 10,159 sets use operational functions including the voice recording, zoom and rotation among others that are considered having concerns on violating privacy and human rights. In addition, although public organizations are regulated to put guide plates or others to inform others of the installation of CCTV, which should be managed with the definition of preservation period in case of personal image information when they install such equipments, such procedures were not observed in the examination.

### Korea Airports Corporation's Responses

According to these instructions, the Corporation prepared guidelines to the personal information protection for airport users including the CCTV image information management, access and view procedures by amending the operational procedures for the general situation room. Through the systematic management according to the guidelines, the Corporation will make more efforts to protect privacy and human rights of customers.

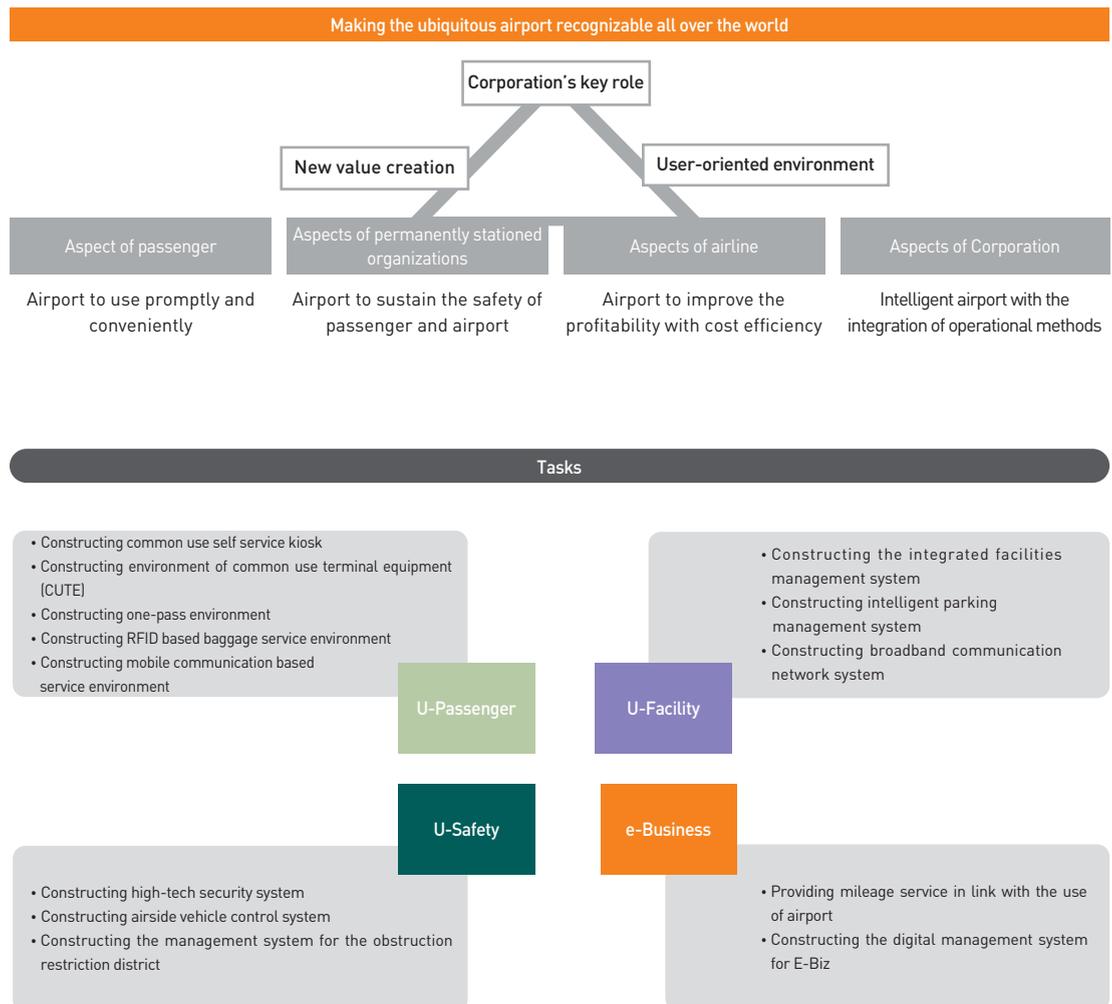
### [Major Details]

- The appointment of responsible manager is provided for the management of CCTV image information in the situation room as well as the management and operation of equipments along with the command and supervision of members in the situation room.
- The installation of security devices is provided to block off any access of unauthorized persons to the CCTV image information system.
- Procedures on the view, providing, modification and deletion of CCTV image information are provided.
  - Conditions to view, provide and restrict the image information
  - Designation of places to view the image information
  - Request for the image information (view, providing, modification and deletion)
  - Process diagram for the image information
  - Ledger to view and provide the image information
- The execution of education for workers in the situation room regarding the personal information protection is provided.

## u-Airport

Korea Airports Corporation provides information necessary for customers while opening to the public on the information related to the use of airports and operational schedules among others through its homepage. The Corporation has addressed u-Airport projects based on the cutting-edge IT since 2007, in order to build up the customer-oriented airport environment. With the realization of u-Airport, airlines can save expenses from the efficient operations of personnel and equipment, and customers can process boarding promptly and conveniently. The Corporation is addressing improvement activities to strengthen the reciprocal partnership with various stakeholders while operating the global and state-of-the-art airport. In order to implement the ubiquitous airport, it started investments to U-Passenger in 2007 and was in progress with the expansion to U-Facility, U-Safety and e-Business in 2008. The Corporation manages to simplify the immigration process, by designating the IT team to handle the records and schedules for the projects and the main teams in charge of the passenger and airport facilities as well as infrastructure respectively and operating the specialist focus group.

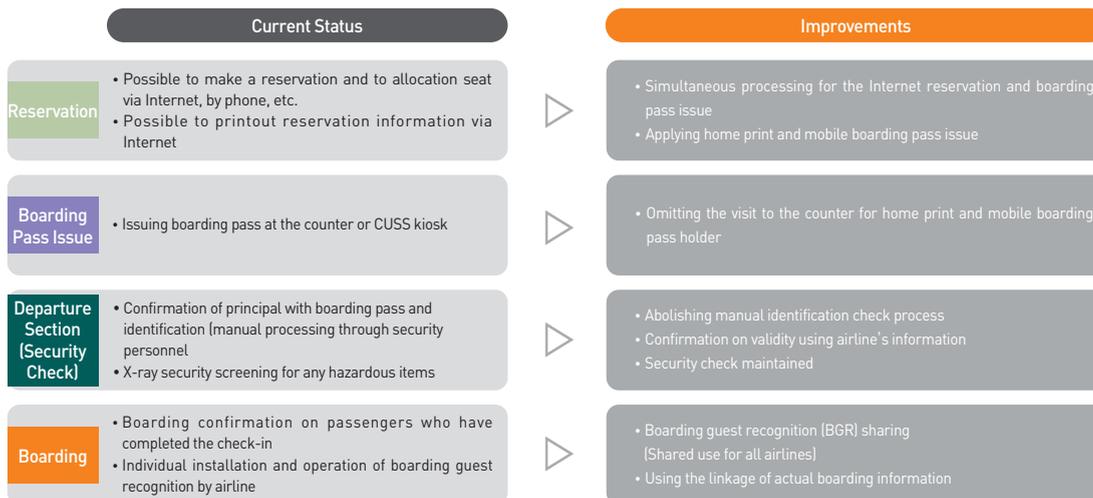
### u-Airport Vision and Tasks



## Improvement on the Passenger Boarding Process

Korea Airports Corporation analyzed the international trends such as major international airports benchmarking and characteristic of passengers by organizing TF team to improve the passenger boarding process in March 2008 along with airlines as partners. Through the working TF team activities, it sought for plans to apply the newest technologies discussed the plans on the simplification of passenger process including the introduction of home-printed boarding pass, etc. Although there had been the crowded circumstances in the departure hall to manually confirm the identification and boarding pass because of the lacking insufficient system for sharing passengers information between the related systems, the convenience and promptness could be provided for customers with the introduction of home-printed boarding pass.

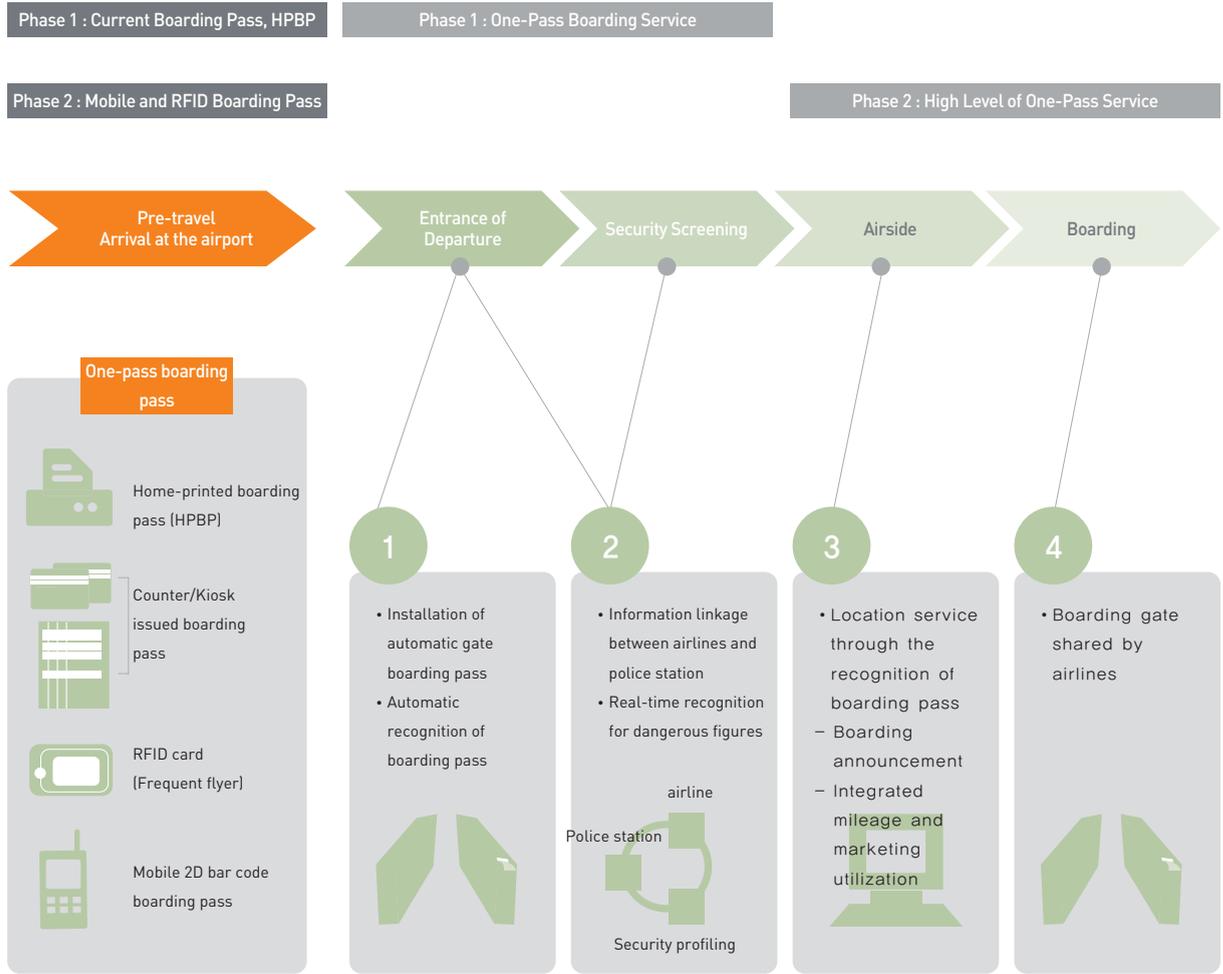
### Details on the Improvement of Passenger Boarding Process



## One-Pass Boarding Service

IATA has addressed the policy of immigration simplification and airlines across the world are carrying out the e-Ticket system from June 2008. The Corporation established the self-service standards and procedures per stage in the boarding process while addressing the 'Fast Travel' policy. In addition, it aims at 100% application of bar code boarding pass by 2010 with its dissemination. Due to the simplification of ticketing process by the introduction of the home-printed boarding pass in accordance with the IATA standards, and accordingly the Corporation could reduce the investment cost and strengthen the security inspection abilities. In addition, it could provide the prompt and convenient boarding services for customers through the one-pass boarding service, and airlines could have effects to save labor and lease fee among others. The Corporation plans to address CUSS system while installing the common use system for the boarding gate from 2011 as well as applying the home-printed boarding pass to the reservation, ticket issue and security check in the departure hall by 2009.

## One-Pass Boarding Process



### Expansion of Common use Check-in

In order to efficiently utilize the limited airport facilities, the Corporation constructed common use check-in system for airlines in Gimpo and Gimhae International Airport. Although airlines incorporated in the airport prefer their business activities through the exclusive counter, the prompt passenger service could be provided along with the increased efficiency of the airport operation by mitigating the crowded circumstance in the passenger terminal with using the unmanned ticket issuer (Kiosk) as well as the shared check-in counter as a result of the Corporation's efforts.



Status of Kiosk System Installations

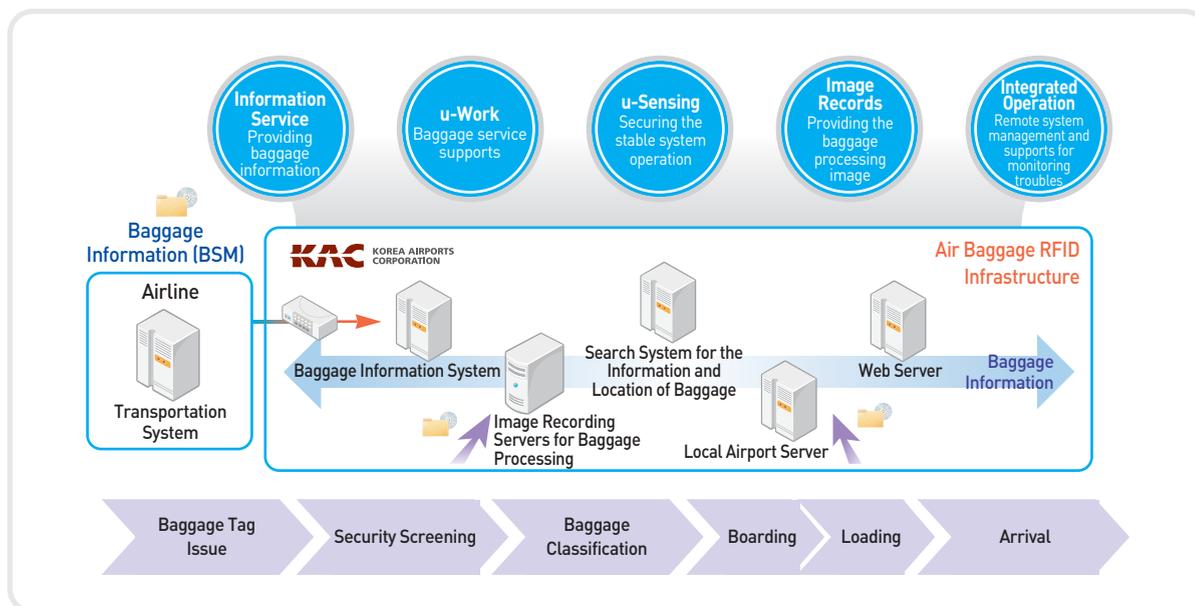
### Expansion of RFID Services for Air Baggage

In a joint effort with Asian airlines, the Corporation has built and is operating the RFID (Radio Frequency Identification) system to track and manage the location of baggage which is a RFID tag with a built-in IC throughout 11 attached airports. Through the system, the time is expected to be shortened from the security check to classification of baggage, boarding on the aircraft and claiming the baggage. As well, it is expected the enhanced security level and air passenger services by providing convenient services for customers.

Through the acquisition of patents (2 cases) the RFID related technology one of the new growth engines promoted by the government, the Corporation is reviewing plans to expand the system to provide various passenger services while carrying out the leading role to place grounds to be positioned as the international standards in the future.



RFID System



# Service Quality Management

## System of Service Quality Management

Korea Airports Corporation is putting every efforts for the customer satisfaction and it is very important to care for the service quality management on customer interface as the onsite personnel of resident organizations or cooperation companies meets customers at the Point-of-contact in terms of our business characteristics. For such reasons, the Corporation has made efforts for the continuous improvements such as reflections on the CS education or compensations from results by measuring the level of service quality areas, improvements on the service manuals and standards, etc. It has managed the service quality by measuring the service level at the passenger boarding process in addition to checkups in accordance with the service standards while monitoring the service reception level at the contact of services. The Corporation also manages the level of service quality through surveys with the domestic and foreign public trust as well as in accordance with the domestic and international recommendation standards. It is measuring level in the quality of service by carrying out surveys under the domestic recommendations, domestic and foreign public reliabilities including \*ASQ survey, Public-service Customer Satisfaction Index (PCSI), KAC-CSI, etc.

## Improvements on the Charter of Customer Service Execution Standards

Korea Airports Corporation is operating the charter of customer and service standards in accordance with the core values. The service standards consist of 7 sectors, 13 parts and 69 items including the safe travel, and the systematic service quality management could be done including the contact of customers including parking, guide, security check and commercial facilities among others in accordance with the service standards. The Corporation carried out checkups for the level of conduction for 11 common items including the passenger convenience facilities for 13 airports across the nation over three times in total during 2008, of which the results were posted on its homepage.

Through the internal and external convergence of opinions, the Corporation added the list to the boarding service level in December 2008 while deriving implications and improvement plans by carrying out a questionnaire survey for 860 onsite personnel in five airports on the service manuals and monitoring. The Corporation plans to improve the service manuals and standards in June 2009 while reflecting the results. Those improved details can be found through its homepage.

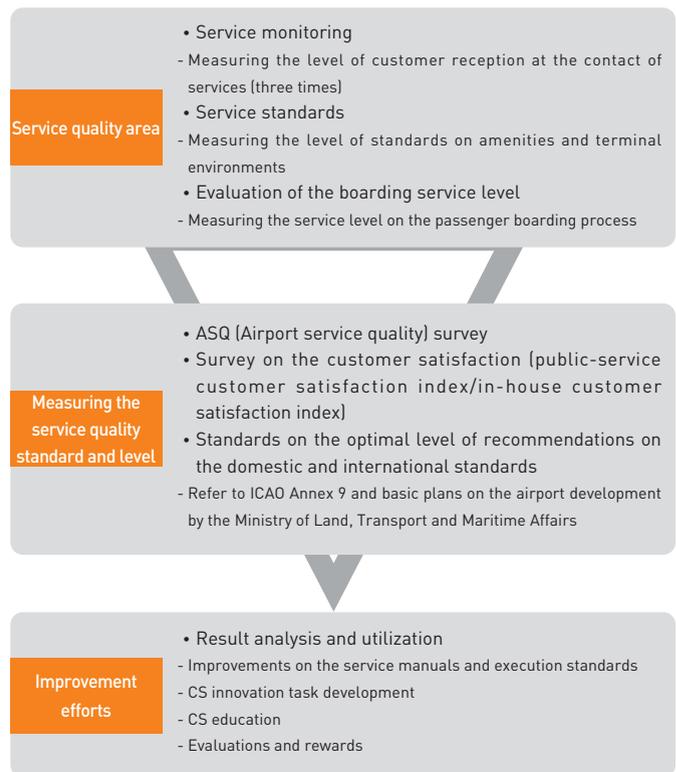
▶Service performance standards and records : [homepage\\_civil](#) application information\_charter of customer service

## Encouraging Customers to Actively Claim Dissatisfaction

When customers feel dissatisfied for any reason, in many cases they tend not to express their discontent rather than they raise their dissatisfaction. By strengthening rewards for any dissatisfaction to services, the Corporation encourages customers to actively raise their discontent in an attempt to form the trust relationships with customers.

The Corporation operated the service discontent reward system in the domestic terminal of Gimpo International Airport for about a month during December 2008 and received a total of 130 discontent cases, which have been completed or in progress for improvements.

### The Corporation's Service Quality Management System



\* Airport Service Quality (ASQ) survey : It refers to the evaluation on the world airport service quality managed by the Airport Council International.

## Strengthening the Capability of CS Education

Korea Airports Corporation's CS talent image is represented as the 'specialized talents to realize the customer impression and happiness with the active and differentiated service', and those talents should have the customer-oriented mind, interpersonal affinity and self-management abilities.

In addition, the Corporation is encouraging to acquire the expertise qualifications to foster the specialized human resources to lead the CS innovation. Accordingly, a total of 82 persons has acquired qualifications so far including the CS master, ISO 9001 internal examiner for the quality management, etc.

## Increasing Customer Satisfaction

The Corporation is contributing to building up the CS management system based on the needs of customers by deriving the improvement tasks from the result analysis as well as by carrying out the regular survey on the customer satisfaction. The survey results are used for the CS management goals, performance measurement and compensation foundations. Public-service customer satisfaction index (PSCI) is carried out every year for customers, airlines and tenant companies to compare the service levels among the public organizations. The in-house customer satisfaction survey is done every year for passengers, which is used as the basic data for the evaluation and improvement activities through the performance measurement and analysis per task.

Especially, the Corporation was the first place among airports in the same size and the fifth place among airports around the world from the survey with the participation of 126 airports across the world when ASQ (Airport Service Quality) was carried out by ACI (Airports Council International) in 2008. The Corporation plans to take part in the survey every quarter.

The corporation has received grand prize on customer service management in social value innovation part in 2008.

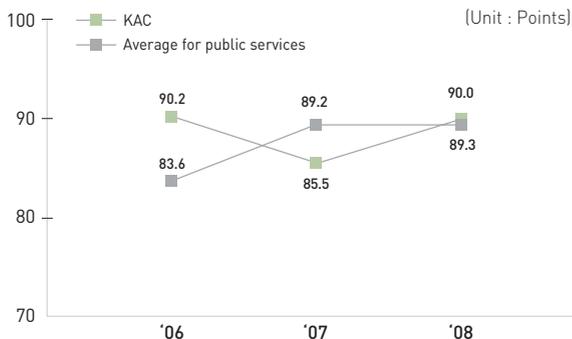
### CS Education System Focusing on Capabilities

Essential Course	<ul style="list-style-type: none"> <li>■ Manager service leadership improvement course</li> <li>■ Airport service Up course</li> <li>■ Airport service specialist course</li> <li>■ Course for the customer satisfaction improvement among internal employees</li> </ul>
Selective Course	<ul style="list-style-type: none"> <li>■ Self-leadership/business manner course</li> <li>■ Course for the management of internal conflicts</li> <li>■ Course to improve customer complaint handling skills</li> <li>■ Site central service skill improvement</li> </ul>
Special Course	<ul style="list-style-type: none"> <li>■ CSM standard manual</li> <li>■ Self-leadership</li> <li>■ How to control emotional stress</li> <li>■ How to listen to VOC</li> </ul>

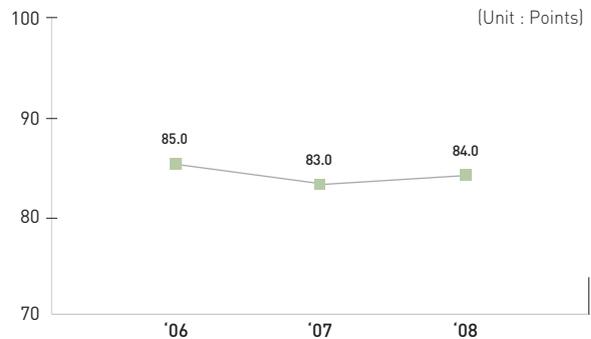


2008 Grand Prize for the Customer Satisfaction Management

### Public-service Enterprise Customer Satisfaction Index (PSCI)



### In-house Customer Satisfaction Index (KAC-CSI)



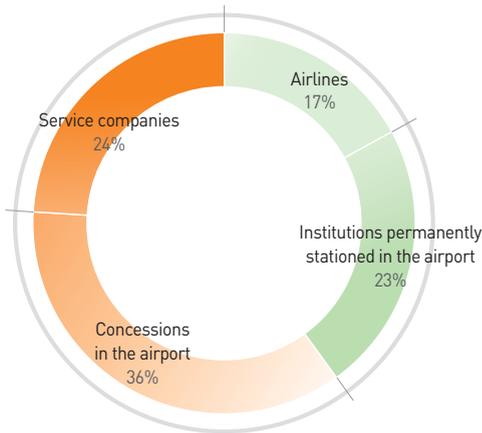
# Reciprocal Partnership

## Constructing the Reciprocal Cooperation System

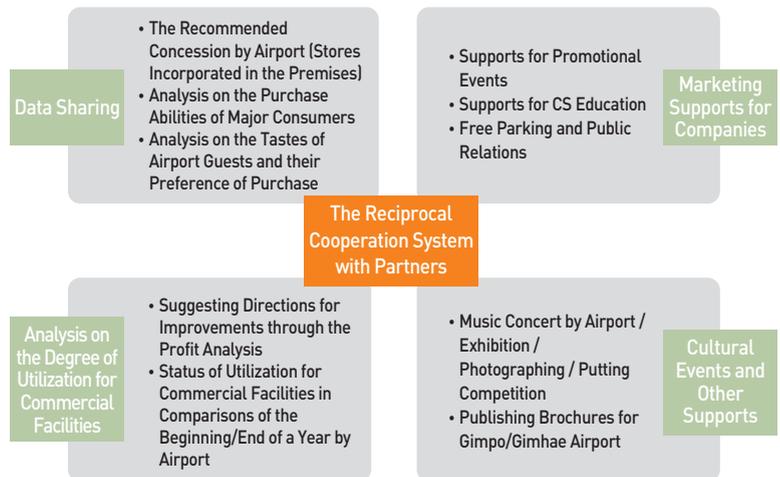
Korea Airports Corporation is in partner relationships with airlines, institutions tenant, companies resident and service providers among others in relation with the airport operations while abiding by the Free Trade Act in relation with partners. Partners have significant impacts at the point-of-contact of customers in performing the airport operation and facilities management. The Corporation shares major data and supports marketing to vitalize airports while providing

assistance to strengthen their capabilities with supports for the ethical management and specialized education for its partners. In addition, it reinforced the transparency of contract and procurement business processes by expanding th electronic contract system.

Status of Partner Organizations



The Corporation's Reciprocal Cooperation System



Partner Classification and Communication Channel

Division	Relations	Supporting Details	Communication Channel
Airlines	Using airport facilities	<ul style="list-style-type: none"> <li>Exemptions or deductions of airport facility charges</li> <li>Joint marketing activities</li> <li>security training</li> </ul>	<ul style="list-style-type: none"> <li>Council and TF team operations</li> <li>Low cos carrier (LCC) communities</li> </ul>
Institutions permanently stationed in the airport	institutions such as customs duty office, legal office, quarantine office, etc.	<ul style="list-style-type: none"> <li>Surveys on the satisfaction of working conditions</li> <li>CS education</li> </ul>	<ul style="list-style-type: none"> <li>Questionnaire survey</li> <li>VOC committee by resident customers</li> </ul>
Concessions in the airport	companies such as the commissioned management for airport facilities	<ul style="list-style-type: none"> <li>Ethical management and CS education</li> <li>Sharing the data by analyzing research</li> </ul>	<ul style="list-style-type: none"> <li>Questionnaire survey</li> </ul>
Service companies	companies for parking, cleaning, guard and security, item purchase, etc.	<ul style="list-style-type: none"> <li>Conducting the clean contract system</li> <li>Expanding electronic procurement</li> <li>Supporting small and medium enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Regular meeting</li> <li>Questionnaire survey</li> </ul>

## Expansion of Ethical Management

Korea Airports Corporation entered into an 'agreement for the anti-corruption and ethical management' with 14 cooperation companies in April 2008 to share the ethical management with partners. It is strengthening the reciprocal management infrastructure by clearly suggesting the business performance guidelines and procedural standards to partners that carry out the commissioned tasks for the airport facilities, heightening the business transparency and sharing the ethical management system. The Corporation Plans to carry out the education to reinforce the ethical awareness continuously for 824 commissioned members in 17 companies in the future, and there has been no problem in relation with the anti-corruption or ethical matters with the cooperating companies until now.

The Corporation will make joint efforts to settle down the transparent organizational culture with no corruption over the entire sections in Gimpo International Airport including the 'agreement for the anti-corruption and ethical management' upon any announcement for the bidding to select companies in 2010.

## Increasing the Transparency of Contract and Procurement Business Practice

Korea Airports Corporation is making efforts to abide by the fair trade with partners. In relation with the selection of operators for the resting facilities in the airport, the Corporation strengthened the transparency by extending contract only once to exclude free contracts and prevent any privilege while expanding the portion of electronic procurements in the contract for services and items along with extending the implementation of electronic contracts.

The Corporation is making efforts to prevent any fraud behaviors including the unfair tie, conspiracy, unreasonable request, monetary or recreational entertainment, unfair profits, etc. by identifying fraud elements by stage in the whole process in constructions, services and facilities installation with the development of absurd behavior prevention system (CSS : Clean Clinic System) in November 2008.

### Status of Electronic Procurement for the Contract Business

Division	2006	2007	2008
Total Procurement (mil. won)	116,142	160,101	121,207
Electronic Procurement (mil. won)	112,224	153,919	116,274
Implementing Ratio (%)	96.6%	96.1%	95.9%

## Active Collection of Opinions

Korea Airports Corporation is making efforts to improve the working conditions by supporting facilities through satisfaction on surveys the working conditions for employees in the cooperation companies. In addition, it seeks to help each other by paying incentives under which the Corporation extends the contract for the excellent cooperation company with 80 points or more in the evaluation score according to the survey results from the service monitoring surveys and the public-service customer satisfaction index.

## Extending the Deduction of Airport Charge

Korea Airports Corporation has recently deducted the airport charge by 10%, 1.4 billion won from July 2008 to vitalize the aviation industry in consideration of the long-term partnership according to the deteriorated business conditions in the airlines due to the sharp rise of oil price. Although it intended to apply limited application during 2008 for airport charges on the operation of domestic flights, the Corporation extended the policy to July 2009 that airlines for operating domestic flights could enjoy in 14 nationwide airports including Gimpo International Airport, Jeju International Airport, etc. When any airline newly inaugurates, the landing charge is exempted for a year. When they increase the number of operations, they are supported with 50% reduction from the landing charge for a year. In order to help Muan International Airport settle down in an earlier time, the Corporation has reinforced benefits for its exemptions for the landing charge. Although the Corporation might have loss from such exemptions or reductions for the airport charge, it decided to minimize any convenience for passengers that might occur when flights are reduced, by supporting the aviation industry. The Corporation plans to determine the need of extension for such measures in the future while considering circumstance.

## Reciprocal Cooperation through Joint Marketing

Korea Airports Corporation is contributing to the increase of both sales and indirect profits through the joint marketing strategy with partners. It has actively solved difficulties related to the business development including the facilities repair and item adjustments among others by vitalizing communications from the monthly and quarterly meetings in each airport across the country. The Corporation has secured the business rights by structuring the management on the sold items and prices while increasing the customer satisfaction by reducing the price to the market level for 28 major items.

# Strengthening the Capability of Partners

## Systematic Progress Management

For the systematic progress management, the Corporation is operating a TF team composed of the specialized staff in the civil engineering and construction among others in July 2007, which is exclusive for the progress management. The Corporation addressed discussions and improvements on problems in addition to the confirmation of progress ratio while carrying out the progress management meeting once a week. The Corporation carried out 42 regular meetings and 8 special meetings in total regarding the progress management meeting during 2008 to vitalize communications with partners. The Corporation plans to introduce the project management information system (PIMS) and starts its operations in the first half of 2009, through this system the Corporation expects to perform the make it possible to cooperate and have the real-time business process per site with between partners, and to easy collect data for the efficient business performance.

## CS Education

As the Corporation's partners meet customers face to face, the service at the contact point with customer could greatly affect the Corporation's image. The Corporation is clearly stating and actively carrying out the education for employees at the contact of customer twice or more a year on its service standards in order to strengthen point-of-contract services under its responsibilities for customers. During 2008, 165 rounds for four courses such as the self-leadership, VOC hearing, emotional stress and standard manual for point-of-contact services with 7,045 trainees were carried out for tenantcompanies and resident institutions including security guards.

## Supports for Small and Medium Enterprises

The Corporation is practicing the policy to purchase products from the small and medium enterprises in our country to take social responsibilities as one of the public organizations, and the purchase amount from the small and medium enterprises in 2008 was 146,936 million won, which consisted of 81% of the total purchase amount. Through the purchase of products certified with new technology, the Corporation is supporting the technological development and sales channel for the small and medium enterprises, and the participation of small and medium enterprises in the local communities is also invited in the expansion constructions.

## Developing Domestic Aviation Security Specialists

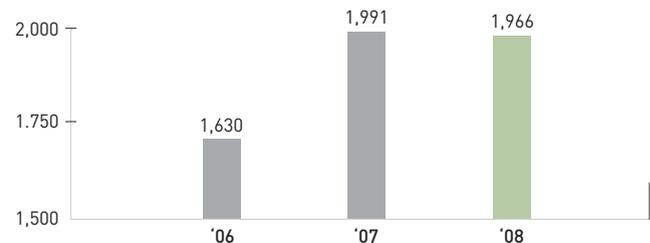
Korea Airports Corporation is operating the Aviation Security Training Center by utilizing the know-how in the airport operation. The security training was carried out for the security managers and staff in the airport and airline, in which 1,966 persons took the training during 2008.



Employee training services within district enterprise

### Security Education Records

(Unit : person)



### Status of Product Purchase from Small and Medium Enterprises

(Unit : Mil. Won)

Year	Total Purchase Amount	Purchase Amount for Products from Small and Medium Enterprises	Purchase Ratio for Products from Small and Medium Enterprises
2006	138,231	115,328	83%
2007	180,548	137,387	76%
2008	180,586	146,936	81%



# Social\_Community

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008





Strategic System for Social Contributions  
Three Core Projects for Social Contributions

# Social Community

## Disclosure on Management Approach

### Strategy and Goal

Korea Airports Corporation is making efforts to achieve its vision on social contributions under the company motto, 'the realization of a corporation to fulfill its social responsibilities and roles through practicing love and sharing'. It is making efforts to address social contribution activities in link with its management strategy and to develop various programs with the continuous voluntary services while addressing the practice strategy of supports through partnerships and vitalizing the participation of executives and employees. Accordingly, the Corporation is making efforts to take responsibilities for local communities around three core businesses such as the social welfare project, educational and cultural projects and environmental projects.

### Organizations in Charge

- Working Committee for Social Contributions : establishing initiative policies per year, allocating working budgets, planning the use of funds, etc.
- Social Contribution Team : overall social contribution activities
- Social Volunteer Group : social contribution activities across the Corporation

### Major Performance and Plan

Indicator	2007	2008	Plan in 2009
Hours of Social Contribution Activities (hours)	29,047	27,290	28,600
Expenses for Social Contribution (mil. won)	11,700	12,300	19,600

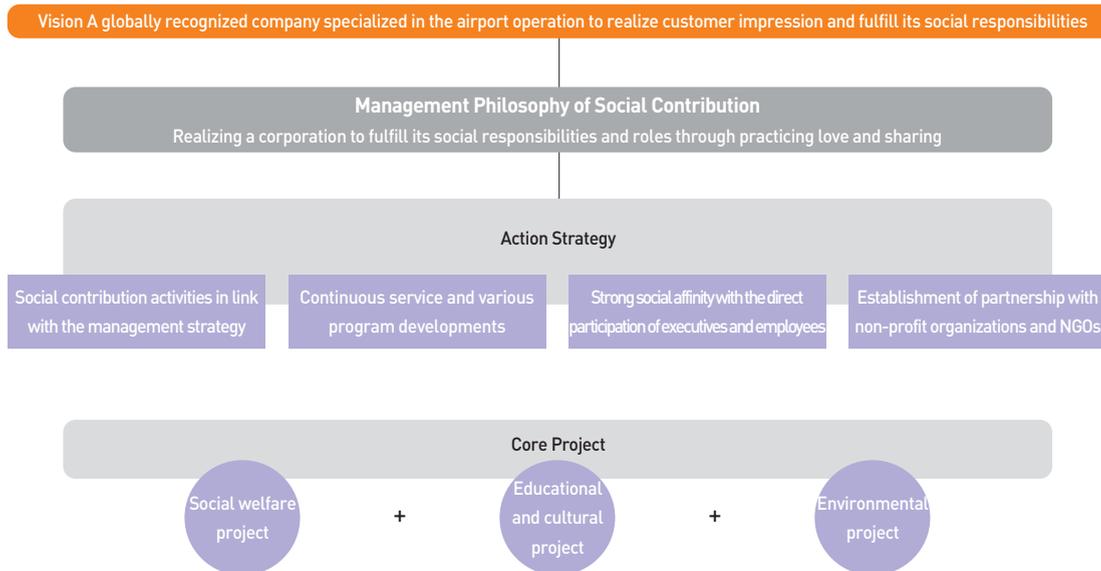
## Social Contribution Strategy

Korea Airports Corporation with all the executives and employees has practiced the sharing management to serve the isolated neighbors ahead of the essential corporate activities to play roles and take responsibilities as one of the sound corporate citizens. In order to take responsibilities as one of the public organizations, it has addressed various activities while defining the social welfare, education and culture, and environment protection as three core projects for the purpose of making social contribution activities connected to the corporate culture. The Corporation is actively providing the visit experience of various airport facilities and free English classes to foster the dream and hope of children, the specialized organizations in airport operation. In order to encourage executives and employees to actively participate in those programs, the Corporation is supporting the volunteer activities of executives and employees as designating the 'day of social contribution activities' in 2008. During 2008, 7,959 executives and employees participated in the social activities for 27,290 hours in total as 3.43 hours per capita for the volunteer activity time. We have made the total contribution of 123,000,000 won in social activities.

In addition, the Corporation is strengthening activities for the noisy areas to reinforce responsibilities for local residents in relation with the airport operation. Activities of the Corporation with executives and employees are shared through the homepage while the Corporation was making efforts to share and promote social contribution activities with its publication of a white paper on its social contribution in February 2008.

▶ Strategies and records for social contributions : [homepage\\_corporation introduction\\_social contribution](#)

### Structure of Social Contribution



## Organization

The Corporation has set up a social contribution system and the team in fully charge of social activities. Also, it is implementing various activities including financing funds and organizing social volunteer groups. Leaders of social volunteer groups take a lead in social contribution activities and promote such activities through a TF team. The meeting for leaders of social volunteer groups is held twice a year to evaluate the activity performance and establish directions while the strategy meeting by the executives is held twice a year to establish the strategy for promotion and set up the relevant directions.

Organizational Chart for Social Contribution Activities



## Social Contribution Management System

The Corporation is reflecting the participation of volunteer activities on the internal evaluation in link with the management strategy through the social contribution management system, and the individual mileage is introduced and accumulated in link with the volunteer group regional in March 2008. The Corporation is developing the welfare fund for the regional communities in a way of the match grant, which stands for a method that the Corporation makes donations for the same amount as the contributions from executives and employees every month. During 2008, 1,705 persons as 88.5% of the related population participated and reserved 82,520,000 won and the amount of the accumulated reserve is 101,276,000 won. The Corporation established an evaluation system since 2007 and evaluated the social contribution activities for the volunteer groups. Accordingly, the Corporation awards excellent volunteer groups every year according to the evaluation results.



## Social Welfare Project

The Corporation is supporting the socially disadvantaged people and the underprivileged to overcome adversity and play a role of a member in the society while practicing the sharing management through various donations and contributions with a variety of programs. It designated Wednesday in the last week of each month as the 'day of social contribution activities' to practice volunteer activities in the afternoon of a weekday for supporting the active participation of employees. In addition, executives are practicing the volunteer activities in the day per quarter to lead the sharing management.

## Volunteer Activities for the Underprivileged

The Corporation is practicing the volunteer activities and supporting scholarships and food supply among others for the isolated strata including the poor neighbor, the aged people who live alone, family heads in their young age, etc.



## Generating Jobs for the Vulnerable Class

Korea Airports Corporation is marking efforts to generate jobs for people in the vulnerable class who are suffering from difficulties in the life because of the economic depressions. Seoul Office entered into an "agreement to generate jobs for the vulnerable class" through discussions with 5 social welfare organizations in the noise damage area from aircraft in May 2009. Accordingly, with donations from executives and 20% or more of budgets invested from the company labor welfare fund, the Corporation prepared about 1.3 billion won to carry out the welfare projects to support the aged people who live alone, young boys and girls who support their family members, and the disabled among others who live in the noise damage area around the airport. These projects aim to help local communities while carrying out the sharing of jobs by first employing the family heads who lost their job for residents who live in the noise damage area.

## Donations of the Surrendered Items in the Security Check

Under agreements with passengers, those surrendered items prohibited on the board are donated to the welfare organizations and others. During 2008, 156,300 items were donated.

## One Company - One Rural Community Campaign

The Corporation subscribed to the one company to one village movement system to continuously carry out valunteer activities including helping out with farming chores, special purchasing of agricultural products and feast for the aged among others through the sister relationship with 16 villages, while inviting local residents to the airport, medical supports, etc.

▶Status of one company to one rural community campaign : [homepage\\_corporation introduction\\_social contribution activities](#)



## Educational and Cultural Project

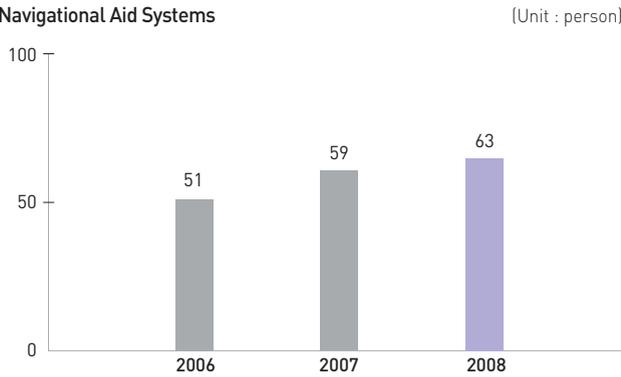
The Corporation considers supports for the talents as the future resources as its important activities while supporting various educational and cultural programs for the neighbors with fewer opportunities in learning and culture. It has focused on supports of scholarships and food supply expenses, visiting to the airport facilities and operating free English class while expanding the human and physical exchanges through the agreements industry-university cooperation and school with along with the holding various cultural events. The Corporation is actively carrying out the visit and experience to the airport facilities for students in the elementary, middle and high schools while diversifying the airport experience for the disabled and kids in the villiage, sister relationships with the Corporation.



## Operation of International Course for the Navigational Aid Systems

The Corporation is carrying out the technological training for professionals in the aviation industry under the international course for the navigational aid systems in link with its support projects for the developing countries in KOICA.

### Trainees for International Training Course for the Navigational Aid Systems



## Environmental Projects

The Corporation is addressing various tasks to realize the eco-friendly airport across the Corporation while recognizing the value of environment. The

environmental project as one of the core projects for social contributions is being done around supports for the noise damage areas from aircraft and the environment purification activities for mountains and rivers. As the Corporation was strengthening the strategic supports for the Taeon areas as part of the environment purification campaign, where the oil leakage accident occurred in 2007, the practical support was done under the sister relationship with two communities in Taeon County while holding a workshop to vitalize the economy in the damaged area along with the pollution removal activities.



Oil Removal Services in Taeon

### Award of Social Contribution Activities

Division	Award Details	Date of Award	Awarding Institution
Seoul	• Achievements for environmental service	Jun. 14	ECOSHARING Family Center
	• Gratitude plaque for volunteer activities	Nov. 6	Gangseo Braille Library
	• Prize for the selection of excellent volunteer group	Dec. 11	Gangseo-Gu Office
Busan	• Gratitude plaque for excellent sponsor institution	Dec. 16	Community Welfare Center of Busan Gangseo-Gu
	• Prize for excellent sponsor institution	Dec. 16	Mayor of Busan Gangseo-Gu
	• Gratitude certificate for UNICEF sponsorship	Feb. 19	Korean Committee for UNICEF
	• Gratitude certificate for excellent sponsor institution	Nov. 27	Child Found Korea
2008 Jeju	• Prize for contributions in realizing the welfare society	Dec. 10	Governor of Jeju Island
	• Gratitude plaque for contributions in preserving the ocean environment	May 31	Ocean Environment Preservation Council
Gwangju	• Prize for the vitalization of exchanges between cities and farm villages	Nov. 11	Nampyeong NONGHYUP
Cheongju	• Prize for excellent company in cooperation of one company to one village movement	Nov. 3	I Love Farm Campaign
Yangyang	• Prize for excellent volunteer institution	Dec. 11	Governor of Gangwon Province
Civil Aviation Training Center	• Gratitude plaque for volunteer activities in one company to one village movement	May 7	Residents in Sister Community



## Social\_Employee

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008





*Respect for Human Rights*  
*Developing Specialized Manpower*  
*Fair Performance Evaluation and Compensation*  
*Welfare and Benefits for the Increased Quality of Life*  
*Labor Relationship*

# Social Employee

## Disclosure on Management Approach

### Strategy and Goal

The Corporation is strengthening the competitiveness of its organizations by increasing the efficiency of manpower operations with the human resources management in a strategic manner around the ability and performance. It considers the balance between work and life of executives and employees important while expanding opportunities for the employment of the socially vulnerable class with the protection of human rights for executives and employees. The Corporation abides by the domestic and foreign laws in relation with the employment and recruitment of executives and employees with no violation for these matters.

### Organizations in Charge

- Labor Relations and Welfare Team : managing the labor cost, welfare and benefits
- Human Resources Development Team : recruiting and managing human resources

### Major Performance and Plan

Indicator	2007	2008	Plan in 2009
Number of exceptional promotion	13 persons	15 persons	17 persons
Labor productivity per capita	132 mil. won	136 mil. won	199 mil. won
Average education hours per capita	43 hours	51 hours	55 hours
Education and training expenses	1,522 mil. won	1,815 mil. won	2,200 mil. won
Number of female employee	9 persons (Year 2006)	27 persons	30 persons (intern)
Ratio of female executives and employees	4.40%	5.60%	5.60%
Ethical perception of executives and employees	4.16	4.23	4.3
Number of complaint handling for executives and employees	23 cases	12 cases	17 cases

## Employment Status

Korea Airports Corporation's organization consists of 3 divisions, 7 departments, 1 center and 23 teams in the headquarter with 55 teams in 16 branches (7 centers) and the total number of executives and employees amounts to 1,927 persons. 59 out of 69 temporary employees were transferred to regular employees in November 2007 under the supporting measures for temporary employees in August 2006. The transferred persons to the regular job had get the same level of payroll as that of the regular employee. The Corporation improves its policies on the personnel, welfare and benefits so that the same payroll shall be applied to the same job duty on the same standards. The average year of service was 15.6 years and the turnover was 1.5% in 2008. The ratio of female workers was 5.6% and three out of 78 teams in the Corporation are female general managers. The Corporation plans to develop and foster female workers continuously in the future as well. According to the guideline to the efficient management of public organization, the Corporation has to carry out the stepwise reduction of manpower by 2011. Through the job analysis in 2008, the organization and manpower structure was newly established with the restructuring around the core functions. The Corporation will make its best efforts to take social responsibilities through creating jobs under its diverse efforts.

### Status of Executives and Employees in 2008

(Unit : person)

Year	Executive	Executive Equivalent	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Securits Guard	Security Supervisor	Total
2006	7	4	38	102	222	519	372	63	534	-	1,861
2007	7	5	39	101	230	531	345	58	533	55	1,904
2008	6	3	39	101	240	590	343	34	516	55	1,927

※ The position of security supervisor was newly established according to the transfer of irregular job to the indefinite contract job (regular job) in November 2007.

### Average Service Year and Turnover Trend

Division	2006	2007	2008	Remarks
Average service year (years)	14.8	15.3	15.6	Excluding executives
Male	15.0	15.5	15.9	
Female	12.1	12.4	10.2	
* Turnover (%)	0.4	0.2	1.5	
Male	0.3	0.2	1.4	
Female	2.8	1.4	4.8	

## Prohibition of Discrimination

Korea Airports Corporation prohibits any discrimination against the gender, age, educational background, region or religion in its internal regulations such as the labor collective agreement and company rules in the recruitment and employment policies. The Corporation's recruitment procedures are in principle based on the open recruitment with its widened opportunities to secure the excellent talents by abolishing limits on the educational background, majors or age in the employment qualifications in 2007. It makes efforts to avoid any discrimination in the entire personnel and working conditions including the promotion and compensation systems among others with no discrimination in the wage according to the gender. In addition, the Corporation abides by policies on the prohibition of discrimination along with the child and forced labor as promulgated by the International Labor Organization while carrying out the preventive education for the sexual harassment for all the employees twice in 2008 to minimize any room for violations to the human rights, which 1,983 persons completed. The Corporation carries out the preventive education for the sexual harassment twice a year for all the executives and employees while expanding the audience for the education to the security guards and others as well. The Corporation had no case related to the discrimination and violation to the human rights for the recent three years in its efforts to prevent them through the internal reporting system and operations of the consultation system such as the complaints handling committee, etc.

\* Turnover : (employees who left the company in the current month ÷ employees in the previous month) × 100

## Pursuit of Diversity and Equal Opportunity

The Corporation take an affirmative actions for benefiting the vulnerable such as women, handicapped and persons of the protection by the "Policy of Employment for Gender Equality" and "Policy of Employment for regional talents (30%)". Also, the corporation provides the preferential treatment for those majoring in the engineering science. These policies are to pursue diversity in the human resources. The Corporation expanded the employment opportunity by separately carrying out the examination for the disabled from the existing method to provide additional points to the disabled in 2008 while abiding by the legal and mandatory employment ratios.

### Socially Equal Recruitment for Talents

(Unit : person)

Division	2006		2007		2008	
	Total Employment	Number of Persons	Total Employment	Number of Persons	Total Employment	Number of Persons
Female		9		-		27
Local Talents	26	10	2	1	86	55
Engineering Science		12		2		58

## Practicing Gender Equality

The Corporation defines provisions on the maternal protection in the labor collective agreement (Chapter 8) to contribute the improvement of states and increase of welfare for female employees through various supportive activities to improve the satisfaction of business and working life to expand and maintain the employment of female human resources. The Corporation is making efforts to practice the gender equality under its supportive activities for the active management of female human resources along with the reinforcement of maternal protection, supports for complaint management, mentor system, etc.

As the low birth rate and the aging society become social issues, the Corporation is extensively providing supports to foster infants while improving systems including the maternal leave to encourage the maternal protection and birth. In order to lessen the burden of female workers for the marriage, birth and child care, the Corporation extended the maternal leave to one year while supporting the leaves for diagnosis and examination, periodical leave for pregnancy, leaves before and after birth. As the Corporation amended regulations in October 2003, it extended employees for the maternal leave to male and female employees with a child in less than 3 years after birth from male and female employees with a child in less than a year after birth. The Corporation plans to continuously expand the maternal protection programs including supports for the fostering expenses and birth among others.

### Efforts to Maintain the Employment of Female Manpower

Division	Details	Promotion Records
Organization Adaptability	Mentor system for women	Operating the mentor system for women for new employees in 2008 (27 persons)
	Preventive activities for sexual harassment	Carrying out the preventive education for sexual harassment (twice a year) Designating and operating persons for complaint consultation
	Job duty management	Arranging job duties in consideration of female characteristics
Birth Encouragement	Leave before or after birth	Allowing 90 days
	Birth leave	Allowing the paid leave for three days
	Pregnancy checkup leave	Allowing leave once a month
Child Care Supports	Birth subsidy	Paying 14 mil. won (49 persons)
	Child care leave system	Implementing child care leave
	Child care allowance	Paying maximum 253,000 won a month
	English camp operation	Operating once a year for children of employees

## Improving the Recruitment System

Korea Airports Corporation is making efforts to recruit the suitable talents while increasing the fairness of recruiting procedures by carrying out the monitoring on the recruiting standards and procedures continuously. It strengthened the fairness with the participation of external specialists along with staff in the audit department in the document examination and first interview in July 2008. In addition, the Corporation made it possible for the satisfaction of team managers for new employees to increase from 91% in 2006 to 96.8% in 2008 by recruiting the suitable talents for the Corporation through improvements with the division of grade capability as well as the common capability in the necessary elements for the capability in the recruitment. There is no discrimination according to the gender, and the wage of executives and employees is open through the homepage.

▶Wage information of executives and employees : [homepage\\_public management announcement\\_labor cost status](#)

## Education and Training

The Corporation carries out the international education including the hierarchical education by grade, functional and special education, and navigational aid training to develop talents. The Corporation established the educational and training plans for 2009 around the strengthened specialty in link with the medium and long term management strategy. It strengthened the system for the job duty specialized course by reinforcing the practical education around examples in link with the site while extensively carrying out the specialized education to develop specialized manpower for the core business areas including R&D, etc. The Corporation is expanding the education to develop employees in the domestic and foreign airports using the airport operation experience for the airport operation targeting at developing the core human resources. The Corporation carries out the domestic and foreign special education to develop the global talents and has developed professors for ICAO international aviation security for the first time in our country in October 2008 as it carried out the commissioned education with the overseas educational institutions for the airport including FAA and ICAO among others. It is developing specialized manpower through the exchange works with overseas airports including Japan and others in addition to the commissioned education including the in-house MBA and supports for the diploma course in the domestic and foreign graduate schools by expanding the commissioned education and specialized training. Also in 2009, we plan to adopt experience counseling channel to manage the effectiveness and ability improvement.

### Professional employee training procedure and achievement

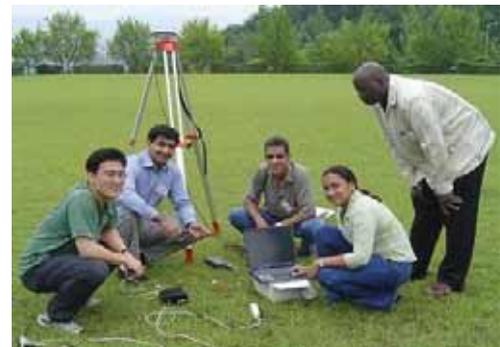
Division		Educational Course		Educational Records	
		2008	2009 (Planned)	2008	2009 (Planned)
Hierarchical Education		7 courses	6 courses	250 persons	90 persons
Functional Education	Common	7 courses	2 courses	846 persons	880 persons
	Specialized	39 courses	43 courses		
Special Education		20 courses	17 courses	467 persons	390person
International Education		2 courses	6 courses	27 persons	117 persons
Total		75 courses	74 courses	1,590 persons	1477 persons

▶ FAA, ICAO : [Report\\_Appendix\\_Descriptions on Terminology](#)

[Maeil Economic Daily, October 6, 2008]

### Nam Soon-min of Korea Airports Corporation, First Professor for the International Aviation Security in our Country

An employee of Korea Airports Corporation has acquired the qualification of the international aviation security for the first time in our country. Korea Airports Corporation disclosed on 6th that Nam Soon-min (31) in the Security Planning Team acquired the qualification of the international aviation security professor from ICAO under UN last month. Professor in the international aviation security is given qualifications to teach the aviation security education led by ICAO in UN common language including English. Nam Soon-min is the first person who has the qualification for ICAO international aviation security professor in our country. Nam who entered Korea Airports Corporation in 2004 also used to work as an inspector in ICAO international aviation security evaluation carried out in Thailand last year as he acquired the qualification of international aviation inspector certified by ICAO in May 2006 for the third time in our country.



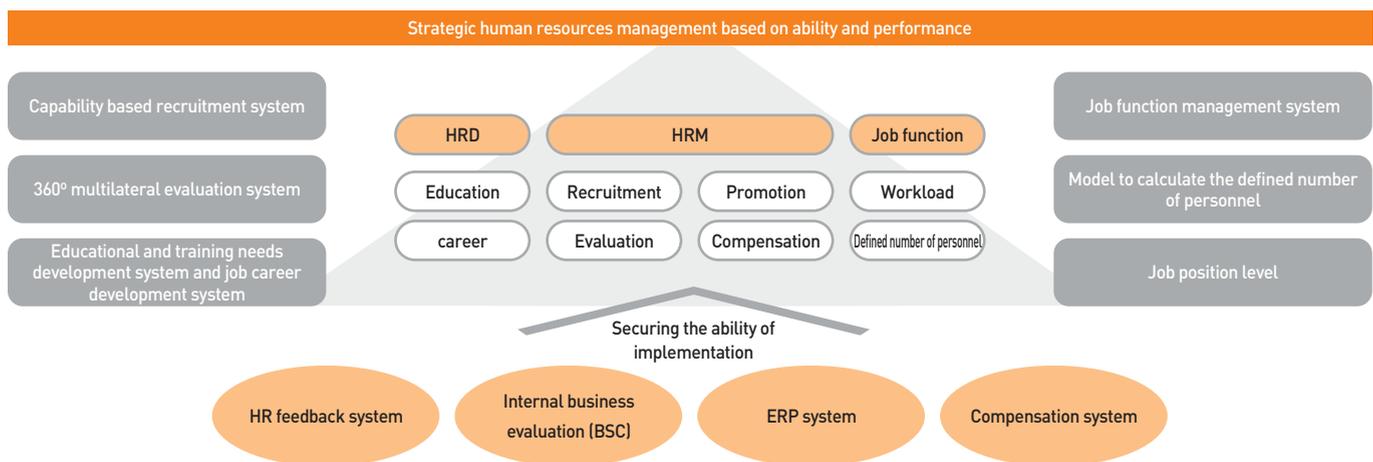
Practice on the Field for the International Education

# Fair Performance Evaluation and Compensation

## Ability and Performance Based Management System

The Corporation established and addresses the integrated management strategy for human resources in link with the medium and long term management strategy for the development of global talents with the specialty, innovation and practicality. For achieving the strategy, it operates the integrated system for the human resources management throughout the Corporation from the development of talents to the education and career management, personnel management and functional management among others while carrying out the capability development plans systematically for members in the Corporation. The Corporation is carrying out the fair personnel management under the ability and performance for all the employees by combining the entire personnel management with the management performance. The Corporation keeps the systematic management through the linkage between the balanced score card (BSC) and the management system with the extensive implementation in link with the personnel ERP (Enterprise Resource Planning) and the aviation statistics system in 2008.

### Operational System for the Human Resources Management



## Performance Based Compensation

The Corporation is implementing the performance based differential system and yearly salary system for all the employees and increased the effectiveness by improving the concentration of middle grades by expanding the differential width in the performance based payment. The multilateral evaluation that had been applied to employees in grade 2 or above was extensively applied to all the employees, with which the Corporation aimed at disseminating the performance based culture by utilizing the results in the personnel and education. The Corporation is making efforts to settle down the performance based personnel culture through systems such as the public application for titles, special promotion personnel management, management on the retarded performance, etc.

In addition, the Corporation increased the unification and efficiency of the internal and external performance management in link with the evaluation for the public organizations, and plans to introduce the management contract system for the heads of 14 branches across the country, which is also planned to be extended to the entire executive officials from 2010.

## Welfare and Benefits System

The Corporation introduced the differential payment according to the service year from the uniformed grant of welfare points and expanded the social donation system through the selective welfare point to actively support the social contribution activities for employees while preventing the used balance of welfare point. Accordingly, it established the donation procedures including the fruit of love and good neighbors among others. For the stable operation of retirement allowance, the Corporation subscribed to the retirement allowance insurance of Samsung Life Insurance Co., Ltd. while abiding by the government guideline for the retirement allowance by paying a month of wage when employees work for a year or longer. As of now, 35% of employees have subscription while aiming at 100% of subscription ratio by 2010.

### In-House Welfare System

Division	Supports in Detail
Supports for school expenses for children of employees	<ul style="list-style-type: none"> <li>• Payments for school expenses for children in the middle and high school</li> <li>• Loan with no interest for school expenses for children in the university</li> <li>• 1.2 billion won for 400 persons in 2008</li> </ul>
Legal welfare system	<ul style="list-style-type: none"> <li>• Health insurance, national pension, unemployment insurance, industrial disaster insurance, etc.</li> </ul>
Operations of in-house labor welfare fund	<ul style="list-style-type: none"> <li>• Payments for celebrations and condolences</li> <li>• Payments for scholarship to university students</li> <li>• Payments for subsidy on disaster (flood, fire, etc.)</li> <li>• Payments for supports to stabilize the bereaved family upon the death of any employee</li> <li>• Supports for subsidy to the hobby circle club activities</li> <li>• Loan for the marriage of employees</li> <li>• Loan for the purchase of houses for employees</li> <li>• Operations of the welfare card on the selective fund</li> <li>• 1,920 persons, 2,631 million won benefits in 2008</li> </ul>
Other welfare systems	<ul style="list-style-type: none"> <li>• Subscription to the group injury insurance for employees</li> <li>• Payments for child care under the Infant Care Act</li> <li>• Payments to support the birth</li> <li>• Operations of life training center and resting places</li> <li>• Operations of the welfare card under the selection of the Corporation</li> </ul>

## Safety and Health

Korea Airports Corporation abides by laws and regulations on the basic labor standards and industrial safety and health management items in accordance with International Labor Organization (ILO). It is making efforts to sustain and increase the safety and health of employees by preventing any disaster and developing pleasant working conditions. There has no industrial disaster for the last three years. In order to keep safe environments in the workplace, the Corporation is taking actions for the environmental improvements every year including checks for the working environment and removal of hazardous and dangerous factors, etc. In addition, the Corporation is carrying out the safety and health education for the entire employees in order to increase the awareness of safety for employees with the prevention of accidents. The education programs are divided into the regular education, manager and supervisor education, the education for new employees, education for changes in the work contents, and special safety and health education, and trainees are the safety and health managers. Details on regulations for the safety and health of executives and employees, preventative activities, processing procedures and education programs among others are disclosed through its homepage.

▶ Safety and health of executives and employees : [homepage\\_public management announcement\\_corporation regulations](#)

### Organization Chart for the Safety and Health Management



### Zero-Accident Movement

Korea Airports Corporation is addressing the zero-accident movement to encourage the safety and health awareness and to root out the industrial disaster. The zero-accident movement is to prevent any safety accident in advance through pre-management of potential risks with the safety and health education, in which 99.1% of executives and employees took part during 2008. The movement excavated and managed total 123 cases of potential risks including the presence of risk factors on the common enclosure with closed spaces in Gimpo International Airport and the delivery of heavy equipment, etc. In addition, the Corporation evaluated and awarded a prize to the branch with excellent records in the safety management. Busan Office was awarded a certificate plaque for zero-accident from Korea Industrial Safety Corporation by achieving 6 times (1,680 days) of zero-accident in September 2008, and other airports achieved 4 times or more of average in the zero-accident.

#### Zero-accident Goal Achievement (2008)

Division	Starting Date of Zero-accident	Achievement of Zero-accident Target			Target in 2009
		2007	2008	Date	
Headquarter	Aug. 1, 2006	2 times	3 times	Nov. 17, 2008	4 times
Seoul	Aug. 14, 2006	1 time	1 time	Nov. 2, 2007	2 times
Busan	Feb. 5, 2004	5 times	6 times	Sep. 10, 2008	7 times
Jeju	May. 1, 2004	3 times	4 times	Jan. 30, 2008	4 times
Daegu	May 1, 2003	4 times	5 times	Jul. 12, 2008	6 times
Gwangju	May 1, 2004	3 times	4 times	Jun. 29, 2008	5 times
Yangyang	May 1, 2004	3 times	4 times	Dec. 5, 2008	4 times
Yeosu	May 1, 2004	3 times	4 times	Jun. 28, 2008	5 times
Ulsan	Apr. 30, 2004	3 times	4 times	Jun. 27, 2008	5 times
Sacheon	Jun. 25, 2004	3 times	3 times	Dec. 6, 2007	4 times
Pohang	May 10, 2004	3 times	4 times	Dec. 15, 2008	4 times
Muan	Nov. 28, 2007	-	1 time	Jan. 20, 2009	1 time
Gunsan	Nov. 5, 2005	1 time	2 times	Feb. 22, 2008	3 times
Cheongju	May 19, 2004	3 times	4 times	Jun. 2, 2005	5 times
Wonju	May 1, 2004	3 times	4 times	Dec. 15, 2008	4 times
Air Route Traffic Control Center	Aug. 1, 2004	3 times	4 times	Sep. 28, 2008	5 times
Civil Aviation Training Center	Aug. 1, 2008	2 times	3 times	Aug. 24, 2008	4 times

## Harmony between Labor and Management

Korea Airports Corporation declared the Harmony between Labor and Management with divisions of suffering on labor cost with the management system improvement. It laid foundations for the advanced public organization by extensively carrying out the yearly salary system and multilateral evaluation, and developed foundations for the management rationalization through efforts between labor and management including the freezing of wage and reduction in the welfare and benefits. With conclusions with no conflict through the working discussions, the Corporation prepared the ground in the labor negotiation culture.

### Peace Declaration between Labor and Management

- Both labor and management shall continue to lead the strengthening of competitiveness for the continuous development of the Corporation in the rapidly changing management environment.
- Both labor and management shall take the lead to settle down the labor culture as a community through the mutual cooperation in peace.
- Both labor and management shall make efforts for the reciprocal relationship and common prosperity for the Corporation and employees.

### Corporation and employees

Division		2006	2007	2008
Constructing the culture of collective bargaining on wage	Days of bargaining (main bargaining)	58 days	56 days	0 days
	Number of bargaining/discussion	Bargaining 20 rounds	Bargaining 15 rounds	Working discussions 6 rounds
Labor dispute	Number of dispute	0 round	0 round	0 round

The system to sustain the essential business refers to a system to maintain and operate the essential business even when a labor union in the industries such as water supply, electricity, railroad, aviation and hospital among others engages in any collective actions to significantly endanger the safety and health to the human body or daily life for the general public with its suspension or withdrawal from its business. As the system to sustain the essential business is enacted to be maintained and operated as the mandatory obligation under the Labor Union Act since 2008, the Corporation constructed the system to operate airports stably while keeping the balance between the management rights and collective action rights. Both labor and management of the Corporation entered into an agreement to sustain the essential business for the first time in the air transportation, and accordingly secured the stable operation across 14 airports in the country including Gimpo International Airport, which is managed and operated by the Corporation. In addition, the Corporation established a manual for the stepwise response to any crisis in the labor strike in managing conflicts between labor and management and divided crisis into 4 steps. So, when it is in step 3, it secured 100% stable operations in the airport through the input of personnel (maintaining 75%) for the essential personnel and replacement works by operating the process under the agreement to sustain the essential business.

### Labor Conflict Management System



## Status of Labor Unions

Korea Airport Corporation guarantees three labor rights of workers stated in the Constitution of the Republic of Korea (right to organize, right to bargain collectively and right to act collectively) under the labor collective agreement with the related laws. The subscription to the labor union of the Corporation is applicable to employees in grade 3 or lower and 1,281 employees as 66.5% of the entire employees were subscribed as of December 2008.

▶ [Organization Chart of Labor Union : homepage\\_public management announcement\\_labor union related status](#)

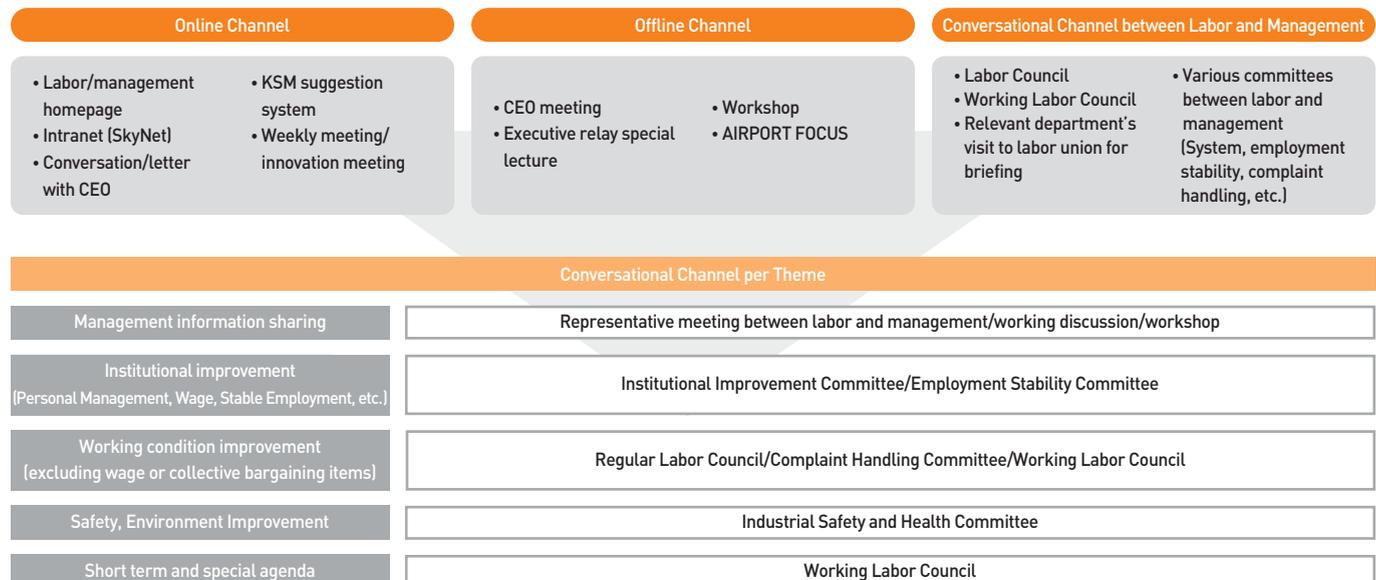
## Grievance Procedure

In order to improve the working satisfaction through the grievance hearing for employees, the Corporation is operating the grievance procedure. The head office and branches provide the continuous grievance consultations through discussions between labor and management, and any company-level grievance could be handled through the labor council. In case any grievance cannot be solved through these two steps, it will be settled through the grievance committee. During 2008, a 64% has been completed through 15 cases of consultations.

## Communications between Executives and Employees

Korea Airports Corporation is making efforts to prevent any conflict between labor and management in advance while developing the open management culture through the open discussion between the management and employees. It reestablished standards and themes for discussions between labor and management to secure the efficiency to solve problems through the working discussion meeting matching with themes such as the sharing of management information, safety environment improvement, etc. During 2008, the labor council had been held 9 times for the headquarter and 22 times for branches, and discussions were done for the organizational restructuring under 102 working discussions for the headquarter. The Corporation establishes and implements the efficient human resources plans by identifying the satisfaction and commitment to the organizational and personnel affairs for employees every year and accordingly dissolving any discontent factors. During 2008, 78.3% of employees in grade 1 or lower participated in the survey and responded to 65 questions in terms of individual and organizational levels, which was evaluated under 5 point scale. As a result of the survey, the individual satisfaction showed 3.68 points as an increase by 5.7% comparing to that in the previous year, with higher points from the great improvements on the evaluation, promotion, self-confidence, service intention, general satisfaction among others. The organizational satisfaction showed 3.71 points as an increase by 1.6% comparing to that in the previous, with higher points from improvements on the customer orientation and decision making among others, as well as the ethical perception, public nature and fair trade among others. The Corporation will make efforts to make improvements on the satisfaction through the continuous monitoring and feedback for indicators with lower points below the average point.

### Shared Channels for the Management Information between Labor and Management, and Conversational Channels per Theme for Labor Discussions





# Environment

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008



Strategic Structure for Environment Management  
 Realizing the Green Airport with Low Carbon  
 Eco-Friendly Airport Operation  
 Noise Reduction Efforts

# Environment

## Disclosure on Management Approach

### Strategy and Goal

Korea Airports Corporation establishes and addresses the greenhouse reduction measures to give another birth to the eco-friendly airport while constructing grounds for the low-carbon green airport in response to United Nations Framework Convention on Climate Change (UNFCCC) for the mitigation of global warming. It takes responsibilities according to CEO's environmental guidelines for the sustainable and eco-friendly airport construction and operation with the systematic environmental quality management by acquiring ISO 14001 certification in the environment management system. In addition, the Corporation gradually addresses the construction of eco-friendly management system even for the nationwide regional airports to continuously improve and reduce the environmental impacts from the airport operation and development while making efforts to comply with the international guidelines and governmental policies through the continuous environmental goals and performance management.

### Organizations in Charge

- Safety and Environment Team : establishing and implementing comprehensive plans to realize the eco-friendly airport
- Seoul Office (Environment Management Team) : managing and operating environmental facilities
- Architecture & Mechanical System Team/Facilities Team in branch offices : managing and operating environmental facilities

### Major Performance and Plan

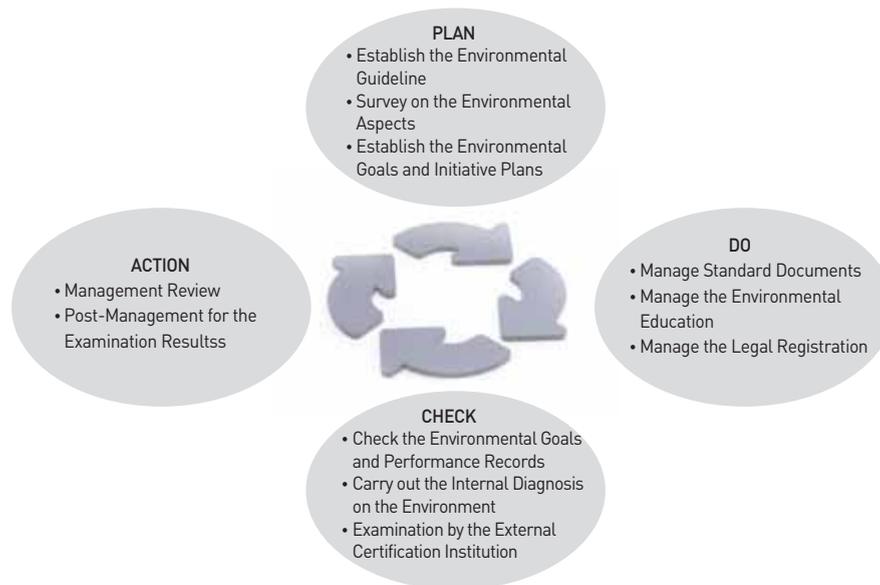
Division	Unit	2007	2008	Goals in 2009
Greenhouse emissions	tCO <sub>2</sub>	57,672	57,807	66,305
Cases of environmental pollution and violation	Cases	-	-	-
Investments to environmental facilities	Million won	16,594	16,082	42,359
Ratio of eco-friendly product purchase	%	97.0	98.0	98.5

## Constructing an Eco-Friendly Management System

Korea Airports Corporation takes responsibilities for the construction and operation of sustainable and eco-friendly airports in accordance with the environmental guidelines. It acquired and is operating ISO 14001 as the environment management system in December 2000 in order to reduce the environmental influences with the continuous improvement from the airport operation and development. The Corporation established the environmental strategy for the eco-friendly airport operation with the realization of green airports with low carbon in its action strategies of 'Vision 2015' to increase the efficiency

by structuring the existing environment management activities throughout the Corporation. The Corporation defined its strategical directions to 'constructing the infrastructure of green airports with low carbon', 'operating eco-friendly airports' and 'managing effective noise measures' by reflecting the issues of stakeholders with the needs of compliance for United Nations Framework Convention on Climate Change (UNFCCC). Accordingly, the Corporation is sincerely carrying out the subsequent tasks. The Corporation is also having supplementation through the continuous management of environmental goals and performance management by building up the eco-friendly management system under the structural management with regard to the 'plan-do-check-action' step.

### Environment Management Strategy and Management System



### Environmental Guidelines

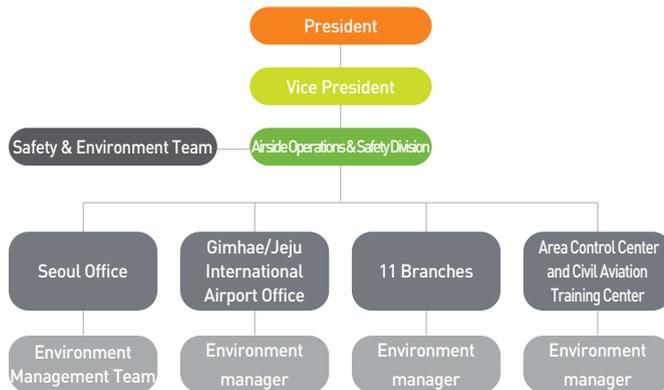
Executives and employees in Korea Airports Corporation shall realize the image of a public organization to lead the environment protection not only by complying with the laws and manuals but also by establishing the internal standards that are more reinforced than those laws, while making efforts to prevent any environmental pollution, in order to operate the sustainable and eco-friendly airport construction and operation under our beliefs in protecting the human life and nature, and accordingly we shall establish and actively address the following specific environmental guidelines.

- We shall minimize any adverse effect to the environment including climate change by saving resources and controlling the occurrence of pollutant sources through the energy saving.
- We shall carry out the priority purchase of eco-friendly products and maximize the reuse of any reusable items.
- We shall establish and implement the environmental goals and detail targets to achieve the continuous environmental improvements.
- We shall minimize the occurrence of water pollutant substance and waste.
- We shall guarantee the transparency in the environment management business by providing our environmental guidelines and environmental performance to any stakeholder upon request.

## Environmental Organization

Korea Airports Corporation is making efforts to comprehensively and systematically manage environmental matters under the assigned Team for the safety and environment management in the head office. Among 16 branches including 14 airports across the country, Seoul office (Gimpo International Airport) has a separate team for the environment management and other branches designate persons in charge of the environment management, to make the best effort in the local environment management through the organic cooperation with the head office. The Corporation is also making efforts to maintain the expertise by providing the education with personnel assigned to the environment management through the external professional institutions in a regular basis.

### Environmental Organization



## Environmental Education

Korea Airports Corporation is making efforts to develop specialists among persons in charge of the environment in each branch and to develop the specialized knowledge related to the environment for the relevant staff by establishing the educational plans on the environment every year. It is operating the commissioned educational courses to the outside professional institutions along with the in-house education including two courses such as the internal examiner course in relation with the environment management system (ISO 14001) from 2007. In addition, the Corporation has programs for the commissioned education from institutions specialized in the domestic environmental education for 11 courses including the course for conflicts in the environmental management to increase the level of environment mangers and information sharing.

### Environmental Education Course and Completion Status

Division	2006	2007	2008
In-house education	-	39 persons in 2 courses	33 persons in 2 courses
Commissioned education	31 persons in 11 courses	20 persons in 11 courses	28 persons in 11 courses

## Environmental Check and Examinations

Korea Airports Corporation is carrying out various checks and examinations for improvements both internally and externally for the business places in the head office and operating airports. Especially, improvements have been done to carry out the post-examinations by the certification institutions for the head office and Gimpo International Airport and to reflect them on the evaluation results in consideration of environmental aspects upon the contract with the cooperating companies. The Corporation will continue to make efforts for improvements with the in-house check activities and examinations by the external institutions.

### Major Improvements through the Environmental Check and Examination

Division	Target Business Unit	Examination Institution	Examination Details	Major Improvements
Internal Examination	Headquarter and Gimpo International Airport	In-house	Identifying the efficient business performance in the environment management system and improving lacking points	<ul style="list-style-type: none"> <li>Education for the environmental guidelines for the cooperating companies</li> <li>Education for the basics of the environment management system and the amendments on the laws</li> </ul>
Post-Examination	Headquarter and Gimpo International Airport	Certification institution	Verifying the conformity of standard requirements	<ul style="list-style-type: none"> <li>Environmental reviews on the examination of qualification for the construction bidding and contract business</li> <li>Identification of environmental aspects for the vehicle operation and abolition, and supplementation of evaluation on the environmental impact</li> </ul>
In-house Examination	12 airports including Gimhae, etc.	In-house	Check on the practice of environment management	<ul style="list-style-type: none"> <li>Compliance with the separated discharge of waste and storage standards</li> <li>Instructions on improvements for the proper disposal of waste by the companies incorporated in the airports system and the amendments on the laws</li> </ul>
Examination by the External Institution	14 airports including Gimpo, etc.	Administration of Environment, municipalities, etc.	Violations against laws and regulations	<ul style="list-style-type: none"> <li>Check in any given time</li> </ul>

## Strategy to Promote a Low-Carbon, Green Airport

Korea Airports Corporation addresses the sustainable growth by reducing greenhouse gas and environmental pollution to comply with the national policy called the low-carbon, green growth in response to climate change. The realization of low-carbon green airport refers to its activities to contribute to the 'low-carbon, green growth' driven with the policy of our government through carbon reduction including the energy saving. The Corporation shared the same goals and directions with executives and employees through the vision declaration ceremony and seminar on February 10, 2009.

As the adoption of Bali Road Map in the general meeting for member countries in UNFCCC in December 2007 has been selected, both the advanced and developing countries have to make efforts to reduce greenhouse gas. Our country will be included in the member country for the greenhouse gas reduction from 2013, and thus the aviation industry has to be prepared for the increased greenhouse emissions from the increased demand according to the active promotion of tourism along with the increased international exchange as the transportation means for the long distance travel. In order to realize the low-carbon green airport as the business mission to operate and develop airports, the Corporation plans strategies for the introduction of clean energy with low carbon along with the construction of management system for the low-carbon emission as well as the expansion of management mind for low-carbon. The Corporation is carrying out the management strategy with the organization of a TF team with 10 members from 8 fields including the research, investment, construction and purchase among others in December 2008. It also participates in the responsive groups for climate change in the aviation field while actively practicing the information sharing activities with specialized institutions including the presence of hearing to establish the national greenhouse gas measures.



Ceremony to Declare the Vision of Green Airport

### Investment Details to Build up the Low-Carbon Green Airport in 2008

(Unit : million won)

Division	Project Name	Project Quantity	Investment Amount
Headquarter (Construction Team)	constructions of Facilities expansion for Jeju International Airport	-Replacement of eco-friendly fuel	2,040
		-Installation of high-efficiency boiler	
		-Installation of high-efficiency transformer	
		-Eco-friendly heat insulation construction	
		-Recycle of construction waste	
Gimpo International Airport	Pipe cleaning and repair for heat source equipment in Gimpo International Airport	-Pipe cleaning for freezers : 4 sets -Pipe cleaning for boilers : 12 sets	67
	Replacement of circulation pump and blower in the international Terminal	-Replacement with high-efficiency equipment	250
	7 cases of indoor or outdoor landscaping projects	-Phalaneopsis and others	104
	Lighting tower improvement with high efficiency for mooring area in the domestic Terminal	-9 sets of lighting towers	228
Gimhae Airport	Improvements on lamps in the domestic Terminal	-284 sets of lighting lamps	100
	Improvement constructions for the first floor in the domestic Terminal for Gimhae Airport	-Replacement of lighting lamps with high efficiency	179
Jeju International Airport	Improvements on the water supply pump with high efficiency in the underground water tank	-Replacement with high-efficiency equipment	96
	Pavement repair construction for the taxiway and apron	-Reuse of construction wastes	298
	Installation construction of sound-proof windows and doors	-Energy preservation	2,169
Muan Airport	Replacement of transformer with high efficiency	-Replacement with high-efficiency equipment	600
Ulsan Airport	Improvements on heat pipes for freezers	-2,854 sets of heat pipes	148
Other Projects	Recycle of construction wastes	-Chemical cleaning of pipe	64
Total		-Reuse of waste ascon, etc.	557
			6,900

## Efforts to Reduce Environmental Impacts from Business Activities

Korea Airports Corporation reviewed the environmental impacts from the business activities including the airport operation and construction for the head office and 14 branches. The Corporation will make efforts to reduce the environmental impacts through the efficient energy management in the future.



## Constructing the Inventory of Greenhouse Gases

Korea Airports Corporation is making efforts to construct the green airport with low carbon in a systematic manner while establishing the greenhouse gas inventory strategy and road map to underlie measures for climate change. The inventory is carried out with the step to construct foundations for low carbon in 2008, the step for the systematic concentration including the construction of energy management system and inventory construction in 2009~2010, and the step for the activation of low-carbon in 2012~2015. It prepared for grounds in reducing the greenhouse gas by selecting the items for the inventory for low carbon in September 2008, and plans to strengthen the management for the mandatory plans for the carbon management per airport with the management of greenhouse gas emissions throughout the Corporate in the future. The Corporation invested 6.9 billion won for projects responding to climate change in 2008 and will take the lead in arranging the eco-friendly surroundings by expanding the budgets and investments.

### Road Map for the Inventory of Low Carbon

Division	2008	2009~2010	After 2011
Construction strategy	Constructing the infrastructure of low carbon (Tier 1)	Concentration of low carbon (Tier 2)	Vitalization of low carbon (Tier 3)
Construction goal	64,385 * tCO <sub>2</sub>	66,305 tCO <sub>2</sub>	63,491 tCO <sub>2</sub>
Construction level	<ul style="list-style-type: none"> <li>Based on the use amount of energy in the workplace</li> <li>Not including the calculation of emission amount for non-energy sources</li> </ul>	<ul style="list-style-type: none"> <li>Based on the use amount of data per equipment</li> <li>Installation of measuring instruments to some equipments</li> </ul>	<ul style="list-style-type: none"> <li>Based on the use amount of data per equipment</li> <li>Keeping the coefficient of in-house emission, keeping and managing the measuring instrument</li> </ul>

### Selection for the Inventory of Low Carbon (September 2008)

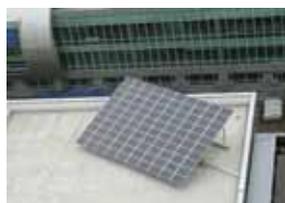
Division	Inventory	Target Facilities
Energy Efficiency	Direct emission	Boiler, cooling system, etc.
	Fixed fuel	• City gas (LPG, LNG) • Kerosene for boiler, heavy end oil
	Portable fuel	• Gasoline, diesel • Power facilities
New & renewable energy	• Installation of geothermal system and photovoltaic power generation system	Jeju International Airport
R&D	• Development of aviation lamp in LED types	Aviation lamps

\*Greenhouse gas inventory : the comprehensive greenhouse gas management system to identify, record, maintain and report all the greenhouse gases emitted from the business activities.

\*Calculation standards : guidelines for the calculation of corporate greenhouse gas emissions in Energy Management Corporation.



Main Screen for the System of Greenhouse Gas Inventory



Photovoltaic Power Generation System in Jeju International Airport

## Greenhouse Gas Emissions

The greenhouse gas emissions from the energy consumption during 2008 increased from those in the previous year and reached 57,807 tCO<sub>2</sub> in total, which was caused by the increased volume of facilities use including the opening of Muan Airport and new constructions of the international passenger terminal at Gimhae Airport in 2008. Despite the increased facilities, 10.2% was saved comparing to the planned emissions (64,385 tCO<sub>2</sub>) under its efforts to save the energy. The Corporation plans to reduce 5.2% comparing to that of 2008 by 2015, and is preparing the construction of inventory and promotional strategies for the systematic implementation.

Division	2006	2007	2008
Indirect Emissions of Greenhouse Gas	42,470	43,921	44,949
Direct Emissions of Greenhouse Gas	13,850	13,751	12,858
* Greenhouse gas emissions	56,320	57,672	66,305
Basic unit emissions(tCO <sub>2</sub> /mil. won)	0.18	0.17	0.15

## Greenhouse Gas Reduction

Korea Airports Corporation is replacing and improving facilities and equipments to realize the low-carbon, green airport and operate environment-friendly airports. The grounds for the 'low-carbon, green growth' have been laid with the demonstrative introduction of the geothermal power generation system as the new and renewable energy for the heating and cooling system in the duty free shops for domestic passengers, as well as the energy source for the power supply building in Jeju International Airport was switched from kerosene to the city gas as part of measures to prevent global warming.

## Energy Management System

Energy management system (EMS) refers to the energy management activities throughout the Corporation for the structural and continuous management according to the certain procedures and techniques for the human, physical resources with their management system to establish and achieve the target efficiency in using energies. Korea Airports Corporation is trying to increase the promotion of economic growth and the soundness of ecology while strengthening the energy security and responses to climate change from replacing fossil fuels currently used in the airport with the clean energy with low carbon to emit less greenhouse gas along with higher energy efficiency in the future, through the introduction of energy management system. The Corporation established the operational strategies for the energy management in September 2008 for the efficient energy management with the target management for the reduction of greenhouse gas, and also established the energy management system manual in September. Through these measures, the Corporation could have the continuous improvements throughout the Corporation even to the systematic activities for the whole areas, including the purchase, introduction and operation of products among others, from the short term improvements around departments in charge of the energy management, which had been concentrated on operations.

Division	2006	2007	2008
Direct energy (TOE)	5,671	6,118	5,665
Indirect energy (TOE)	21,537	22,114	22,793
Ton of Oil Equivalent	27,208	28,232	28,458
Use in Basic Unit(TOE/mil. won)	0.08	0.08	0.07

\*Calculation standards : guidelines for the calculation of corporate greenhouse gas emissions in Energy Management Corporation

\*Ton of Oil Equivalent (TOE) : as a unit for energy which is converted into the unit for the oil from various heat quantities of fuel to compare the quantity of heat.

\* Use in basic unit : use to unit of total sales (million won)

## Energy Saving Efforts

The Corporation is making diverse efforts to save energy including reviews on the improvement of facilities for the energy saving and the introduction of facilities with the new and renewable energy while establishing and operating standards on the proper cooling and heating temperature for buildings in the airport in order to save the energy use efficiently in operating the airport facilities. In addition, the evaluation on employees included the 'suggestion and idea' for the energy saving evaluation method to encourage them to save the energy. The Corporation saved the energy expenses and greenhouse gas emissions through the improvement of high-efficiency products and equipments, introduction of new and renewable energy, and idea developments among others in 2008. It also plans to expand its efforts continuously for the energy saving and greenhouse gas reduction.

### Energy Saving Performance

Division	Details	Saving Details
Purchase of high-efficiency products	Improvement of lighting towers for high efficiency in Gimpo International Airport (July 2008)	55 tCO <sub>2</sub>
	Replacing the circulation pump and discharger in the international Terminal of Gimpo International Airport(August 2008)	23 tCO <sub>2</sub>
	Improvement of water supply pump for high efficiency in the underground tank in Gimhae Airport (August 2008)	6 tCO <sub>2</sub>
	Replacing transformers for high efficiency in Jeju International Airport (December 2008)	157 tCO <sub>2</sub>
Idea development	Guide sign board and waste water plant in Gimpo International Airport (improving with the replacement of fluorescent lamps and city water supply to LED lamps in high efficiency and wastewater reclamation system)	20 tCO <sub>2</sub>
	Electricity saving for the lighting facilities with the installation of sensors in Gimpo International Airport	5.3 tCO <sub>2</sub>
	Improving the heating system in Jeju International Airport (improving the cool and hot water device to the plate heat exchanger)	105.8 tCO <sub>2</sub>
Introduction of new and renewable energy	Improving the instant heating system with the solar heat system in Muan Airport (replacing the boiler system to the solar heat water supply system)	8.5 tCO <sub>2</sub>
	Introducing the geothermal system as the renewable energy for the cooling and heating in Jeju International Airport	96 mil. won
	Introducing the photovoltaic power generation system to the indoor lighting and incandescent lamp	5 mil. won

### Energy Saving Records

 (Unit : tCO<sub>2</sub>)

Division	2006	2007	2008
Use plan	58,010	66,726	64,385
Records	56,320	57,672	57,807
Saving quantity	1,690	9,054	6,578
Saving amount (mil. won)	464	2,484	1,806

### Energy Saving Practice Campaign

Division	Details
'Grain Pickup Campaign' for the Energy Saving Practice Campaign	<ul style="list-style-type: none"> <li>■ Continuous implementation of movement for 100 practices in the daily life, transportation, building, industry and high-efficient devices</li> <li>- Daily life : 21 practices such as putting a brick in the toilet water tank, etc.</li> <li>- Transportation : 18 practices such as keeping a daily car operation log, etc.</li> <li>- Building : 17 practices such as using the high-efficient lighting, etc.</li> <li>- Industry : 32 practices such as using the new and renewable energy, etc.</li> <li>- Devices : 12 practices such as using the power saving monitor, etc.</li> </ul>
Energy saving signal system (June 2008)	<ul style="list-style-type: none"> <li>■ Management per level of green (observation), yellow (caution and supplementation) and red (mandatory implementation) according to circumstances in the international oil price</li> </ul>
Supplementation to energy management measures (July 2008)	<ul style="list-style-type: none"> <li>■ Transportation - Reduced operations of cars for the official use</li> <li>■ Building - Increasing one degree in the recommended temperature (continuous implementation)</li> <li>■ Lighting - prohibition of landscaping lights, lighting one out of every two street lamps, turning off lamps in the common space (continuous implementation)</li> <li>- Purchasing lighting lamps for the use of partial lighting for workers at night</li> </ul>

## Environment Management System

The Corporation is making efforts to expand the foundation of environment management system aiming at the ISO certification and the integrated environment monitoring throughout the Corporation in 2015 while establishing the medium and long term eco-friendly airport operation in May 2008. The Corporation acquired ISO14001 environment management system for two business units including the head office and Gimpo International Airport in 2000 while establishing and addressing goals to maintain the certifications. The Corporation will continue to make efforts to expand ISO 14001 environment management system and energy management system certifications to the regional airports from 2009.

## Strengthening the Environmental Quality

### Water Resource Management

Water supply is used for facilities in the airport including passenger and cargo terminals for 14 airports, and Air Route Traffic Control Center and Civil Aviation Training Center. The Corporation used the water supply of 1,034,691m<sup>3</sup> in total during 2008 and reused an amount of 131,563m<sup>3</sup>. The water source of Korea Airports Corporation is Paldang Dam in the watershed of Han River and no environmental impact has been observed for the source of water supply.

#### Use and Reuse of Water Supply

(Unit : m<sup>3</sup>)

Division	2006	2007	2008
City Water	424,073	510,430	348,765
Underground water	564,743	525,013	554,363
Heavy Water	77,087	125,356	131,563
Total Use	1,065,903	1,160,799	1,034,691
Reuse	77,807	125,356	131,563

### Water Quality Pollution Management

Korea Airports Corporation does not discharge any wastewater related to the "Act on the Preservation of Water Quality and Aquatic Ecosystem" and only processes the domestic wastewater under the "Sewage Act". In order to reduce any water quality pollution and protect water resources from wastewater occurring from the passenger and cargo terminals and other auxiliary facilities related to the airport operations, the Corporation has installed and is operating the wastewater processing facilities matching with the processing capacity by airport. The Corporation is measuring and monitoring the water quality in the drainage by installing three places of automatic water quality measuring networks in the drainage area for Gimpo International Airport around the clock and preventing any water quality pollution that might occur in the airport by commissioning the related tasks to the specialized measuring companies in a regular basis. Jeju, Daegu, Gwangju and Ulsan Airports carry out the final processing by leading wastewater to the city sewage terminal processing plant. In addition, the Corporation is measuring and analyzing the water quality pollutants in a regular basis by commissioning the relevant tasks to the external measuring agency companies from once a half year to once a month according to the capacity of processing facilities by the airport with 12 sewage facilities and 3 wastewater facilities in total, so that the processed results are measured within the legal standards. There was no detection of any pollutant when the Corporation carried out the onsite check and leakage examination for waste solutions five times in the deicer and ice preventive areas for aircraft during 2008. It established measures for \*the non-point pollution source as the unspecified pollutant elements in September 2008 and plans to carry out measures for the non-point source pollution after 2010.

#### Operating Results of Automatic Water Quality Measuring Network in Gimpo International Airport

Year	Items for Water Quality Analysis <sup>2)</sup>					
	pH	DO	SS(mg/L)	COD(mg/L)	n-H(mg/L)	Temperature
Internal Standards	5.8-8.6	-	120	130	5	-
2006	7.5	4.5	4.6	11.7	0.23	15.7
2007	7.3	2.1	3.9	9	0.4	18.5
2008	7.7	4.0	4.4	8.6	0.3	13.3

\*Non-point pollution source : It refers to a place or area generating non-point pollutants through unspecific discharging paths like the drainage from the urban road surface or agricultural land.

**Results from Water Quality Analysis for Major Wastewater Facilities by the Airport (2008)**

Airport	Capacity of Facility (m <sup>3</sup> /day)	BOD(mg/L)		SS(mg/L)		Analysis Period
		Standard	Measuring Result	Standard	Measuring Result	
Gimpo Airport	4,000	20	3.58	20	7.95	Bimonthly
Gimhae Airport	1,700	20	5.6	20	3.9	Twice a week: BOD Monthly: SS
Cheongju Airport	200	8	5.37	20	2.05	Quarterly
Yangyang Airport	400	10	1.99	10	3.13	Quarterly
Muan Airport	933	5	5.0	5	2.1	2months
Yeosu Airport	400	20	7.42	20	7.69	Quarterly
Sacheon Airport	60	20	4.95	20	5.5	Quarterly
Pohang Airport	400	5	2.98	5	2.2	Bimonthly
Gunsan Airport	30	20	9.5	20	6.5	Semiannual
Wonju Airport	40	20	7.2	20	2.6	Monthly

**Air Pollution Management**

In order to analyze environmental changes in the air quality according to the airport operation, Gimpo International Airport is monitoring the air quality around the clock through the automatic air quality measuring network installed in 2006. As a result of operating the automatic air quality measuring network in 2008, all the measurements were good in the air quality within the airport as they were managed within the environmental standards. Especially we are trying to prevent the damage of ozone layers due to air pollution, using water as cooling medium, and for the freezers we are using alternative cooling medium R-134e and R-410 for the air conditioner to minimize the damages of ozone layer. The Corporation minimizes the environmental impacts by continuously checking the air environment in the airport. The Corporation is making efforts to reduce the environmental impacts such as introducing low pollution natural gas vehicles (2 sets) in December 2008 and checking exhausts from vehicles in the moving areas per quarter while measuring and opening the air quality outside the airport all the time, etc.



Automatic Measuring Networks for Air Quality (Gimpo International Airport)

**Measuring results for Air Pollution (2008)**

Division	SO <sub>2</sub> (ppm)	O <sub>3</sub> (ppm)	NO <sub>x</sub> (ppm)	CO <sub>2</sub> (ppm)	Fine Particles(μg/m <sup>3</sup> )
Environmental standards	0.05 or less	0.06 or less	0.06 or less	9 or less	150 or less
Measuring results	0.002	0.002	0.026	1.1	50

**Indoor Air Quality Management**

Korea Airport Corporation is measuring the indoor air quality state for 9 items (maintaining standards : 4 items, recommended standards : 5 items) in total every year to maintain the pleasant indoor air for each airport. The Corporation is strengthening the management level to provide the pleasant and clean airport environment while establishing and managing the indoor air quality to 70% of the legal standards by expanding the measuring airports to all the airports across the country in 2008. As a result of measuring the indoor air quality, the indoor air quality for the passenger building was evaluated as the good level with significantly lower values than reference values defined in the laws. The Corporation makes the best efforts to maintain the pleasant indoor air quality in the passenger building by measuring fine particles quarterly.

▶Records on the indoor air quality management by airport : [homepage\\_homepage by airport\\_environment management](#)



Regular Test for the Indoor Air Quality in the Passenger Terminal

\*pH : Hydrogen ion concentration, DO : Dissolved Oxygen, SS : Suspended Solids, COD : Chemical Oxygen Demand, n-H : n-hexane (oily ingredient)

## Waste Management

The Corporation is properly managing the designated waste as it manages and operates facilities with the general living garbage occurring mainly from the general waiting room for each airport. As Gimpo International Airport carried out checks for the proper storage and handling for the general and designated waste in 2008, the amount of general waste was decreased by 2,587 tons as a decrease of 6.7% comparing to that (2,772 tons) in the previous year.

The designated wastes are processed under the commissioning to the legally processing companies after they are stored in the separately built facilities by the type and the general wastes are processed for the separate collection for the possible reuse in an effort to minimize the amount of waste. During 2008, 8 persons completed the commissioned education to obtain the waste processing skills in July 2008.

### Status of Waste Generation

Division	2006	2007	2008
General waste in workplace (ton)	3,870	2,658	2,469
Designated waste (ton)	90	114	84

## Soil Pollution Management

Some airports to manage the storage facilities for jet oil or kerosene for heating boilers are carrying out the soil pollution test and leakage test regularly for the business places and surrounding areas. As a result of such tests, TPH (Total Petroleum Hydrocarbon) as the test item was qualified within standards without any leakage. The Corporation carries out the safety check three times a day, weekly and monthly for the oil storage facilities.

### Soil Pollution Test Results (2008)

Airport	Measuring Point	TPH Test Results (mg/kg)		
		Standard of concern	Measure standard	Examination result
Gimpo Airport	Tank Area			10 or less
	Piping Area	2,000	5,000	10 or less
	Surrounding area			10 or less
Gimhae Airport	Tank Area			Not detected
	Piping Area	2,000	5,000	Not detected
	Surrounding area			Not detected
Jeju Airport	Tank Area			-*
	Piping Area	2,000	5,000	-
	Surrounding area			-
Yangyang Airport	Tank Area			-
	Piping Area	2,000	5,000	-
	Surrounding area			-
Muan Airport	Tank Area			63.5
	Piping Area	2,000	5,000	96.0
	Surrounding area			Not detected

\* Jeju and Yangyang Airports carried out the test in 2007 and not applicable to the test in 2008.



Education for the Purchase of Environment-Friendly Products

## Purchase of Eco-Friendly Products

Our government certifies products to contribute to saving resources and to reduce the environmental pollution as the eco-friendly products under the “Act on the Development and Support of Environmental Technology” and “Act on the Saving of Resources and Promotion of Reuse”. When purchasing goods, the Corporation gives a priority to eco-friendly products and expands the purchase through the annual purchase plan for the purchase of eco-friendly products, check on the quarterly records, disclosure of the related data, and education for employees. The purchase amount of eco-friendly products amounted to 990 million won as 98% of the total purchase amount in 2008.

### Purchase of Eco-Friendly Products

(Unit : 1000 Won)

Year	Total Purchase (A)	Purchase Amount for Eco-Friendly Products (B)	Purchase Ratio (C=B/A)
2006	1,699	1,546	91%
2007	1,331	1,292	97%
2008	1,010	990	98%

## Environmental Pollution and Violation

Korea Airports Corporation is preventing any environmental pollution accident in advance under the establishment of comprehensive environment management plan and structural environment system management. It has no case of any environmental pollution accident or violation against the related laws in the entire fields including the water quality, waste and soil pollution in areas of 14 nationwide airports nationwide during 2008.

## Eco-Friendly Airport Construction

The Corporation makes efforts to realize the eco-friendly airport with the construction of airport using designs to preserve the natural ecosystem with eco-friendly materials. The Corporation could save about 1.5 billion won on its budget with the use of eco-friendly materials and the reuse of construction waste, including the engineering method with gabion instead of the use of reinforced concrete to secure the landing zone in Yeosu Airport, improvements on planning to secure soils and sands for construction in consideration of the preservation of natural ecosystem in the expansion construction of landing zone in Ulsan Airport among others.



Utilization of the Gabion Engineering Method

## Aircraft Noises

The Corporation is making efforts to minimize the noise damage to the surrounding areas around the airport through the systematic noise measures for noises occurring from the aircraft operation with respect to the characteristics of the air transportation business. Although the Corporation is actively monitoring noises and implementing measures for local residents, it is necessary for the Corporation to continuously strengthen the management due to the increased demand of air transportation.

## Noise Monitoring

The noise standard was adjusted from 89.8dB(A) to 84.0dB(A) from July 2008 to reduce the noise damage by actively monitoring and responding to noises. Accordingly, the Corporation is applying the reinforced noise standard for the noise monitoring activities. In order to measure the aircraft noise occurring during the aircraft operation all the time, the automatic aircraft noise measuring network is installed and operated in Gimpo and Jeju International Airports. Gimpo International Airport expanded three places of automatic measuring network to 12 places in total and Jeju International Airport is operating 6 places to reinforce the monitoring activities for the aircraft noise. The Corporation is continuously carrying out the noise monitoring activities for the aircraft during the take-off and landing through the automatic aircraft noise measuring networks, and especially it detects the aircraft with high noises in 79.8~86.7dB(A) or above and the corresponding post-management is done with the recommendation for operations in lower noises.



Measuring Station in Sojung Village

### Noise Measuring Results

(Unit : WECPNL)

Airport	Measuring Station	2006	2007	2008
Gimpo International Airport	12 measuring stations including Gimpo City, Yangcheon District, Bucheon City, etc.	73.9	74.3	74.8
Jeju International Airport	6 measuring stations including Jeju Oido 1-dong, Iho 2-dong, Dodu 1-dong, Yongdam-dong, etc.	78.7	79.7	78.8

### Aircraft with High Noises (Gimpo International Airport)

Year	Flight (Round)	Aircraft with High Noises	Ratio of High Noise
2006	94,943	66	0.07
2007	100,124	80	0.08
2008	108,015	172	0.16

## Aircraft Noise Measures

The Corporation is carrying out the noise measures such as the house soundproof facilities, TV reception trouble measures, soundproof for schools, supports for the installation of cooling facilities and supports for the installation of common utility facilities since 1994 for Gimpo, Gimhae, Jeju, Ulsan and Yeosu Airport as airports appointed and announced for the noise damage area from the aircraft under provisions of Article 107 of the Aviation Act. Projects for noise measures are carried with the establishment of the detail plans for each airport in 2008, and the post-management has been done through measuring the soundproof degree, survey on the satisfaction of soundproof facilities, and maintenance on facilities among others. Under the cooperation with the government in May 2008, the enactment rules of the Aviation Act are amended for the Corporation to carry out the maintenance works for the sound-proof facilities in active responses to the demand of noise measuring and explanations on the noise measures. Along with the Ministry of Environment, such amendments were done for the easy understanding of the noise unit for the general public. In an effort to systematically respond to the collective actions by applicants for the civil petitions, the Corporation secured its abilities for the systematic measures with the establishment of the crisis management manuals in September 2008. With an organization of a TF team for noise measures, it held 38 rounds of discussions for noise measures, hearing and explanation conference for residents. Especially with the total noise measures for the expansion of operational time and supporting activities for residents, the Corporation actively carried out activities to resolve civil petitions for noises. The Corporation strengthened the solidarity with local residents including the supports for the facilities and equipments improvements for them, scholarship supports and improvements for the sound-proof facilities. Through these efforts, the satisfaction of soundproof facilities for noises by local residents showed 90 points as an increase from that in the previous year, and the Corporation is actively addressing the earlier progress of projects for the noise measure by securing 3,179 million won of government subsidy.



Conference of the Committee for Noise Measures

▶ Status and records related to noise measures : [homepage\\_homepage by airport\\_environment management](#)

### Execution Scope and Details of Noise Measures

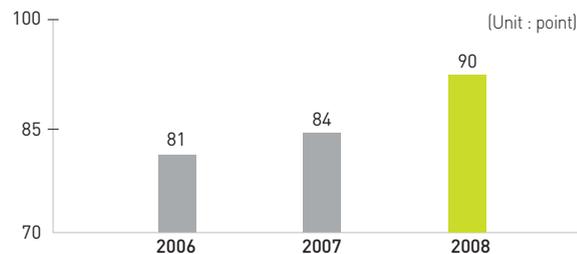
공항	Noise Impact	Measure in Detail	Descriptions
Class 1 area	95 or higher	• Migrations	• Implemented with investment of 311.4 billion won in total from 1989 to 2002 by the Ministry of Construction & Transportation (Administration of Seoul District Aviation)
Class 2 area	90~less than 95	• Installation of soundproof facilities • Measures for TV reception trouble	• Noise measures for Class 2 and 3 areas are addressed with investment of 134.7 billion won until 2007 by the Corporation.
District A	85~less than 90	• Supports for the installation of common facilities	
Class 3 area	District B 80~less than 85 District C 75~less than 80	• Supports for the installation of school soundproof facilities and cooling facilities	

### Records on Noise Measures by the Airport

(Unit : million won)

Airport	Measures	Budget		
		2007	2008	Plan in 2009
Gimpo Airport	Installation of soundproof facilities for houses, measures for TV reception trouble, supports for common facilities, etc.	7,791	7,866	28,055
Gimhae Airport	Installation of soundproof facilities for houses, supports for common facilities, etc.	1,298	1,230	3,803
Jeju Airport	Installation of soundproof facilities for houses, supports for common facilities, etc.	2,214	2,773	5,400
Ulsan Airport	Installation of soundproof facilities for houses, etc.	197	291	500
Yeosu Airport	Installation of soundproof facilities for houses, etc.	16	23	200
Total		11,516	12,183	37,958

### Results from Survey on the Satisfaction of Soundproof Facilities for Noises



### Efforts to Dissolve Civil Petitions to Noises

Division	2006	2007	2008
Satisfaction of soundproof facilities for noises	81 points	84 points	90 points
Progress ratio of noise measure (total)	33.7%	36.9%	40%
Cases of detecting aircraft with high noise	66 cases	80 cases	172 cases
Executing ratio of noise measure budget	87%	94%	97.6%
International line (Gimpo International Airport)	1 line	2 lines	3 lines
Lawsuit related noise	4 cases	2 cases	1 cases



Explanation Conference for Local Residents

\*WECPNL : It refers to the degree of weighted, equivalent and continuous sensory noise as a unit of noise evaluation calculated close to the noise actually felt by local residents with weights from the number of flights per time at day, evening and night applied to the average values of maximum noise from the aircraft.



# Appendix

KOREA AIRPORTS CORPORATION  
Sustainability Report 2008





# Appendix

*Charter of Ethics*

*UN Global Compact*

*Third Party Assurance Statement*

*GRI Guideline Index*

*Declaration on the Applicable Level of GRI Guideline (G3)*

*Status of Observance*

*Current Membership Status in Organizations and Associations*

*Descriptions on Terminology*

*Voices from Readers*

- »»Korea Airports Corporation shall be the corporation of our nation with pride to make contributions to the national development by efficiently carrying out the business for the construction, management and operation of airports.
- »»We shall aim at a world class of Korea Airports Corporation with love and trust from people through the ethical management and lawful management along with this pride and confidence.
- »»Accordingly, we shall make efforts to achieve our missions under the creative thoughts and challenging spirits, to process tasks under the honest and fair attitude based on the high ethical value, to prevent corruption, and to develop the clean foundation of public service.
- »»We shall provide customers with the best product and service while practicing the customer-first principle through the customer satisfaction and the management of new value creation.
- »»We shall abide by the domestic laws and international laws, respect the order of market in the free competition while seeking for the common prosperity by building up the community relationship with the mutual cooperation with all the stakeholders.
- »»We shall respect the individual character of executives and employees with no treatment of discrimination and realize the equal opportunity and fair evaluation while making efforts to improve the health and the quality of life for executives and employees.
- »»We shall actively participate in the public activities as part of our society while making contributions to the advancement of our country and society by creating new values continuously.
- »»We shall make the best efforts to leave the clean natural environment to our descendents while respecting the life and taking the lead in the environment protection activities.

▶ Code of Ethics and Code of Conduct : [homepage\\_ethical management](#)

# UN Global Compact

Division		Activity and Performance Indicator	Relevant Page	
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>• Education for executives and employees</li> <li>• Practicing the education for the protection of human rights, the education of ethical management</li> <li>• Practicing the preventive education for sexual harassment</li> </ul>	17 17, 62 62	
	2. make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>• Total cases of discrimination</li> </ul>	62	
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>• Status of labor union and subscription of members to the labor union</li> <li>• Presence of labor disputes</li> </ul>	68-69	
	4. the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> <li>• Compliance with the Basic Labor Act and International Labor Organization, Collective Agreement</li> </ul>	62	
	5. the effective abolition of child labour	<ul style="list-style-type: none"> <li>• Compliance with the Basic Labor Act and International Labor Organization, Collective Agreement</li> </ul>	62	
	6. the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>• Ratio of employment for the handicapped</li> <li>• Ratio of employment for women</li> <li>• Expansion of employment opportunity for local talents</li> </ul>	24, 62 61-63 63	
Environment	7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>• Risk management in the non-financial sector</li> <li>• Guidelines to the environment management</li> </ul>	13-14 72	
	8. undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> <li>• Environmental impact assessment</li> <li>• Environmental reduction efforts</li> <li>• Protection of biological diversity</li> <li>• Environmental performance management</li> <li>• Greenhouse gas reduction</li> </ul>	71-83	
	9. encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>• Energy saving activities</li> <li>• Environmental investment expenses</li> <li>• Activities to protect global warming</li> </ul>	71 74-77	
	Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>• Introduction and conclusion of the anti-corruption contract system</li> </ul>	52
			<ul style="list-style-type: none"> <li>• Operation of internal reporting system</li> <li>• Strengthening the in-house diagnosis on the ethical management</li> </ul>	15-19

# Third Party Assurance Statement

## To the Management of the Korea Airports Corporation Sustainability Report 2008:

Engaged by Korea Airports Corporation (KAC) to review information specified in its 2008 Sustainability Report (The Report), the Institute for Industrial Policy Studies\* (The Auditor) presents the following third-party statement of assurance. KAC is responsible for all information and claims contained in The Report including established sustainability management targets, performance management, data collection and report preparation etc.

### Context and Scope

In its 2008 Sustainability Report, KAC 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 "Economy" is properly derived from KAC's audited Annual Report for 2008;
  - **Limited assurance on whether:** 'Profile', 'KAC Sustainability', the data specified under 'Profile', 'KAC Sustainability', 'Economy', 'Social\_(Customer, Community, Employee)', 'Environment' 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.

### Independence

- Apart from offering comments during the draft process, The Auditor was not involved in the preparation of any key part of The Report and carried out all assurance undertakings with independence and autonomy.
- The Auditor has no relationship with KAC regarding any of its for-profit operations and activities.
- As The Auditor was subject to no outside pressure or interference during the assurance process, this report represents an accurate reflection of The Auditor's views.

### Objective

Our Assurance engagement is aimed at the followings:

- To obtain an assurance that the statements and data cited in The Report are free of material misstatement or bias so that the information is reliable and adequate
- To assess the data collection systems used are robust
- To review the organization's process of identifying major sustainability management issues and the reporting structure
- To present The Auditor's views on improving reporting quality

### Criteria

The Auditor assessed The Report against the following guidelines:

- The AA1000 Assurance Standard's (2003)<sup>2)</sup> three core principles of Materiality, Completeness and Responsiveness
- The BEST Sustainability Reporting Guidelines<sup>3)</sup>
- The Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines Version 3.0<sup>4)</sup>

### Scope and Work Undertaken

The Auditor carried out the following activities in order to (1) assess the extent to which The Report applies the principles of materiality, completeness, and responsiveness in its reported contents; and (2) assess the application level of the GRI/BEST Sustainability Reporting Guidelines.

- A review of media reports related to KAC
- A review of information contained in The Report as well as the underlying data collection system (validation of internal sustainability-related organizations, systems, and activities)
- Data sampling and analysis of the stakeholder's survey result
- Review of the original source of the information in The Report
- Review of the KAC's response system for material issues
- A reconciliation of financial data stated in The Report against the KAC's audited Financial Statements
- Interviews with managers and staff responsible for sustainability management and reporting, as well as The Report's source information
- On-site review of the Headquarter office (October 7, 2009 / October 9, 2009)

### Limitations

- Our scope of work was limited to an on-site validation of the head office, and do not include the branches' .

### Conclusions

On the basis of the above we provide the following conclusions; The Auditor did not find The Report to contain any material misstatements or bias. All key assurance findings are included herein, and detailed review findings and follow-up recommendations have been submitted to the management of KAC.

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

It is The Auditor's view that The Report contains information of great importance to KAC and its stakeholders. The company has identified issues of great stakeholder importance by examining its management plans and relevant government policies, while also conducting stakeholder surveys and media reviews. The following aspects were found particularly commendable.

1) **The Institute for Industrial Policy Studies (IIPS)** : 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 six individuals who are professors at Korea's top universities or practitioners with professional accreditation and extensive experience in sustainability management after majoring in business management, accounting, environmental science etc.

2) **AA1000AS(Assurance Standard)** : AA1000 AS is an assurance standard for social and sustainable reporting developed by the UK-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.

3) **BEST Sustainability Reporting Guidelines** : The BEST Sustainability Reporting Guideline was jointly developed by the Ministry of Knowledge Economy (MKE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IIPS) and provides for five levels of reporting rigor (Level 1 ~ 5).

4) **GRI G3 Sustainability Reporting Guidelines Version 3.0** : The Global Reporting Initiative's (GRI) Sustainability Reporting Guideline was jointly convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. The newly revised G3 version was launched in October 2006.

The Report:

- Presents issues as well as their relevant responses by stakeholder group so that stakeholders can easily verify the response and outcome of issues specific to their interest.
- Reflects material issues such as Airport promotion plans, competitiveness enhancement, service improvements, ethical and transparent management, aviation noise, evaluation and compensation, fostering human talent etc.

However coverage of issues such as privatization, restructuring, contribution to local community growth, hiring and retirement etc. were found to be limited, however, and the Auditor suggests carrying out more detailed materiality testing to support the systematic identification of material issues, and suggests reporting on the assessment process and findings. Also, stronger reporting on negative performance results is also recommended.

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

The Auditor found the data presented in The Report to be reliable and free from material error. We were able to confirm that KAC has an internal organization in place, its Strategic Planning Team that is wholly responsible for the systematic collection of performance data and preparation of the Report. The following aspects were found particularly commendable.

KAC:

- Has established internal organizations and managers specifically responsible for pursuing each performance dimension for the management of performance information.
- Has a review process in place for examining reported information through TFT circulars and meetings.

In the future, however, The Auditor recommends further strengthening quantitative data and proving better reporting coverage on the data source and calculation formulas to enhance the reliability of the Report's information on performance. Also, the Auditor suggests instituting a system for the regular collection and verification of company-wide data to reinforce its performance management system.

- **Responsiveness:** Does the Report address the company's efforts in responding to stakeholder demands and concerns?

The Auditor found KAC to be aware of the importance of stakeholder communications as a part of its management activities and confirmed efforts by the company to gather their comments and views through surveys and other consultative bodies. The following aspects were found particularly commendable.

KAC:

- Carries out satisfaction surveys on relevant social communities and other questionnaire surveys on its business partners.
- Analyzes the performance for key stakeholder-specific issues of material concern, followed by policy formation and implementation.

Going forward, however, the Auditor suggests developing communication channels more suited to stakeholder characteristics and provide reporting on

how the channels were utilized as well as their outcomes. Also, we recommend the company to provide more detailed reporting on findings from its satisfaction surveys and questionnaires, as well as expert opinions and what was discussed at the consultative bodies etc.

Relative to the BEST Guidelines, the Auditor finds The Report to fulfill 94.2% of the reporting requirements necessary to qualify for a Level 4 Report (from among Level 1 ~ 5), and finds the Report to apply to GRI G3 Reporting Framework at the level of A+

Fulfillment Ratios per BEST Sustainability Reporting Indicators (unit:%)

Publication Year	2009
Report Cycle	1st Report
Reporting Level	Level 4 (Established Level)
Fulfillment Ratio	94.2%

**Recommendations**

The Auditor noted efforts by the company to provide faithful reporting on issues of material importance as well as their performance outcomes. In the interest of continued improvements in its sustainability performance management and reporting quality, the Auditor recommends the following considerations:

- Identify its materiality issues more systematically.
- Report on the targets specific to each of the respective dimensions as well as the rate of actual achievement against stated targets, and future plans.
- Expand stakeholder engagement in the planning and publication of the Report, so that a wider breadth of stakeholder comments and views may be collected.
- Provide better coverage on any negative issues or underperformance to enhance the objectiveness of the Report.
- Enhance reporting on quantitative data and data source, as well as the calculation formulas to enhance the accuracy and reliability of the reported performance information.

Based upon the above statement as well as other recommendations presented separately to KAC management, the Auditor recommends building on its sustainability management and reporting platform to make it more systematic and improved.

October 16, 2009  
 President, The Institute for Industrial Policy Studies  
 Yoon-Chul Lee




# GRI Guideline Index

Extent of Reporting : ● Reported, ● Partially reported, ○ Not reported, ◇ Not available

GRI Index	Indicators	Extent of Reporting	Page	BEST Index
<b>1. Strategy and Analysis</b>				
1.1	Statement from the most senior decision-maker of the organization	●	4-5	A_1
1.2	Description of key impacts, risks, and opportunities	●	8	A_2
<b>2. Organizational Profile</b>				
2.1	Name of the organization	●	6	A_3
2.2	Primary brands, products, and/or services	●	9-10	A_4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	7	A_5
2.4	Location of organization's headquarters	●	6	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	●	6	A_7
2.6	Nature of ownership and legal form	●	11	A_8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	7	A_9
2.8	Scale of the reporting organization	●	6	A_10
2.9	Significant changes during the reporting period regarding size, structure, or ownership	◇		B_8
2.10	Awards received in the reporting period	●	59	C08
<b>3. Report Parameters</b>				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	●	2	B_3
3.2	Date of most recent previous report (if any)	◇		B_8
3.3	Reporting cycle (annual, biennial, etc.)	●	2	B_6
3.4	Contact point for questions regarding the report or its contents	●	2	B_9
3.5	Process for defining report content	●	25	B_4
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	●	2	B-1
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	●	2	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	●	2, 6-7	A_6
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	●	2, 24	-
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	◇		-
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	◇		B_5
3.12	Table identifying the location of the Standard Disclosures in the report	●	Appendix	B_10
3.13	Policy and current practice with regard to seeking external assurance for the report	●	2, Appendix	B_7
<b>4. Governance, Commitments, and Engagement</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	●	11-12	GR1
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	11	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	●	11	GR2
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	11	GR12

Extent of Reporting : ● Reported, ◐ Partially reported, ○ Not reported, ◇ Not available

GRI Index	Indicators	Extent of Reporting	Page	BEST Index
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	◐	12	GR7
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	11	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	◐	11	GR4
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	●	Appendix	-
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	●	11, 12	GR5
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	◐	12	GR6
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	13-14	GR11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	Appendix	GR10
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	●	Appendix	A_11
4.14	List of stakeholder groups engaged by the organization.	●	25	C_1C_2
4.15	Basis for identification and selection of stakeholders with whom to engage	◐	25	C_1
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	25	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	◐	25, 43, 52, 69	C_3
<b>Economic Performance Disclosure on Management Approach</b>		●	33	
EC1	Direct economic value generated and distributed	●	35	EC1
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	◐	74	EC2
EC3	Coverage of the organization's defined benefit plan obligations	●	66	EC3
EC4	Significant financial assistance received from government	●	82	EC5
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	◐	64	EM4
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	○		EC4
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	●	63	EC4
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	27, 45, 58, 75	EC6
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	26-27, 35, 53, 58	EC7
<b>Environmental Performance Disclosure on Management Approach</b>		●	71	
EN1	Materials used by weight or volume	●	75	EV10
EN2	Percentage of materials used that are recycled input materials	◇		EV11
EN3	Direct energy consumption by primary energy source	●	76	EV7
EN4	Indirect energy consumption by primary source	●	76	EV8
EN5	Energy saved due to conservation and efficiency improvements	●	76, 77	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	●	76, 77	EV5
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	76, 77	EV5EV25
EN8	Total water withdrawal by source	●	78	EV9
EN9	Water sources significantly affected by withdrawal of water	●	78	EV20
EN10	Percentage and total volume of water recycled and reused	●	78	EV18

# GRI Guideline Index

Extent of Reporting : ● Reported, ◐ Partially reported, ○ Not reported, ◇ Not available

GRI Index	Indicators	Extent of Reporting	Page	BEST Index
EN11	"Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	◇		EV22
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	◇		EV22EV26
EN13	Habitats protected or restored	◇		EV27
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	◐	58	EV6EV26
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	◇		EV28
EN16	Total direct and indirect greenhouse gas emissions by weight	●	76	EV12
EN17	Other relevant indirect greenhouse gas emissions by weight	●	76	EV13
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	74, 75, 76, 77	EV4
EN19	Emissions of ozone-depleting substances by weight	◐	79	EV14
EN20	NOx, SOx, and other significant air emissions by type and weight	●	79	EV15
EN21	Total water discharge by quality and destination	●	78	EV17
EN22	Total weight of waste by type and disposal method	●	80	EV16
EN23	Total number and volume of significant spills	●	80	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	◇		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	●	78	EV19
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	76, 79, 82-83	EV23
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	◇		EV24
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	81, 95	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	◇		EV30
EN30	Total environmental protection expenditures and investments by type	●	74, 75	EV1
<b>Social: Labor Practices and Decent Work Performance Disclosure on Management Approach</b>		●	61	
LA1	Total workforce by employment type, employment contract, and region	●	62	EM1
LA2	Total number and rate of employee turnover by age group, gender, and region	●	24, 62	EM5
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	62	EM20
LA4	Percentage of employees covered by collective bargaining agreements	●	69	EM12
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	◐	69	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	●	66	EM14
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	●	66	EM19
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	66	EM18
LA9	Health and safety topics covered in formal agreements with trade unions	●	66	EM15
LA10	Average hours of training per year per employee by employee category	●	61	EM27
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	64	EM28
LA12	Percentage of employees receiving regular performance and career development reviews	◐	63, 64, 65	EM29

Extent of Reporting : ● Reported, ◐ Partially reported, ○ Not reported, ◇ Not available

GRI Index	Indicators	Extent of Reporting	Page	BEST Index
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	62	EM2
LA14	Ratio of basic salary of men to women by employee category	●	64	EM17
<b>Human Rights Performance Disclosure on Management Approach</b>		●	15, 61	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	○		PN2
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	◐	52, 73	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	●	62	EM30
HR4	Total number of incidents of discrimination and actions taken	●	62-63	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	●	69, Appendix	EM8
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	62, 87	EM9
HR7	Operations that are likely to have forced labor and measures taken	●	62, 87	EM10
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	◐	62	EM31
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	◐	82-83	CO2
<b>Society Performance Disclosure on Management Approach</b>		●	55	
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	●	56, 57, 82	CO1
S02	Percentage and total number of business units analyzed for risks related to corruption	◐	16	CO5
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	●	17	CO5
S04	Actions taken in response to incidents of corruption	●	15	CO5
S05	Public policy positions and participation in public policy development and lobbying	●	15	CO6
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	15	CO7
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	◇		CS3
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	95	CO9
<b>Product Responsibility Performance Disclosure on Management Approach</b>		●	41	
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	●	29-31	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	●	42, 95	CS11
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	45	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	●	42	CS12
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	43, 49- 50	CS9
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	○		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	●	42, 95	CS14
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	44	CS15
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	42	CS15

## Declaration on the Applicable Level of GRI Guideline (G3)



"Korea Airports Corporation's Sustainable Management Report 2008" has been prepared in compliance with GRI G3 Guideline. The Corporation makes a public announcement for this report as 'A+' in the level of application for GRI G3 on its own declaration as this report meets all requirement of the 'A+' level in the 'GRI G3 Level Standard Table' quantitatively and qualitatively. In addition, IPS (Institute of Industrial Policy Studies) confirmed through the verification that this report is compliant with 'A+' in the GRI G3 Application Level.

GRI G3 Application Level Standard Table

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: Economic, Social and Environment.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, 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.	

## Status of Observance

Korea Airports Corporation abides by the international agreement of UN Global Compact and ILO labor standards while complying with our domestic laws, which are essential for our management.

- The Employment Insurance Act
- The Management Act of High Pressured Gas Safety
- The Employment Insurance Act
- the Basic Act on the Employment Policy
- the Act on the Protection of Personal Information for the Public Organization
- the Act on the Operation of the Public Organization
- The Act on the Disclosure of Information for the Public Organization
- The Act on the Management Structure Improvement and Privatization of Public Organizations
- The Public Hygiene Management Act
- the Basic Act for the National Standards
- the National Accounting Act
- the National Pension Act
- the Act on the Audit and Investigation of National Policies
- The Act on the Participation and Cooperation Promotion of Labors
- The Equal Employment Act. The Labor Union and Labor Dispute Arbitration Act
- The Act on the Indoor Air Quality Management in Public Facilities
- the Air Environment Preservation Act
- the Act on the Monopoly Regulation and Fair Trade
- the Maternal Health Act
- the Act on the Development and Operation of Logistics Facilities
- The Corporate Income Tax Act
- the Act on the Budget and Management of Subsidies
- the Value Added Tax Act
- the Basic Act on the Social Security
- the Industrial Safety and Health Act
- the Industrial Disaster Compensation and Insurance Act. the Commercial Code
- the Income Tax Act
- the Noise and Vibration Regulation Act
- the Special Act on the Air Environment Improvement for the Capital Area
- the Act on the Promotion of New Airport Constructions in the Capital Area
- the Act on the Preservation of Water Quality and Aquatic Ecology
- the Special Act on the Safety Management of Facilities
- the Act on the Development
- Use and Distribution Promotion of New Energy and Renewable Energy
- the Act on the Protection of Wild Animals and Plants
- the Basic Energy Act
- the Act on the Rationalization of Energy Use
- the Act of the Management for Outdoor Advertisements. the Act on Measures for the Natural Disaster
- the Act on the Preservation of Natural Environment
- the Act on the Energy Saving and Recycle Promotion
- the Act on the Guarantee of Convenience Increase for the Handicapped
- Aged and Pregnant People
- the Act on the Employment Promotion and Occupational Rehabilitation for the Handicapped
- the Act on the Prohibition of Discrimination and Remedy of Rights for the Handicapped
- the Basic Act for the Disaster and Safety Management
- the Basic Act on the Aged Society with Low Birth
- the Act on the Prevention of Epidemic Diseases
- the Act on the Protection of Consumers in the Electronic Commerce
- The Act on the Use Promotion and Information Protection in the Information and Communication Network
- the Special Act on the Priority Purchase of Products for the Handicapped People with Heavy Disorders
- the Basic Act on the Sustainable Growth
- The Underground Water Act
- the Act on the Promotion of Purchase for the Environment-Friendly Products
- the Act on the Preservation of Soil Environment
- the Patent Act
- the Waste Management Act
- the Act on the Installation Promotion of Waste Processing Facilities and Supports for the Surrounding Area
- the Act on the Fair Display Advertising
- the Act on the Fair Subcontract
- the Sewage Act
- the Korea Airports Corporation Act
- the Act on the Safety and Security of Aviation
- the Act on the Promotion of Air Transportation
- the Act on the Promotion of Transfer to the Environment-Friendly Industrial Structure

## Current Membership Status in Organizations and Associations

- Employers Federation
- Clean Act Association of Public Enterprises
- Airport Council International (ACI)
- Korea Civil Aviation Development Association
- Korea Engineering Association
- Korea Employers Federation
- Korea Aviation Navigation Association
- Korea Electric Engineers Association
- Seoul District Lawyers Association
- Korea Fire Insurance Association
- Korea Industrial Safety Association
- Korea Academy of Aviation Management
- Korea Industrial Nursing Association
- Korea Academy of Aerospace Laws
- Korea Academy of Public Organization
- Korea Personnel Management Association.

## Descriptions on Terminology

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

It is an organization with its headquarter in Amsterdam, Netherlands, which was established to draft the guideline for the 'sustainability report' for companies applicable throughout the whole world by a union of environmental organizations in USA, CERES, and UNEP in 1997. The first version was announced in June 2000 with its policy to amend the guideline every two or three years according to the changing environments. Accordingly, it announced 'GRI G2 Guideline' in May 2002 and 'G3 Guideline' in October 2006. (<http://www.globalreporting.org>)

### **UN Global Compact**

It consists of total 10 principles including human rights, labor, environment and anti-corruption among others based on the world human rights declarations, ILO declarations, Rio declarations and UN anti-corruption agreements among others, as a voluntary agreement under UN with the former UN secretariat-general Kofi Annan from Davos Forum in Swiss in January 1999. Korea Airports Corporation subscribed to the Compact in October 2007. (<http://www.unglobalcompact.org/>)

### **COSO (Committee of Sponsoring Organizations of the Treadway Commission)**

It refers to an evaluation organization for the internal control systems for companies in USA, which was established in 1985 and suggested the framework for the internal control in 1992. The Corporation adopts the COSO model consisting of five elements for the internal control including the control environment, risk management, control activities, information and communication, and monitoring.

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

It was established in Havana, Cuba in April 1945 for the purpose of the advancement and studies on the overall issues in the air transportation, safe and economical air transportation, and amicability promotion among member companies, etc. Its organization consists of six working committees in addition to the general meeting and working committee as it holds its annual general meeting for activities such as decisions on the international air fare among others through cooperation with the related institutions. Its headquarter is located at Montreal, Canada, and its office at Geneva, Swiss with over 240 member companies in 126 countries as of now. Korea Airline subscribed to the Association in 1989 and Asiana Airline in 2002. (<http://www.iata.org>)

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

It refers to an organization established under the international civil aviation treaty (Chicago Treaty) in Chicago in 1944 as one of the organizations under UN in 1947 for developing the international civil air transportation, securing the safety, realizing the efficient and economical transportation, developing the airplane designing and operational technologies, etc. Its major organizations include the general meeting, board of directors meeting and secretariat office, and its supporting organizations consist of the Air Navigation Commission, Air Transport Commission and Legal Commission. (<http://www.icao.int>)

**CUSS (Common Use Self-Service) KIOSK**

It refers to an unmanned ticket issue system for the automatic check-in (ticket issue) through the unmanned automation machines for passengers, with such functions as the reservation details, seat selection, fare payment and automatic passport reading.

**FAA (Federal Aviation Administration)**

The Corporation adopts the commissioned training with the overseas educational institutions specialized in the airport such as FAA, ICAO, etc.

**LCC (Low Cost Carrier)**

It refers to carriers that operate with less fare in exchange for less in-flight service. There are three airlines in our country as of now.

**AIRSIDE**

It refers to a district including runways, landing zone, taxiway and ramp among others directly necessary for the aircraft's take-off and landing, where the enter and exit of the general public should be restricted.

**LANDSIDE**

It refers to a district including the passenger and cargo handling facilities, other annexes and parking lot among others, where the enter and exit of the general public should be freely allowed.

**RFID (Radio-Frequency IDentification)**

It refers to the wireless frequency based recognition technology, which stores and manages the individual identification information in a tag with an IC chip and a built-in antenna. The Corporation plans to lay grounds for u-Airport by building systems for tracking and management using RFID readers in the entire stages for processes to handle each air baggage while attaching a tag to baggage for boarding passengers through a RFID tag issuer installed in the airport for the baggage tracking based on RFID.

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

It refers to a unit recommended for the evaluation unit for noises from the aircraft by ICAO. It provides a comprehensive evaluation with such additional points as the number of operating round, time zone and maximum noise among others to the degree of noise occurring from the aircraft's take-off and landing. It is calculated by adding the weight per time zone, where airplanes are passing, to the average dB at the maximum noise during the passage of airplanes. Under the current aviation laws, an area belongs to the category with the expected noise damage if it falls into 80 WECPNL or higher, and to the category with the noise damage if it reaches 90 WECPNL or higher, respectively. For such cases, the related governmental department should establish and initiate migration, other anti-noise measures, etc.



## Voices from Readers

Korea Airports Corporation publishes the first sustainable management report and waits for opinions from all the stakeholders for better reports in the future. Those invaluable opinions and suggestions that we will receive from readers will greatly help the Corporation initiate the sustainable management activities as Korea Airports Corporation reflects them on its sustainable management activities and reports.

Strategic Planning Team in Charge of Korea Airports Corporation's Sustainable Management \_ seypark@airport.co.kr \_ Tel 82-2-2660-2527

1. What is your profession?

- ① Customer
- ② Partner and cooperating company (airlines, resident institutions and service companies)
- ③ Government
- ④ Korea Airports Corporation's Executives or Employees
- ⑤ Social group such NGO, etc.
- ⑥ Local residents
- ⑦ Others (                    )

2. What makes you most interested in the report? (Possibly multiple choices)

- ① Profile
- ② Sustainable management
- ③ Vitalization and efficient operations of airports
- ④ Airport security and safety reinforcement
- ⑤ Economic section
- ⑥ Social section
- ⑦ Environmental section

3. Which section do you think should be necessarily supplemented in the report, if any? (Possibly multiple choices)

- ① Profile
- ② Sustainable management
- ③ Vitalization and efficient operations of airports
- ④ Airport security and safety reinforcement
- ⑤ Economic section
- ⑥ Social section
- ⑦ Environmental section

4. Please feel free to write down any opinion on Korea Airports Corporation's sustainable management activities or on the overall structures and details of the report.

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## Contact us

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**Strategic Planning Team**  
**Korea Airports Corporation**

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