

2010 KOREAN AIR SUSTAINABILITY REPORT

# SUSTAINING EXCELLENCE



## About this report

### Purpose of the report

Korean Air's sustainability report, with the title of "Sustaining Excellence," summarizes the activities and achievements of Korean Air in the areas of economic, social and environmental performance. This annual report serves to provide in a transparent manner information to our stakeholders, including employees, customers, shareholders and investors, business partners, government agencies and local communities.

### Reporting principles

Korean Air's fifth sustainability report was prepared in line with the G3 guidelines of the Global Reporting Initiative (GRI). This report also benchmarked other global airlines' sustainability reports in order to include activities and achievements in sustainable growth of the aviation industry.

### Composition

The contents of this report were drafted by 33 staff members after collecting data from 23 related departments. The contents were compiled and reorganized by the Environment Team and were proofread by Korean Air's executives and by all pertinent departments.

### Scope of the report

This report covers the fiscal year 2009 (Jan. 1 - Dec. 31, 2009) and contains data collected over the last three years. For further details on economic performance, please refer to the 2009 Annual Report.

[ <http://www.koreanair.com> ]



## UN GLOBAL COMPACT

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten principles related to the areas of human rights, labor, environment and anti-corruption. Korean Air joined the UN Global Compact in July 2007. The core values of the Compact are in line with our commitment to ethical and transparent management practices and to fulfilling social responsibilities. We will continue our endeavor to embrace and support the ten universally-accepted principles of the UN Global Compact, as listed below.

## PRINCIPLES

### HUMAN RIGHTS

Principle 1: We support and respect the protection of internationally proclaimed human rights.

Principle 2: We make sure that we are not complicit in human rights abuses.

### LABOR

Principle 3: We uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: We uphold the elimination of all forms of forced and compulsory labor.

Principle 5: We uphold the effective abolition of child labor.

Principle 6: We uphold the elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

Principle 7: We support a precautionary approach to environmental challenges.

Principle 8: We undertake initiatives to promote greater environmental responsibility.

Principle 9: We encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

Principle 10: We work against corruption in all its forms, including extortion and bribery.





Amid the rapidly-changing business environment, Korean Air strives to reinforce its presence as a global airline, leading the aviation industry with a strong commitment to its staff and employees and with its risk-management capabilities. Korean Air will grow with its customers and local community, and thus opening a brighter and sustainable future that is in harmony with the environment.

## Contents

	<b>02</b>	CEO's Message
	<b>04</b>	2009 Highlights
	<b>06</b>	Key Sustainability Issues
<b>Our Sustainability</b>	<b>10</b>	Our Network
	<b>12</b>	Our Fleet
	<b>15</b>	Our People
	<b>16</b>	Our Business
	<b>20</b>	Economic Performance & Sharing
	<b>22</b>	Sustainable Management
	<b>24</b>	Corporate Governance
	<b>26</b>	Business Environment & Risk
	<b>28</b>	Ethical Management
	<b>30</b>	SkyTeam
<b>Environmental Responsibility</b>	<b>35</b>	Climate Change
	<b>41</b>	Noise Reduction
	<b>44</b>	Environmental Impact Minimization
	<b>49</b>	Eco office
<b>Social Responsibility</b>	<b>53</b>	Customer
	<b>57</b>	Business Partner
	<b>58</b>	Employee
	<b>69</b>	Social Contribution
	<b>73</b>	Community Service
<b>Appendix</b>	<b>76</b>	GRI(G3) Guideline
	<b>80</b>	Awards in 2009
	<b>81</b>	Stakeholder Communication
	<b>82</b>	Our Offices



## CEO's Message

# Protecting environment is the foundation for sustainable management

I extend my deepest gratitude for your support of Korean Air.

2009 was an important year for us, as it marked Korean Air's 40th anniversary. Amid the global economic slowdown, exchange rate volatility, and the H1N1 flu that caused many airlines to struggle with declining air travel demand, Korean Air recorded 133.4 billion KRW of operating income last year, thanks to its company-wide effort to overcome the crisis. Through 40 years of excellence, Korean Air has been reinforcing its presence as a top global airline leading the world aviation industry, working with its staff and employees to effectively manage risks.

Korean Air is now preparing itself for reaching higher goals. We set the goals of joining the ranks of the ten largest global airlines in terms of passenger transport by 2019, and leading the world in international cargo transport for 15 years in a row. For the year 2010, Korean Air has set a target of securing global competitiveness through strengthening core competencies, with the goal of 10.6 trillion KRW in sales and 800 billion KRW in operating income. These targets reflect all staff members' determination to maximize profit through active sales strategies, and to realize a more efficient cost structure.

Korean Air will put its highest priority on flight safety and protecting customer value. We promise to continue our record of ten years without an accident, by establishing an absolute safety operation system. In addition, Korean Air will endeavor to listen to and reflect customers' interests through various channels of communication in order to provide a differentiated service.

Korean Air entered into a partnership with the British Museum in December 2009 and started a Korean language service for its multimedia guide program. With this partnership, Korean Air is now provid-

ing the service to three of the major museums in the world, including the British Museum in London, the Louvre Museum in Paris and the Hermitage Museum in Saint Petersburg. Using this global network, we are now engaged in the effort to attract the 2018 Winter Olympic Games to the city of Pyeongchang in Korea.

The year 2010 will be a year in which Korean Air establishes its sustainability, particularly with respect to the environment. The national and international trend toward green growth affects the political, social, economic and cultural sectors of communities. Therefore a company must meet the demand for green growth in order to become a truly global company and survive in the future.

Preserving the environment is necessary for a company that wants to lay a solid foundation for sustainable management. As a leading eco-friendly airline wanting to achieve green growth, Korean Air will adopt next-generation, state-of-the-art aircraft such as the A380 and the B787, thereby reducing noise and CO<sub>2</sub> emissions. In addition, we will work towards environmental protection through company initiatives and volunteer activities of our employees.

The future belongs to the one who prepares for it. Korean Air will be a leader in innovation while preparing for potential uncertainty in the business environment, and will eventually grow into a resilient and forward-looking enterprise. We are greatly appreciative of your unwavering support to Korean Air.

Thank you.

Cho, Yang Ho  
Chairman & CEO



*Korean Air will be a leader in innovation while preparing for potential uncertainty in the business environment, and will eventually grow into a resilient and forward-looking enterprise.*





# 2009 Highlights

40 years



**Beyond 40 years of excellence**  
In March 2009, Korean Air launched its new business initiative: "Beyond 40 Years of Excellence." This slogan represents the following goals of Korean Air: to become a top global airline with KRW 25 trillion in sales and 180 aircraft in its fleet; to rank among the 10th largest international passenger transports; and to lead in the global cargo transportation industry for 15 consecutive years. Korean Air hopes to achieve these goals by 2019, when the airline marks its 50th anniversary.

6 & 14  
aircraft engine



**Added eco-friendly aircraft and engines to its fleet**  
Korean Air has adopted six eco-friendly A330-200 aircraft and 14 eco-friendly PW4170 engines to its fleet. These are highly efficient, and drastically reduce CO<sub>2</sub> emissions. By 2015, Korean Air plans to add a total of 62 new aircraft to its fleet.

200,000 ton



**Reduced 200,000 tons of CO<sub>2</sub> emissions**  
In 2009, Korean Air reduced its CO<sub>2</sub> emissions by 205,000 tons. This was done through 48 fuel-saving initiatives, including decreased use of APU (Auxiliary Power Unit) and increased use of GPS/GPU (Ground Power System/Unit).

6.9%



**Reduced ground energy use by 6.9%**  
In 2009, Korean Air's ground energy use, including electricity, oil, gas and medium temperature water, was 40,186 TOE (Tons of Oil Equivalent). This was to reduce CO<sub>2</sub> by 7,000 tons, or 6.9%, less than the previous year.

3,000,000 m<sup>2</sup>



**Global reforestation effort**  
Since 2004, Korean Air has actively participated in the global reforestation effort as a response to climate change. In 2009 alone, Korean Air worked with NGOs to plant 91,000 trees in Mongolia, China and Los Angeles, with a total of 940,000 trees in three million m<sup>2</sup> since 2004.

10 years



**Established "SafeNet"; no accidents for the past 10 years**  
Korean Air did not have a single accident in the past ten years. As part of our safety approach, and to begin a new chapter in our aviation safety control, we launched "SafeNet," a web-based, company-wide safety management IT system.

1st



**Korean language service in three major museums**  
Starting with the Louvre Museum in Paris, Korean Air implemented a project to provide a Korean language multimedia guide service for world museums. This now includes the Hermitage Museum in Saint Petersburg, beginning in June 2009, and the British Museum in London beginning in December 2009.

None



**No confirmed case of H1N1**  
Korean Air puts a top priority on protecting passengers from the risk of getting infected with the H1N1 virus. Thanks to our commitment to the cleanliness and safety of our airplanes that fly to the areas suffering from this flu strain, in 2009 there was not a single case of H1N1 from secondary infection on our passenger planes.

6,000 staff



**6,000 staff members participated in volunteer social activities**  
In 2009 alone, 6,000 Korean Air staff members participated in social contribution activities, through 23 in-house volunteer groups. These activities include a Habitat for Humanity campaign, "Sky Love" free classes and English classes for children from lower-income families, and delivering briquettes and making kimchi for elderly persons who live alone.

1,803,884 person-hours



**1,803,884 person-hours of employee education**  
Korean Air provides an optimal education system for the capacity development of its employees. In 2009, our employees received a total of 1,803,884 person-hours of education and training through our online cyber campus and offline education centers.



# Key Sustainability Issues



Illustration\_Park Hanna

## ① Response to Climate change

Korean Air recognizes climate change as a very important environmental issue. Although greenhouse gases generated through air transportation make up a relatively small portion of the world's total amount of carbon emissions, compared to other industries, Korean Air plans to reduce its environmental load as much as possible. This will be accomplished by adding eco-friendly, new-generation aircraft with higher fuel efficiency to the fleet.

( □ p.12~13, p.35~40)

## ② Nurturing Talent

Korean Air's talent management approach is based on its HR policy that "a company is the sum of its people." We put a high priority on improving quality of life for all employees and helping them to reach their full potential. To this end, Korean Air provides talent nurturing programs, equal opportunities and fair evaluations, a reasonable compensation system, labor-management cooperation, freedom from gender discrimination, and a safe work environment. ( □ p.61~63)

## ③ Customer Satisfaction

Ensuring safe air travel is the largest responsibility that Korean Air has to fulfill. Korean Air seeks to become the safest airline in the world, and is on its way with a safety record of no accidents in ten years. We endeavor to satisfy our customers with the principles of safety, comfort and respect, by providing a top-class in-flight service, on-time operation, shorter flying times, and various communication channels for receiving feedback.

( □ p.53~56)

## ④ Economic Performance

Despite the unfavorable business environment in 2009, when exchange rates remained high and the H1N1 flu spread across the world, Korean Air pursued proactive sales strategies and its operating income bounced back to a surplus of KRW 133.4 billion. We continue to share profit generated from economic activities with various stakeholders. ( □ p.20~21)

## ⑤ Co-prosperity Management

Korean Air opened its iSP (Internet Supplier Portal) to strengthen cooperation with partner firms. We strive to create a foundation for co-prosperity with our suppliers by sharing economic achievements and by providing assistance in technology, finance, and quality improvement. ( □ p.57)

## ⑥ Minimizing Ground Environmental Impact

Having received the ISO14001 certification, Korean Air continues to work toward its goal of reducing air pollution, waste, waste water and the use of harmful chemicals. This is accomplished by implementing an annual environmental impact assessment, in order to minimize the company's environmental load when executing maintenance and ground operations.

( □ p.44~47)

## ⑦ Community Involvement

Korean Air participates in a number of social contribution activities and sharing management practices in fields such as education, culture, art and sports, as well as being involved with rescue and relief efforts. ( □ p.69~74)





OUR SUSTAINABILITY ✈

# Ready to Meet the Future

Korean Air's sustainable management practices look toward the future. In order to meet today's air transport demands, we provide a fast and convenient global air travel and transport service. Korean Air also strives to fulfill its environmental and social responsibilities as a corporate citizen, and to maintain communication with stakeholders in order to achieve co-prosperity.

Korean Air prepares for a better future for all.



# Our Network

Since its establishment in 1972 of a transpacific passenger service connecting Seoul, Tokyo and Los Angeles, Korean Air has built a global network. We have 157,272 flights annually to every corner of the world, and in 2009 we transported 20.72 million passengers and 1.57 million tons of cargo to 104 cities in 38 countries.



### 2009 Company Profile

Name	Korean Airlines Co., Ltd
Address	1370, Gonghang-dong, Ganseo-gu, Seoul, Korea 157-712
Established	March 1, 1969
Business field	Passenger and cargo transport, maintenance, operation, in-flight meal service, hotel and aerospace business
No. of aircraft	127 (as of Dec. 31, 2009)
Flight routes	13 domestic cities and 104 cities overseas
Sales	9,393,703 (KRW million)
No. of passengers	2,0720,000
Cargo transport	1570,000 ton
RTK*	13,540,050 (1,000 ton KM)
No. of Employees	17,395 (including 1,661 overseas)

\*RTK: Revenue Ton Kilometer

America

Destinations

16Cities

• Market Share in Sales

35%

• Market Share in No. of Passengers

12%

• Market Share in Cargo Transport

35%

Europe | Middle East

Destinations

21Cities

• Market Share in Sales

19%

• Market Share in No. of Passengers

5%

• Market Share in Cargo Transport

13%

South-East Asia

Destinations

18Cities

• Market Share in Sales

12%

• Market Share in No. of Passengers

11%

• Market Share in Cargo Transport

14%

Oceania

Destinations

6Cities

• Market Share in Sales

5%

• Market Share in No. of Passengers

4%

• Market Share in Cargo Transport

1%

CIS

Destinations

5Cities

• Market Share in Sales

0.1%

• Market Share in No. of Passengers

0.7%

• Market Share in Cargo Transport

4%

\* CIS : Commonwealth of Independent States  
\* Flies to Moscow, Vladivostoc, Saint Petersburg, Tashkent, Novoi

China

Destinations

23Cities

• Market Share in Sales

9%

• Market Share in No. of Passengers

13%

• Market Share in Cargo Transport

18%

Korea

Destinations

13Cities

• Market Share in Sales

6%

• Market Share in No. of Passengers

36%

• Market Share in Cargo Transport

8%

Japan

Destinations

15Cities

• Market Share in Sales

12%

• Market Share in No. of Passengers

19%

• Market Share in Cargo Transport

7%



# Our Fleet



A380

-20%

less CO<sub>2</sub> emissions

-40%

smaller noise footprint during take-off and landing

10 units

to be added in 2011-2014



B787

1<sup>st</sup>

First private aircraft to employ a light carbon complex over the entire fuselage

30%

with 30 % higher fuel efficiency per seat

10 units

to be added in 2011-2014

## Fleet Modernization

Korean Air plans to add to its fleet a total of 62 new-generation aircraft, including 51 passenger planes and 11 cargo planes, by 2015. This ambitious plan to modernize its fleet with state-of-the-art aircraft demonstrates Korean Air’s strong commitment to achieving sustainable management while fulfilling its environmental, social and economic responsibilities. Korean Air also continues to invest in improving the quality of seats and developing new and advanced in-flight service appropriate for high-tech aircraft.

## Benefits of Adding New-generation Aircraft

**Fulfilling environmental responsibilities** The best way in which to address environmental issues, including climate change and noise and air pollution, is a constant investment in eco-friendly aircraft equipped with advanced technology that reduces environmental loads. Korean Air will gradually replace the older aircraft in its fleet, the B747 and A300 models, with the latest aircraft models A380, B787 and B747-8, thereby meeting global air travel needs while at the same time minimizing environmental impact.

**Fulfilling social responsibilities** Expanding routes using new-generation aircraft ensures more convenient and comfortable air travel, which allows passengers a more varied flight schedule and improves the work environment of flight attendants. It also creates jobs both directly and indirectly.

**Fulfilling economic responsibilities** Adopting the latest model of aircraft contributes to revitalizing the national and local economies by creating new routes and further expanding existing routes, while reducing the time and cost of imports and exports.



Fuel efficiency

20%

Flying distance

10%

Cost effectiveness

13%

To be gradually adopted beginning in 2013

5 units

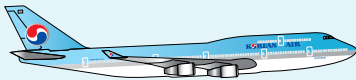
## B747-8i (Intercontinental/Passenger)

This is the next-generation model of aircraft introduced by Boeing in November 2005. It is 5.6m larger than the B747-400 model, allowing 400 to 500 passenger seats in total. It also has 20 % higher fuel efficiency, a 10 % longer flying distance, and is 13 % more cost effective than the B747-400. Korean Air plans to gradually adopt five units of this model beginning in 2013.

The best answer to climate change is a constant investment in technical improvement of aircraft, in order to reduce environmental impacts. Korean Air will gradually replace its fleet, which currently consists of B747 and A300 models, with the latest aircraft models A380, B787 and B747-8.

## Fleet (as of Dec. 31, 2009)

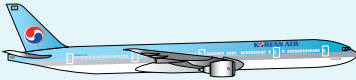
### BOEING 747 Passenger 22 units | Cargo 22 units



<b>Boeing 747-400</b>	
Seating Capacity	384/335/333/284
Maximum Distance	12,821km
Maximum Duration	14 hours 14 minutes

<b>Boeing 747-400ERF(Cargo)</b>	
Maximum Payload	117.55tons
Maximum Distance	8,415km
Maximum Duration	9 hours 22minutes

### BOEING 777 Passenger 25 units



<b>Boeing 777-200</b>	
Seating Capacity	301/261/248
Maximum Distance	12,538km
Maximum Duration	14 hours 7 minutes

<b>Boeing 777-300</b>	
Seating Capacity	376/342/291
Maximum Distance	9,352/13,383km
Maximum Duration	10 hours 26 minutes/ 14 hours 51 minutes

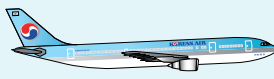
### AIRBUS 330 Passenger 19 units



<b>Airbus 330-300</b>	
Seating Capacity	296/280
Maximum Distance	9,560km
Maximum Duration	11 hours 8 minutes

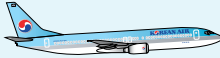
<b>Airbus 330-200</b>	
Seating Capacity	256/226
Maximum Distance	10,421km
Maximum Duration	12 hours 6 minutes

### AIRBUS 300 Passenger 8 units



<b>Airbus 300-600</b>	
Seating Capacity	276/266
Maximum Distance	3,519/6,121km
Maximum Duration	4 hours 22 minutes / 7 hours 27 minutes

### BOEING 737 Passenger 31 units



<b>Boeing 737-800</b>	
Seating Capacity	162/149/147
Maximum Distance	2,997/5,167km
Maximum Duration	3 hours 41 minutes / 6 hours 13 minutes

<b>Boeing 737-900</b>	
Seating Capacity	188
Maximum Distance	3,758km
Maximum Duration	4 hours 33 minutes

Total: **127** aircraft, including 105 passenger planes and 22 cargo planes (as of the end of 2009)

# Our People

## Employee Communication

Korean Air has established an open communication channel that allows employees to consult management regarding problems or to make a proposal. Counselors give advice according to the company regulations which call for respect of all employees and the protection of privacy.

## Employee Education

Korean Air provides over 500 online educational courses for its employees, including work and air transport-related courses and foreign language and IT courses. In particular, opportunities for senior managers to take courses are provided for employees working overseas. In this way, Korean Air gives each and every employee a sense of unity and confidence in their work capacities.

## Women-friendly Company

As of December 31, 2009, over 30 % of Korean Air's total workforce consisted of female workers. Over the last three years, females have made up 64 % of newly-hired employees. Korean Air provides a wide variety of initiatives aimed at ensuring the welfare of female employees, including full maternity leave, childcare centers, and sending them overseas for senior manager or passenger cabin manager programs. In recognition of our effort to promote gender equality and the well-being of our female employees, Korean Air became the first Korean company to sign a "Women-friendly Company" agreement with the Ministry of Gender Equality in 2008.

## Increasing Employment of the Physically-challenged

Korean Air had 151 disabled persons in its employ as of December 31, 2009. To provide more job opportunities to the physically-challenged, including to severely disabled persons, Korean Air expanded the scope of their jobs and duties to reception, ticketing, transport, computation and general office work. Korean Air will further expand its number of disabled employees.

## Overcoming the economic crisis with Labor-management Cooperation

Amid the frustrating economic crisis that affected many global companies, Korean Air made an extensive stabilizing effort by freezing staff and employee wages rather than having to carry out painful restructuring and reduce jobs.



Using the corporate philosophy of "a company is the sum of its people," Korean Air creates a pleasant working environment for its 17,395 employees at home and abroad. Career development programs and benefits which enable employees to improve their quality of life and take pride in their work.

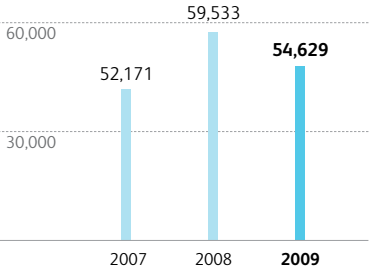




# Our Business



Sales in Passenger Business (KRW 100 million)



## Air transportation business

As of the end of 2009, Korean Air had 127 aircraft in its fleet and offered scheduled routes to 13 domestic destinations and 104 international destinations in 38 countries. In 2009 alone, we transported 20.72 million passengers and 1.57 million tons of freight.

The year 2009 was a challenging year for an airline as the global financial crisis caused economic slowdown and reduced air transport demand. The situation was made worse by the increase in foreign currency-denominated cost stemming from the rise in the won-dollar exchange rate, along with the spread of the H1N1 flu virus.

To respond to the decline in air travel demand, Korean Air adjusted routes in a flexible manner in line with the market situation and expected demand. For example, we sought to improve profit by reducing flights to China, Oceania and Europe which had lower tourism demand, while increasing flights to America, Japan and CIS which had higher air travel demand due to visa waiver programs, the strong Yen and expanded economic exchanges, etc.

In addition, Korean Air opened new routes to Xian, Mudanjiang in China and Shizuoka in Japan, which have potential for increased air travel demand, adding irregular flights to a third country via Japan in order to increase profits. We have also strengthened overseas marketing and developed a more convenient flight transfer schedule to attract more foreign passengers, offsetting decreased air travel demand from Korea. As a result, overseas sales increased 14 % year-on-year. In Japan in particular, we enjoyed a 41 % increase in sales thanks to the strong Yen and aggressive marketing.

Along with this effort to increase profit, Korean Air added high-tech aircraft such as B777-300ER to its fleet, and upgraded seats and in-flight entertainment systems in order to offer better services to our customers.

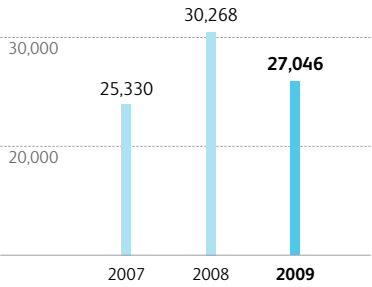
*The year 2009 was a challenging year for an airline as the global financial crisis caused economic slowdown and reduced air transport demand. The situation was made worse by the increase in foreign currency-denominated cost stemming from the rise in the won-dollar exchange rate, along with the spread of the H1N1 flu virus.*

In the last quarter of 2009 the air cargo transport demand slowly began to increase, as the global economy showed signs of recovery and governments began to execute stimulus policies. Accordingly, Korean Air's Cargo Business division used its full strength to optimize available resources in order to improve cargo business performance.

To meet the short-term, high-profit cargo transport demand, Korean Air rescheduled routes by operating more flights with higher demand and by increasing irregular flights. Moreover, we implemented a flexible price policy adjusted to the market situation and differentiated the amount of supply depending on profitability.

Korean Air opened a new market for future growth by starting a cargo flight to Hanoi in Vietnam in October 2009, and made inroads into the Central Asian market by expanding routes using Navoi airport in Uzbekistan as a new hub, thus profiting from higher air transport demand between Europe and Southeast Asia. In addition, we invested in cargo terminals in Incheon, New York, Tianjin and Navoi while investing in IT sectors such as next-generation freight transport systems and Claim Portal Sites, thereby improving customer services.

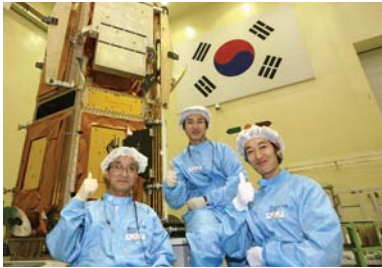
Sales in Cargo Business (KRW 100 million)



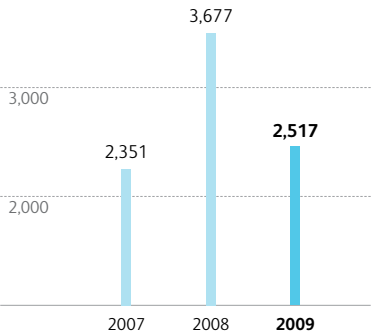
## Aerospace business

Korean Air has been leading the Korean aerospace industry by manufacturing and exporting components for major global airlines and by providing maintenance of aircraft for military and civilian use, while designing and developing satellites and launch vehicles.

In 2009 we restructured to create the Aerospace Business division, which integrated with the existing business unit for component manufacturing, military aircraft maintenance and civilian aircraft maintenance. The Aerospace Business division seeks to become a global center for aircraft manufacturing and maintenance, leading the aerospace industry.



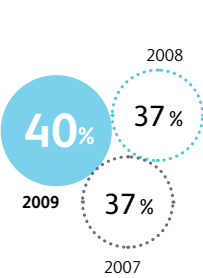
Sales in Aerospace Business (KRW 100 million)



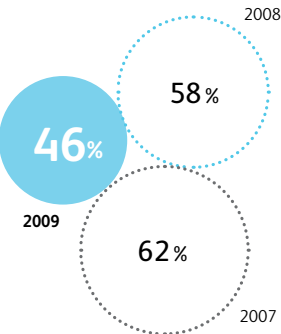
**Aircraft design and manufacturing** Korean Air has been supplying component parts to Boeing for 20 years for aircraft models such as the B717, B737, B747, B767, and B777. We have also participated in the design of the new high-tech B787 model, and were recognized for our state-of-the-art technologies by Boeing. Korean Air also joined the development of a specialized cargo door for the latest A350 model, adding its supply of fuselages to Airbus. This indicates Korean Air's commitment to expanding its business scope from supplying component parts to developing components and systems.

In the first half of 2009, Korean Air contracted with Boeing to manufacture component parts for the fuselage and wing of the B777 model and the radome of the B737/747 models, and signed an extended contract with Airbus to supply fuselage frames and skin panels. In the second half of 2009, we entered into a contract with Boeing to participate in the B747-8 aircraft development business, including the development of flap track fairings, wing tip extensions, and raked wing tips.

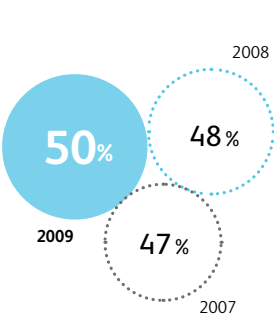
Market Share in International Flight  
(Departure and arrival from/to Korea)



Market Share in Domestic Flight



Market Share in Cargo Transport





**Military aircraft maintenance and conversion** Korean Air has been serving as the only maintenance center for both the US Air Force stationed in the Asia-Pacific region as well as the Korean military, managing maintenance and conversion projects involving fighter aircraft and helicopters for the US Navy and Air Force. In the first half of 2009, we won the contract from the US-based company Sikorsky to manufacture UH-60 helicopters’ fuselage components, after being recognized for our manufacturing, maintenance and conversion experience with that helicopter model. In the second half of 2009, Korean Air provided A-10 skeleton structure inspection and maintenance, weapon system (or armament system) performance improvement and F-15 re-wiring for the US Air Force. We have also joined the software development of Korean Helicopter Program (KHP) Integrated Digital Map Computer (IDMC) project.

**Electronic Equipment and Substantial Maintenance for Civilian Aircrafts** Korean Air has a world-class competitiveness in heavy maintenance of aircraft. We have 7 hangar bays large enough for A380 and B747 aircraft models to enter, comprehensive maintenance facilities for electronic and body equipment, and an automated material storage house. These facilities allow Korean Air to perform the maintenance and conversion work not only for its own fleet but also for an average of 120 foreign aircraft annually. Korean Air enhances the reliability of its maintenance work for electronic equipment by utilizing the latest technologies, repairing and manufacturing over 15,000 items with its specialized maintenance know-how in the fields of navigation, telecommunication, and electric and electronic equipment. As for fuselage of aircraft, Korean Air incorporated a series of test equipment and maintenance skills for the pneumatic and hydraulic pressure and fuel systems. We repair and manufacture 14,000 fuselage-related items annually.

**Satellite and unmanned probe development** Korean Air participated in the system assembly and engine development of Korea’s first launch vehicle, the KSLV-1, and assembly of the liquid rocket engine and technology development for test facilities of KSLV-2. We have also developed the main body of the Arirang Satellites 3 and 5. In the area of aircraft development, Korean Air has joined a corps-level depot maintenance elements development project for unmanned aerial vehicles (UAVs) while developing high-performance, unmanned aircraft for close surveillance and an integrated training simulator for the unmanned aircraft. This will allow Korean Air to secure its R&D capabilities, which are required in order to lead the market. In addition, Korean Air was selected as a company to develop and integrate systems for the government-led medium-altitude UAV investigation and development project. We intend to complete the research and development phase by the end of 2011.

Catering & In-flight Sales Business

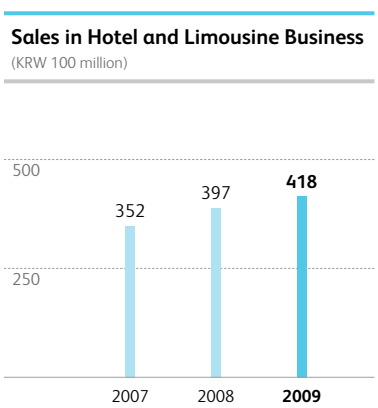
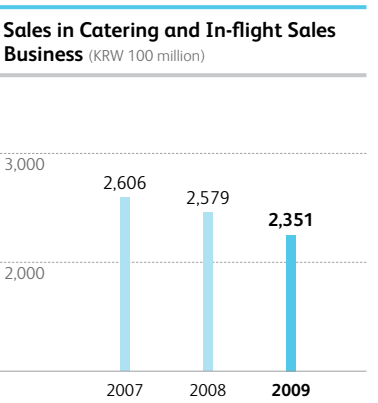
**Catering business** Korean Air offers high-quality in-flight meals that meet the different needs of passengers. We develop menus based on customer surveys, produce meals in the ground facility in accordance with the flight schedule, and include in-flight tableware for passengers of Korean Air and other air carriers. Korean Air’s in-flight meal catering center acquired HACCP (Hazard Analysis Critical Control Points) from the Korea Food & Drug Administration for its high safety standards. We have also opened a Food Safety Research Center at Inha University, to systemically manage the entire process from buying ingredients to making and delivering meals. With this high focus on safety and quality, Korean Air offers the world’s best in-flight meals. In addition, by introducing high-end tableware and constantly developing new menus, Korean Air won the “PAX Readership Awards” sponsored by ITCA, 5 years in a row, from 2005 to 2009. This proved once again the excellent quality of Korean Air’s in-flight meal services. We will continue to improve our in-flight meals by developing a wide variety of menus to meet the tastes of customers in consideration of regions and routes. Meanwhile, Korean Air will continue its role of promoting Korean food to global customers by offering a varied set of meals with a touch of Korean tastes.

**In-flight sales business** Korean Air has been providing a pre-order service that allows passengers to buy tax-free products during their flights. Adoption of this service significantly enhanced the efficiency of in-flight sales. We continue to aim for greater customer satisfaction through strict quality control and new product lines, in reflection of customer demand.

Hotel and Limousine Business

**Hotel business** Korean Air operates KAL Hotels in Jeju City and Seogwipo, providing top-class services as a luxury hotel chain. We also run other hotels through affiliates, including the Wilshire Grand Hotel in Los Angeles, the Waikiki Resort Hotel in Hawaii, and the Hyatt Regency Hotel in Incheon.

**Limousine business** Korean Air’s Limousine Bus Service provides the most convenient means of ground transportation, connecting airports with downtown locations. The Limousine system has boasted top-class customer service through constant improvement since 1992.





# Economic Performance & Sharing

The business environment in 2009 was very unstable. Oil prices reached historically high levels and uncertainty remained in the financial market due to the US subprime mortgage crisis. However, Korean Air relentlessly worked to improve service quality and reduce costs. Although sales decreased by around 8.0% year-on-year to KRW 9.3937 trillion, operating income bounced back to a surplus of KRW 133.4 billion. We continue to share with various stakeholders the profit generated from economic activities.

Balance Sheet (KRW 100 million)

Category	2007	2008	2009
Assets	151,437	158,676	169,193
Liabilities	107,437	130,442	138,622
Stockholder's Equity	44,000	28,234	30,571

P/L Statement (KRW 100 million)

Category	2007	2008	2009
Sales	88,120	102,126	93,937
Gross Profit	20,227	13,912	14,137
Operating Income	6,368	-993	1,334
Income before Corporate Income Tax	944	-24,508	-1,254
Net Income	129	-19,424	-989

\* Corporate income tax and dividends were unpaid due to the operating income deficit in 2008. Please refer to the 2009 Annual Report for detailed economic performances.

Economic Profit Sharing with Stakeholders (KRW 100 million)

Executives and Employees

- Personnel Expenses 13,557
- Employee Benefits 1,996

Suppliers

- Rental Expenses 3,293
- Fuel Expenses 29,387
- Material Expenses 2,009
- Service Expenses 647
- Ground Operations Services 3,577

Tax Authorities

- Tax and Dues 337
- Corporate Income Tax\* -265

Aviation Authority

- Landing Fees 2,678
- Facility Charges 3,992

Local Community

- Landing Fees 157

Shareholders & Investors

- Dividends\* 0
- Interest Expenses 5,470

Illustration\_Jung Sujeong



# Sustainable Management

## Sustainable Management of Korean Air



\*Enterprise Resource Planning (ERP) : Integrated information system that efficiently manages all personnel and physical resources to strengthen the competitiveness of a company

*Korean Air’s global transportation network contributes to the sustainable development of the world. We implement sustainable management, pursuing stable and continuous economic growth and fulfilling social and environmental responsibilities for the co-prosperity of various stakeholders.*

Sustainable development is all about striking a balance between economic, environmental, and social goals to enhance the quality of life both for current and future generations. All of the goals are equally significant, but a compromise is required for the optimal balance since they are mutually dependent. Korean Air’s global transportation network contributes to the sustainable development of the world in social and economic terms. Still, our usage of fossil fuels has an impact on climate change, and the noise during take-off and landing affects residents near the airports. We will endeavor, as a steward of the environment, to minimize the impact of our operation while meeting the increasing demand for air transportation. Moreover, we will fulfill our social responsibility to raise the quality of people’s lives through mutually-beneficial and open communication with diverse stakeholders.

### Economic Responsibility

Air transportation promotes a balanced economic development among regions by facilitating global business. It also creates employment opportunities by increasing business, travel, and tourism. Korean Air will accomplish the economic responsibility of maximizing the value of society, businesses, and individuals by providing swift and convenient passenger and cargo transportation to all corners of the world.

### Social Responsibility

We make efforts to fulfill our responsibility as a corporate citizen for customers, shareholders, investors, employees, partners, and local communities that are directly and indirectly influenced by our economic activities. Customers are offered absolute safety and quality service during swift and convenient travel to their destination. They can enjoy our in-flight experience full of cultural and educational opportunities. We are also devoted to enhancing the living standard of our employees through benefits and rewards, while strengthening their capability and talents through continuous training. In addition, we contribute to the local community through sharing and donating, and cooperate with our partners for co-prosperity.

### Environmental Responsibility

Noise made during take-off and landing undermines the quality of life of residents near airports. The combustion of fossil fuels emits greenhouse gases into the atmosphere, affecting climate change. Korean Air makes a company-wide effort to achieve sustainable development that satisfies growing air transportation need and minimizes environmental impacts.



# Corporate Governance



**Cho, Yang Ho**  
Director / Chairman & CEO



**Chi, Chang Hoon**  
Director / President & COO



**Lee, Tae Hee**  
Director / General Counsel



**Suh, Yong Won**  
Director  
Executive Vice President



**Cho, Hang Jin**  
Director  
Executive Vice President



**Park, Oh Soo**  
Non-standing director  
Professor, College of Business Administration, Seoul National University



**Kim, Jae Il**  
Non-standing director  
Professor, College of Business Administration, Seoul National University



**Lee, Sog Woo**  
Non-standing director  
Lawyer, Doore Law Firm



**Lee, Hee Beom**  
Non-standing director  
Chairman of STX Energy & STX Heavy Industries



**Lee, Yun Woo**  
Non-standing director  
Management Advisor, Daewoo Securities



**Hyun, Jung Taik**  
Non-standing director  
Professor, College of International Trade, Inha University

Korean Air’s Board of Directors consists of executives capable of leading the aviation industry and non-standing directors who are renowned experts in their respective fields. Non-standing directors promote transparency by overseeing Korean Air’s management status and by providing advice from an objective perspective.

### Board of Directors

The Board of Directors (BOD) of Korean Air makes resolutions regarding the agenda commissioned at the general shareholders’ meeting and significant issues related to the company’s operations, in accordance with company regulations and the Articles of Incorporation. It also monitors the performance of directors. The BOD is comprised of 11 members, including highly-capable executives who lead the aviation industry and six non-standing directors equipped with high-level expertise in their respective fields. In 2009, the BOD held seven meetings to resolve 45 issues.

The yearly schedule for BOD meetings is prepared and delivered to directors in advance to improve attendance and the efficiency of the BOD’s decision-making process. Senior executives with expertise relevant to agenda items of particular meetings are asked to attend to provide comprehensive information. This enables other directors to gain a better and fuller understanding of the topic, thus allowing for more informed decision-making. Non-standing members are provided with offices and the right of access to a diverse range of corporate information, including the status of the company’s operations and performances via the company’s intranet. Three specialized committees operate under the direction of the BOD in accordance with the rules and regulations relevant to each committee. These include the Audit Committee, Management Committee, and Non-standing Director Nominating Committee. The Audit Committee is composed entirely of non-standing directors to ensure the committee’s independence in monitoring the company’s performances and the BOD activities.

### Shareholders

Korean Air is listed on the KRX with a total issuance of 73,350,808 shares as of December 31, 2009. Hanjin owns the majority stake of 9.72%, followed by Chairman Cho, Yang Ho with 9.5% equity. Korean institutional investors hold 27% and foreign investors own 23% of total stocks.

### Major Shareholders

Shareholder	Number of Shares	Proportion of Shares (%)	Description
Cho, Yang Ho	23,327,081	31.80	Shares owned by affiliated persons and Korean Air included
National Pension Fund	3,433,803	4.68	
Mirae Asset Global Investments	2,842,532	3.87	
UBS-Hana Asset Management	992,157	1.35	
KTB Asset Management	916,704	1.24	





# Business Environment & Risk



## Business Environment Outlook for 2010

The Korean and global economies are expected to pick up gradually in 2010, supported by government stimulus packages implemented to overcome the global recession. Yet growth is projected to be limited since exit strategies could be carried out in concern of inflation and a double dip may occur due to delayed recovery from the financial crisis. Demand in passenger transportation is predicted to post a slow increase backed by the steady recovery, downward stabilization of the won/ dollar exchange rate, and eased concerns of the H1N1 flu. Cargo transportation demand is estimated to grow as well thanks to the expansion in production and consumption driven by the revitalization of the real economy since the second half of 2009. Meanwhile, an oil price hike is forecasted owing to supply and demand factors including growing demand following the recovery, and OPEC’s continued policy to control production to minimize inventory. In addition, the possible capital flow into the oil market emanating from the decline in the value of the dollar could exacerbate the situation. A strong won is expected considering the weak dollar and the continuous surplus of the current account balance. However, the volatility of the won/dollar exchange rate may increase if the dollar-carry trade expands the capital flow regarding the portfolio investment of foreigners.

## Management Strategy of 2010

1. Company-wide expansion of management focused on environmental protection	<ul style="list-style-type: none"><li>· Mitigation of greenhouse gas emissions through the modernization of aircraft, reinforcement of transportation network, and improvement of maintenance and operation processes</li><li>· Identification of eco-friendly businesses as a new growth engine</li><li>· Promotion of company recognition through strengthening of eco-friendly support projects</li></ul>
2. Securing of new growth engines	<ul style="list-style-type: none"><li>· Addition of six state-of-the-art aircraft through continuous investment</li><li>· Securing of the foundation for long-term growth through the manufacturing of next-generation airplane parts and the adoption of ERP</li><li>· Participation in Uzbekistan’s Navoi International Airport Development Project</li></ul>
3. Route operation centered on profitability	<ul style="list-style-type: none"><li>· Flexible adjustment of supply through the analysis of changing demand</li><li>· Extension of high-end marketing and development of luxury and differentiated services</li><li>· Expansion of routes to the US through the conclusion of the Visa Waiver Program with the US in 2008 and the Open Skies Agreement with Canada</li><li>· Expansion of routes destined to locations of the Winter Olympics, World Cup, and G20 Summit</li><li>· Growth of market share and strengthening of global network</li></ul>
4. Improvement of management efficiency through ERP	<ul style="list-style-type: none"><li>· Stable settlement and utilization of the ERP system</li><li>· Swift decision making, streamlining of the business process, and promotion of data transparency</li></ul>

*Under rapid changes in the aviation business environment, risk management emerged as a prerequisite for the survival and continuous development of a company. Korean Air has responded to the changes by building and operating a risk management system.*

## Navoi Project

The Navoi Project is aimed at developing the Navoi International Airport into a logistical hub that links air and inland transportation by capitalizing on its geographical advantage of bridging Asia and Europe. Korean Air concluded the MOU on building a logistics center in Navoi International Airport with Uzbekistan Airways in May 2008. We also held a signing ceremony for the joint-development project of the Navoi International Airport. We plan to expand operations in the logistics market of Central Asia by utilizing Uzbekistan as the beachhead. In this regard, the company inaugurated the cargo transportation services linking Incheon, Navoi, and Milan. We have also been entrusted with the operation of the Navoi International Airport. The process of modernizing its facilities is currently underway and two A300-600 cargo carriers have been lent to Uzbekistan Airways for a period of five years. Korean Air carries cargo from Southeast Asia, Russia, and CIS regions to Europe via Navoi, opening a new chapter in Uzbekistan’s air cargo transport. Moreover, a joint venture with Central Asia Trans, a local inland transportation company, has been formed. This is to develop a multimodal transportation system that connects Russia, Europe, East Asia, and the Middle East by combining air and inland transportation, and railway and inland transportation. Our efforts to expand multimodal logistics facilities and advance international logistics projects will position Navoi as the center of a pan-Central Asian inland network.

## Risk Management

The global economic recession weakened demand for air transportation, increased oil prices, and triggered fluctuation in exchange rates, causing rapid changes in the aviation business environment. As a consequence, risk management emerged as a prerequisite for the survival and continuous development of a company. Korean Air has responded to the changes by building and operating a risk management system. We are designing risk management regulations against various contingency scenarios, response strategies and manuals for each business unit, and an emergency organization system. The company is always prepared to activate the risk management system under contingency situations and return to business as usual once the emergency is over.

**Exchange Rate and Oil Price Volatility** We manage the target for the proportion of domestic and foreign sales in a flexible manner, in order to minimize the financial loss incurred by exchange rate changes. In addition, we are engaged in a range of derivatives contracts to hedge against risk.

**High Oil Prices** Korean Air has adopted a mixture of hedging programs to secure a stable supply of jet fuel. A fuel management team was established in 2004 to prepare for high oil prices. It has been striving to reduce the use of fuel in operation and maintenance. Moreover, we will replace existing aircraft with highly-efficient, next-generation models such as B777, B787 (addition planned), A330, and A380 (addition planned).

### Risk Management

**Currency Options**  
Zero-cost dollar options with major banks in and outside Korea to hedge foreign exchange risk arising from borrowing in foreign currencies.

**Currency Swaps**  
Concluded a currency swap contract with HSBC to avoid the risk of cash flow volatility caused by fluctuations in interest rates and foreign exchange rates on USD 90 million. The contract renders a floating rate of exchange on the USD-denominated interest payments and pays a fixed rate of interest on the KRW-denominated principal.

**Oil Price Option**  
Zero-cost dollar options with Morgan Stanley for the purchase of West Texas Intermediate (WTI) crude oil to hedge against increases in oil prices in the procurement of jet fuel.

**Oil Price Swaps**  
Entered into a swap contract on WTI with Standard Chartered First Bank to reduce risk from the rise of oil prices in the procurement of jet fuel.

# Ethical Management



Having instituted the Korean Air Ethical Charter in 2001, which are guidelines for employees regarding ethical behavior, we expect our employees to abide by higher standards of corporate ethics in their daily business activities. Korean Air also entered into the UN Global Compact to further upgrade the standards of our ethical management practices and to actively fulfill our corporate social responsibilities.

### Korean Air’s Charter of Ethics

Korean Air regards transparency and responsibility as vital management values, respects the free market principles, and abides by relevant rules and regulations in our business practices. With these principles, we strive to promote co-prosperity of both the company and society as a whole. To this end, Korean Air institutes its own charter of ethics as below and pledges to put it into practice.

- We regard customer satisfaction and safety as our highest priority.
- We make every effort to maximize shareholder value for our investors.
- We respect each and every member of our staff and make an effort to enhance their quality of life.
- We promote joint development with our business partners, based on mutual trust.
- We respect the principles of free competition and will play a leading role in the development of the airline transport industry.
- We strongly contribute to the development of our country and society and to the preservation of the environment.
- We acknowledge the corporate principles set forth by the company and uphold our obligations and responsibilities.

### Strengthening Ethical Awareness of All Staff and Employees

Korean Air recently introduced the “ethical management” section on its internal communication network in order to give clear and detailed guidelines to its staff and employees. In addition, Korean Air operates an Internal Misconduct Reporting System to enhance its employees’ awareness on ethical behavior, enabling anyone to report misconduct without concerns of personal information being exposed by reporting offline. Along with this system, Korean Air runs ethics classes for new employees every year as well as asking them to sign an ethical pledges form. In 2009, a total of 830 newly-hired employees took online ethical management courses. Recognized for these company-wide efforts to promote ethical management practices, Korean Air was named the Grand Prize winner of the “2009 Korea Ethical Management Award”.

*Having instituted the Korean Air Ethical Charter in 2001, which are guidelines for employees regarding ethical behavior, we expect our employees to abide by higher standards of corporate ethics in their daily business activities. Korean Air was named the Grand Prize winner of the “2009 Korea Ethical Management Award,” in recognition of its commitment to ethical management.*

### Internal Misconduct Reporting System

Since October 2002, Korean Air has operated an Internal Misconduct Reporting System to eradicate any possible misconduct, such as unreasonable influence by individuals, financial or other irregularities, and other financial or non-financial dealings with business partners. Any type of misconduct, irregularities and even inefficiencies in policies and management practices are corrected after an examination of the report’s factual accuracy.

### Strengthening External Networks to Enhance Ethical Management

In order to benchmark best practices and exchange information, Korean Air strives to build a network with outside entities, by joining ethical management-related meetings, seminars and corporate ethics schools sponsored by the Korea Chamber of Commerce and Industry.

### Internal Inspection of Observation of Fair Trade Regulations

Korean Air adopted a voluntary observation program to abide by relevant rules and regulations regarding fair trade, and set up an internal inspection system. Since 2004 when the management declared its commitment to voluntary observation of fair trade rules, Korean Air has made a constant effort to promote fair trade, prevent unfair trade practices, and eradicate collusion. In 2009, there was not a single case in which Korean Air was given financial or non-financial penalties due to regulatory violations.

### Internal Accounting Control System

Korean Air has built and operated an advanced format of an internal accounting control system to monitor on a regular basis the internal control operation status, in order to prepare reliable accounting information for enhancing transparency in management practices. In addition, we make sure that this monitoring is not confined to the financial sector. We expanded monitoring to the overall business practices to detect loopholes in and improve work processes.

Korean Air’s Ethical Management System





# SkyTeam



Caring more about you™





In June 2000, Korean Air joined the SkyTeam with Delta Airlines, Air France and Aero Mexico, under the slogan of “Caring more about you.” Since then, SkyTeam has grown into an alliance with a total of 13 global carriers including Aeroflot, Alitalia, Air Europa, Czech Airlines, KLM, China Southern, Kenya Airways, Vietnam Airlines and TAROM. SkyTeam is the first alliance that is customer-oriented, with all of its member carriers cooperating closely to realize customer value.

Since its inception, SkyTeam has posted remarkable growth. The number of frequent flyers increased from 40 million to 140 million at present. In addition, the number of destinations increased from 451 to 898 cities in 169 countries. Currently, SkyTeam operates 12,892 flights everyday to locations all around the world. SkyTeam also operates a cargo alliance called SkyTeam Cargo, covering 659 destinations in 132 countries.

With expanded routes and a global network, SkyTeam passengers are allowed to have a wide range of choices of routes and flights when using member carriers and frequent flyers can enjoy top-class services at airports jointly offered by SkyTeam member carriers. As a prime example, SkyTeam opened a SkyTeam Lounge at Heathrow Airport Terminal 4, to provide a more simplified and convenient transfer service for its customers.

SkyTeam will strive to make this top-class customer service available at major airports all around the world, by opening more SkyTeam Lounges and starting product sales through its website.

*SkyTeam, which Korean Air started with Delta airlines, Air France, etc in June 2000, has grown into a global alliance with a total of 13 carriers. Currently, SkyTeam operates 12,892 flights everyday to 898 cities in 169 countries. With this global network, SkyTeam customers are allowed to have a wide range of routes and flights when using member carriers.*

### SkyTeam Joint Statement on Sustainable Management

The SkyTeam Alliance meets the growing air travel demand while contributing to the human and cultural exchange between local communities. SkyTeam recognizes that economic growth must incorporate environmental protection and social development, and it will strive to set the industry standard for protecting the environment, fulfilling social responsibility and realizing equitable and economic prosperity. In this vein, SkyTeam adopts the following commitments:

#### SkyTeam is committed to realizing sustainable economic prosperity.

- We are accountable for our financial results and guarantee transparency in the information we provide.
- We partner with local, national and international organizations to help build and strengthen the communities we serve through employment and economic growth.
- We act with integrity and strive to earn the trust of all of our stakeholders.
- We embrace safety, security and quality as the foundation for a superior level of performance in our operations.

#### SkyTeam is committed to promoting social responsibility.

- We offer safe, motivating working conditions in accordance with applicable employment and labor laws.
- We strive to promote diversity and to ensure equal opportunities among all staff.
- We foster employee opportunities for advancement and mobility through career enhancement initiatives.
- We undertake to abide by all labor laws anywhere we operate, and request that our suppliers and subcontractors comply with these principles.

#### SkyTeam is committed to the protection of the natural environment.

- We endeavor to implement the best available technologies in fleet renewal and the most efficient procedures and operations to reduce noise and air emissions including greenhouse gases.
- We analyze our facilities and processes to identify opportunities for improving our environmental performance.
- We implement measures to reduce the environmental impact of our activities and ask our suppliers and subcontractors to do the same.
- We ensure all facilities and operations comply with environmental protection regulations.
- We communicate with our employees to ensure awareness of environmental goals and objectives, and support employee-driven initiatives to protect the environment.





ENVIRONMENTAL RESPONSIBILITY ✈

# Ready to Live with the Earth

The earth is a valuable asset that should be protected for the next generation. In consideration of this, Korean Air leads environmental protection with our global green activities.

We support technological innovations that lead to fuel-efficient engines with significantly lower greenhouse gas emissions, and new materials that reduce the weight of aircrafts, while also striving to enhance efficiency in our flight operations.

Korean Air is committed to saving our planet so that we can enjoy its beauty for ever.





In order to reduce CO<sub>2</sub> emissions as much as possible while meeting the increasing demands for air flight, Korean Air has set ambitious goals to cut down the increase rate of CO<sub>2</sub> emissions to zero by 2020, and to reduce CO<sub>2</sub> emissions to 50% against the 2005 level by 2050. To achieve these goals, we have 4 'Pillar strategies' to combat climate change: developing technology; improving infrastructure; enhancing operational efficiency; and utilizing economic measures.

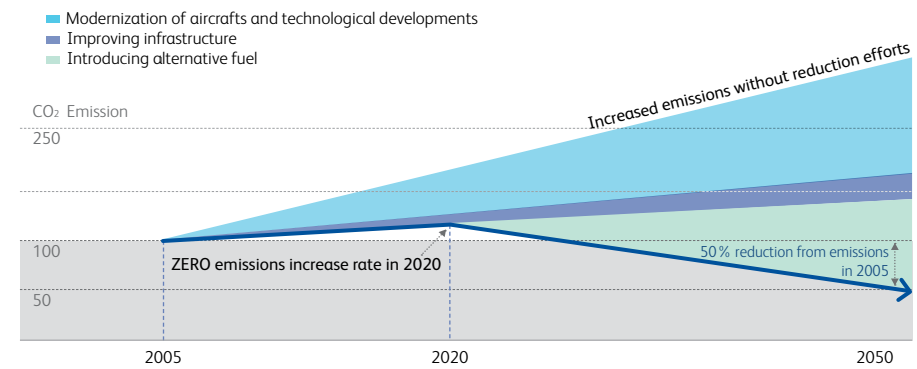


## Climate Change

CO<sub>2</sub> emissions from flight operations account for approximately 2% of total CO<sub>2</sub> emissions around the globe, but are constantly increasing due to higher demands for air travel. Korean Air has set ambitious goals with the IATA (International Air Transport Association) to reduce CO<sub>2</sub> emissions as much as possible while meeting the increasing demands for air flights. Our goals are to reduce the increase rate of CO<sub>2</sub> emissions to zero by 2020, and to lower CO<sub>2</sub> emissions to 50% against the 2005 level by 2050. To achieve these goals, Korean Air is using 4 'Pillar strategies' to combat climate change: developing technology; improving infrastructure; enhancing operational efficiency; and utilizing economic measures.



### IATA Roadmap for CO<sub>2</sub> Emissions Reduction



CO<sub>2</sub> emissions from domestic flight operations by Korean Air account for approximately 0.6% of the total CO<sub>2</sub> emissions from combustion of fossil fuels in Korea. If we include the emissions from international flights, which are excluded from the Kyoto Protocol, the rate goes up to approximately 2.2% of the total CO<sub>2</sub> emissions from combustion of fossil fuels in Korea.

### Korean Air's 4 Pillar Strategies against Climate Change

1. Technology	2. Efficient Operation	3. Infrastructure	4. Economic Measures
<ul style="list-style-type: none"> <li>Purchasing new aircraft and engine technology</li> <li>Using alternative fuels</li> </ul>	<ul style="list-style-type: none"> <li>Adopting fuel-efficient aircraft</li> <li>Optimizing flight routes and speed</li> <li>Improving ground operations</li> </ul>	<ul style="list-style-type: none"> <li>Shortening flight distance by optimizing routes and traffic</li> <li>Minimizing taxi and ramp delay time by improving airport conditions</li> </ul>	<ul style="list-style-type: none"> <li>Emissions Trading Scheme</li> </ul>

GE's new GEnx-1B engine for the B787 model



High-tech aircraft B747-8 model



Technological Development

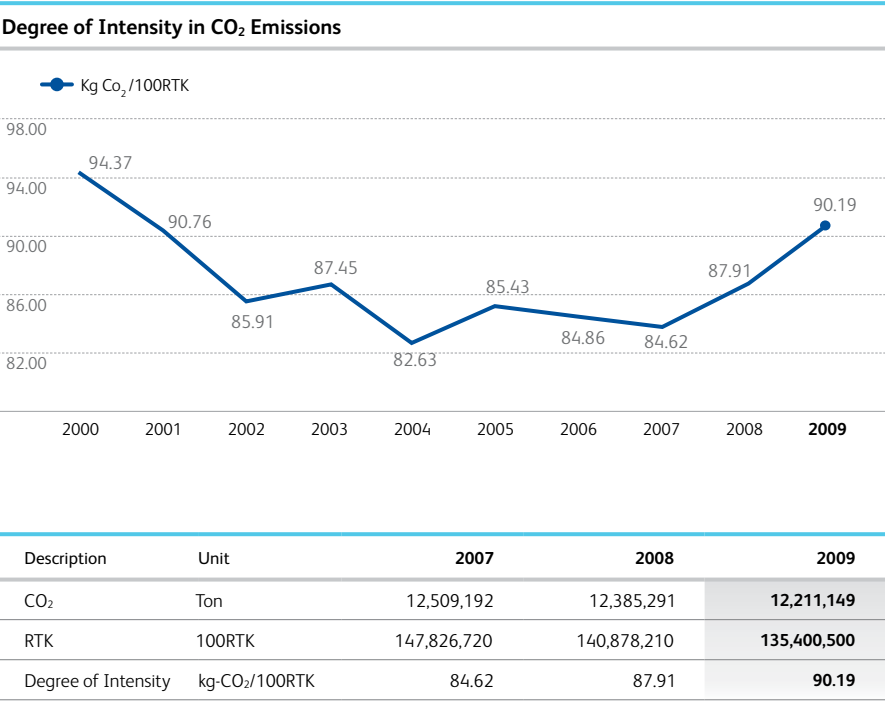
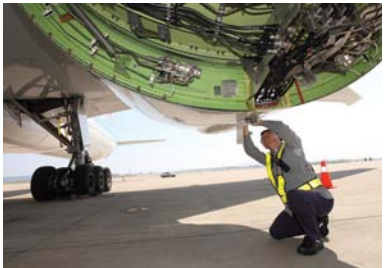
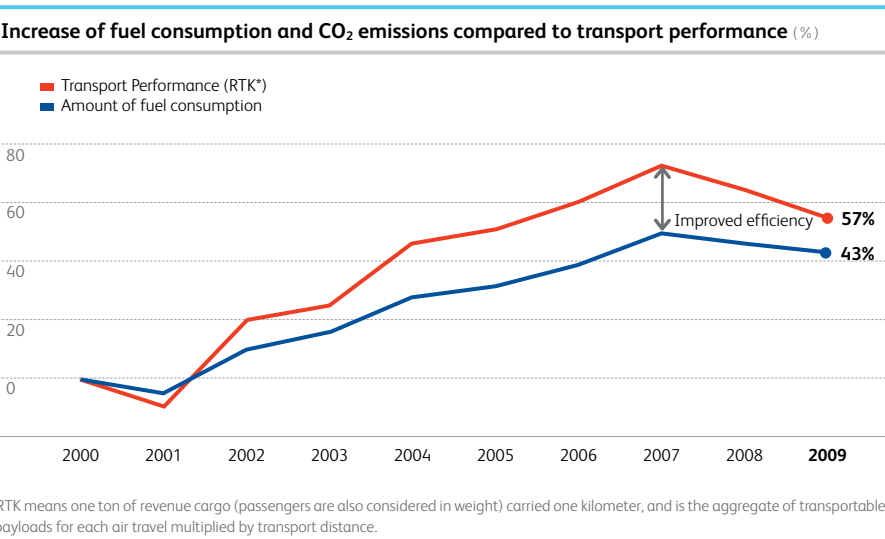
Technological innovation is at the core of Korean Air’s strategies to reduce CO<sub>2</sub> emissions. According to the IATA, if new energy-efficient engines and light-weight aircraft materials can be developed within the timeframe set in the technology innovation roadmap, energy efficiency will be 25 % higher from that of 2005 by 2020.

**Aircraft Modernization** We are phasing out the use of old aircrafts such as the B747 and A300 models, and have already purchased next-generation aircrafts (A380, B787 models) that have 20 % higher energy efficiency than the old vehicles.

**Green Engine Installment** <sup>1</sup> We plan to install green engines in our new aircrafts. These green engines are built with state-of-the-art technology and new materials that are environmentally friendly. GE’s new GEnx-1B engine, which will be placed in the B787 model, emits 15 % less CO<sub>2</sub> than the conventional engine installed in the B767 model, an aircraft that is currently operated as one of our environmentally-friendly vehicles. Moreover, Pratt & Whitney’s PW4170 Advantage70™ engines will be installed in the A330-200 high-functioning aircrafts, which will be introduced to our fleet from 2010 to 2013. These engines are upgraded versions of the PW4000 engines installed in A330 aircraft, and are known to have much higher energy efficiency.

**Participation in Manufacturing of Next-Generation Aircrafts** <sup>1</sup> We are participating in the development of the high-tech aircraft B747-8 model. We are manufacturing components such as wing tip extensions, flap track fairings for wings and other parts with streamlined structures, and raked wing tips for the wings. The raked wing tips are key components that require more exactitude and technology than others, due to their complex form. They raise energy efficiency significantly by reducing air resistance. For the B747-8 model, the fuselage is enlarged by 5.6m from that of the B747-400 model, to hold 450 seats. This high-tech aircraft will be released in the market in the latter half of 2010, and Korean Air plans to introduce ten into the fleet (five for passengers, and five for cargo) by 2015.

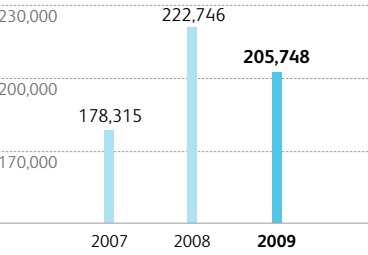
**Increase of Fuel Consumption and CO<sub>2</sub> Emissions Compared to Transport Performance** <sup>1</sup> Thanks to increased demand in global air transport, Korean Air’s transport performance has gone up by more than 57 % since the year 2000. Our endeavors to raise energy efficiency led to only a 43 % increase in fuel consumption and CO<sub>2</sub> emissions, compared to the 57 % increase in performance, indicating that we reduced our environmental burden by 12 %.







Amount of CO<sub>2</sub> Emissions Reduction through Improved Efficiency in Flight Operations (Ton)



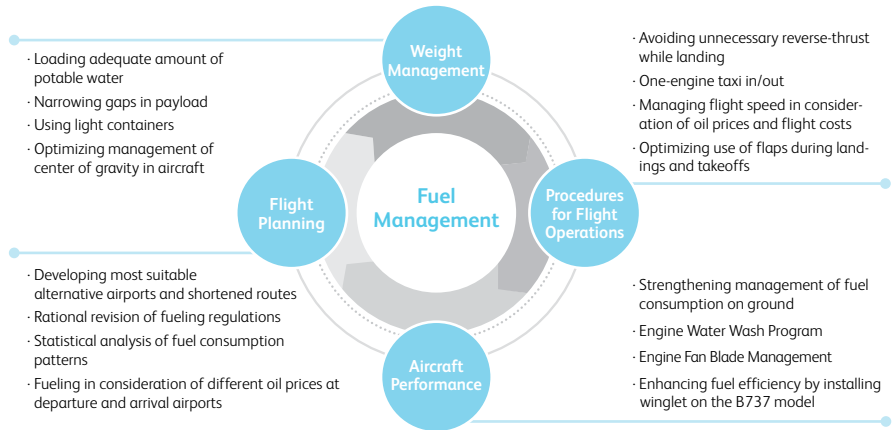
**Alternative Fuel** Since the oil price hike in 2004, the aviation industry has been putting in various efforts to develop an alternative bio-fuel for aircrafts, considering the technological, economic, and sustainability aspects. Through many efforts in 2008 and 2009, several airlines succeeded in test flights using a mix of conventional aviation fuel and bio-fuel. This proved the adequacy of the technological aspect, and Now industries are actively studying its economic and sustainability aspects.

In the latter half of 2009, several leading carriers in the ATA signed an MOU with bio-fuel companies promising joint development and adoption of bio-fuels within three years. However, considering the fact that we need to satisfy the economic aspect of bio-fuels, it is expected to be some time before it is used in real air travel. Korean Air, in order to fulfill our social responsibility as an environmentally friendly corporation, is actively exchanging information and working together with aviation associations, including the IATA, the ATA, and SkyTeam to find ways in which we can participate in the use of alternative energy.

Efficient Operation

**Improved Efficiency in Flight Operations** To raise fuel efficiency and thus reduce GHG emissions, Korean Air has continuously improved our fuel management process, which includes procedures for flight operations, flight planning, weight management and aircraft performance. As a result of 48 fuel management initiatives taken in 2009, which spanned the flight operations, control of operations, maintenance and passenger & cargo traffic sectors, Korean Air was able to save about 65,000 tons of fuel, which led to high achievements in combating climate change with a reduction of 205,000 tons in CO<sub>2</sub> emissions.

Fuel management



**Reducing GHG Emissions on Ground** On the ground, before take-off, electric power is used for various checkups and air cooling systems in order to prepare a pleasant cabin temperature for passengers. For this, auxiliary power (APU) generally used. APU, however, powered by jet fuel which leads to CO<sub>2</sub> emissions and air pollution. Thus in 2009, Korean Air began to use GPS/GPUs (Ground Power Systems/Units) at both domestic and overseas airports. As a result, we have reduced our CO<sub>2</sub> emissions by 35,000 tons.



In 2010, we are planning to upgrade our current fuel management system with stronger analysis capabilities, and to improve fueling standards and procedures for a more rational fueling policy. Furthermore, we will implement fuel management improvement processes by reflecting the characteristics of individual airports, with a special focus on airports with relatively low energy efficiency.

\*GPS/GPU: On-ground facilities that provide necessary electric power to aircrafts

Infrastructure

Current efforts to reduce the impact of the aviation industry on climate change are being carried out largely by individual airlines working on their own. However, a lack of optimization of infrastructure at airports leads to crowded conditions, unnecessary detours of flight routes and insufficient choices of optimal alternate airports, resulting in increased fuel consumption and thus, more CO<sub>2</sub> emissions. Currently, a number of flight routes follow zigzag patterns alongside national boundaries due to differences in air traffic control and sovereignty over military airspace. According to an IPCC (Intergovernmental Panel on Climate Change) report, GHG emissions could be reduced by about 12 % with improvements in procedures, systems and infrastructure.

**Air Traffic Management (ATM)** The development and increased use of air traffic devices have given rise to calls for a more efficient operation of airports, public services and routes. Accordingly, the Korean aviation industry is reviewing the adoption of routes and flight operation procedures that employ the performance-based navigation (PBN)\* concept. Korean Air is playing a pivotal role in this government-driven project. Area navigation (RNAV), the first step in PBN, previously adopted in only a handful of developed countries, has already been implemented in Korea to reduce flight time, save fuel, and enhance efficiency in flight operation. If PBN adoption is completed in domestic airports, flight routes will be shortened by 5 % (1.9 million km) per year, which will result in a reduction of 45,000 tons in CO<sub>2</sub> emissions.

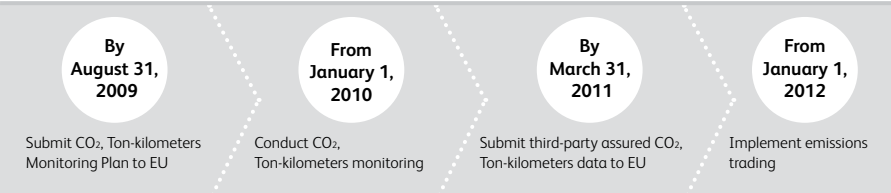
\*PBN (Performance Based Navigation) : A system that utilizes satellite navigation to guide take-off and landing routes regardless of designated airways on-ground.



Economic Measures

**Emissions Trading Scheme (ETS)** The Emission Trading Scheme is an economic policy response to global climate change, supplementing other efforts such as advancements in aircraft technology and improvements in flight operations and infrastructure. ETS should therefore be developed in a cost-efficient manner. However, the EU recently passed a unilateral bill that applies an emissions trading scheme to the aviation industry. Accordingly, all airlines, including Korean Air, that fly in and out of Europe are subject to regulations that limit CO<sub>2</sub> emissions from 2012 (average CO<sub>2</sub> emissions during 2004 and 2006 are the baseline). Airlines will be required to purchase credits for their CO<sub>2</sub> emissions in excess of the regulatory standards through the emissions trading scheme. Such measures enforced by the EU are discouraging the efforts of airlines to increase investment in environmental protection, including the introduction of new aircrafts. It is also a violation of the Chicago Convention for a certain region to impose unilateral sanctions on international aircrafts that fly over skies that are not subject to any sovereign power. The ICAO also articulated that all policies adopted by the aviation industry to address climate change shall be implemented by agreement among affected countries. Korean Air hopes to see global measures and guidelines developed against climate change in the near future, based on mutual consent through the ICAO.

EU Emissions Trading Scheme Timetable



**Carbon Offset** Korean Air is reviewing the adoption of a carbon offset program, which allows passengers to voluntarily purchase credits to offset the CO<sub>2</sub> emissions created by their own travels. We plan to adopt this voluntary GHG offset program once reliable standards are set for objective CO<sub>2</sub> calculations, adequate prices are settled for offsets, and transparency is ensured regarding the destination of investments.

Voluntary Agreement

Following the establishment of the Framework Act on Low Carbon, Green Growth and its Enforcement Decree, Korean Air is preparing a voluntary agreement with the Ministry of Land, Transport and Maritime Affairs (MLTM) by July 2010, in order to lower GHG emissions in the aviation industry. Based on the average amount of CO<sub>2</sub> emissions during the past three years (2007-2009), we set a goal to reach a certain amount of fuel efficiency compared to our annual business performances, starting in 2010. To reach this goal, we will actively introduce new fuel-efficient aircrafts and further enhance efficiency in flight operation.

# Noise Reduction

From past to present, noise has been the most pressing environmental issue for residents living in the vicinity of airports. Airlines and engine manufacturers continue to make efforts to improve the aerodynamics dynamics and engine performances of aircrafts to minimize noise level. However, more residential areas have sprung up in areas surrounding airports and the number of flights has increased, which leads to constant requests from nearby communities for further noise abatement.



**Noise Abatement Departure Procedure (NADP)** Korean Air, with improved procedures for landing and take-off, fully complies with the noise abatement departure and landing procedures required by airports around the world. We are also developing additional technology and procedures that will help to fit the ICAO's Noise Abatement Departure Procedure (NADP) to the environment of each airport.

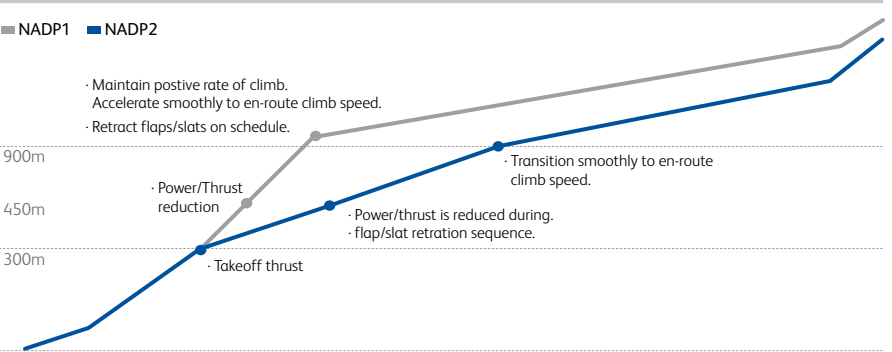
ICAO Noise Abatement Departure Procedure

**NADP 1** This procedure involves a power or thrust reduction at or above the prescribed minimum altitude(245m) and the delay of flap/slat retraction until the prescribed maximum altitude is attained. At the prescribed maximum altitude(900m) above aerodrome elevation, the aircraft is accelerated and the flap/slats are retracted on schedule while maintaining a positive rate of climb. (Gimpo International Airport)

\*Flap: high lift device attached to the backside of airplane wings

**NADP 2** At first, the aircraft climbs up with the prescribed take-off thrust. Then as it reaches the prescribed minimum altitude (245m), it retracts flaps and accelerates climbing speed until it reaches an altitude equivalent to 900m. This enables the aircraft to fly almost horizontally as it passes through the airport surroundings and nearby cities. After it passes these areas, the aircraft changes back to its original climb thrust. This is a noise abatement departure procedure used in cases where residential areas are farther away from the airport. (Incheon International Airport)

ICAO Noise Abatement Departure Procedure



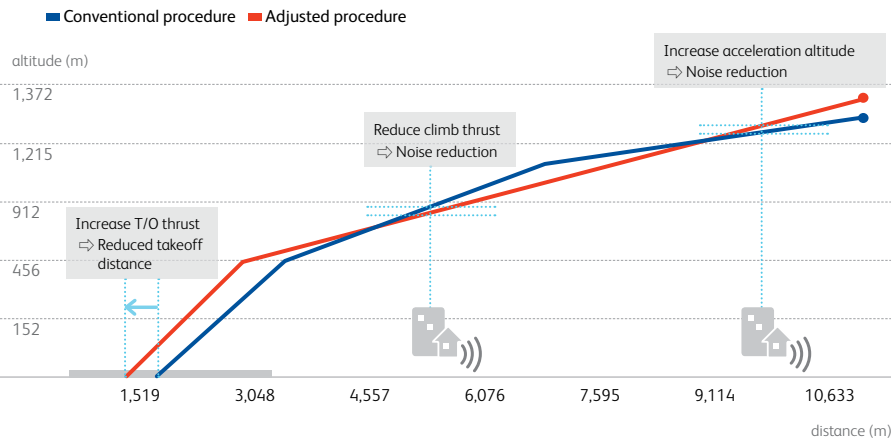




Noise Abatement Departure Procedure for Gimpo International Airport

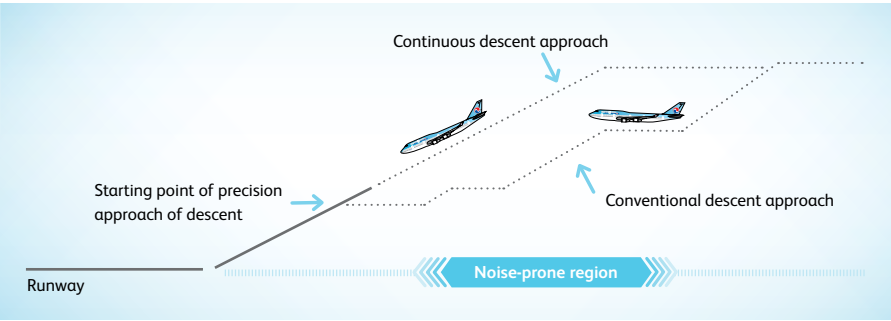
According to our additional reviews of the ICAO’s NADP1, noise abatement effects proved to be higher when aircrafts adjusted thrust at an altitude of 456m in cases where they are flying over noise-sensitive areas at the southern vicinity of the airport. It was also more effective to retract flaps and accelerate speed at an altitude of 1,215m instead of 912m when passing through noise-sensitive areas farther away from the airport. We therefore made adjustments to our departure procedures through our company policy.

Noise Abatement Departure Procedure for Gimpo Airport



ICAO Noise Abatement Landing Procedure

We adopted the Continuous Descent Approach (CDA), recommended by the ICAO, in Gimpo Airport in November, 2007. The CDA is a descent method in which airplanes follow a continuous and smooth glide path to touchdown. It leads to significant reductions in both noise and CO<sub>2</sub> emissions, compared to the conventional method in which aircraft landings were akin to descending a flight of stairs.

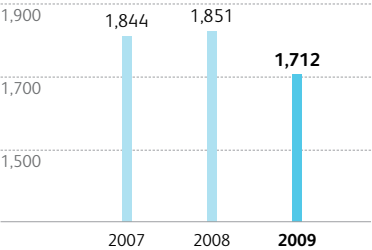


*Korean Air, with improved procedures for landing and take-off, fully complies with the noise abatement departure and landing procedures required by airports around the world. We are also developing additional technology and procedures that will fit the ICAO’s Noise Abatement Departure Procedure (NADP) to the environment of each airport.*

ICAO Noise Regulations and Relevant Standards in Korea

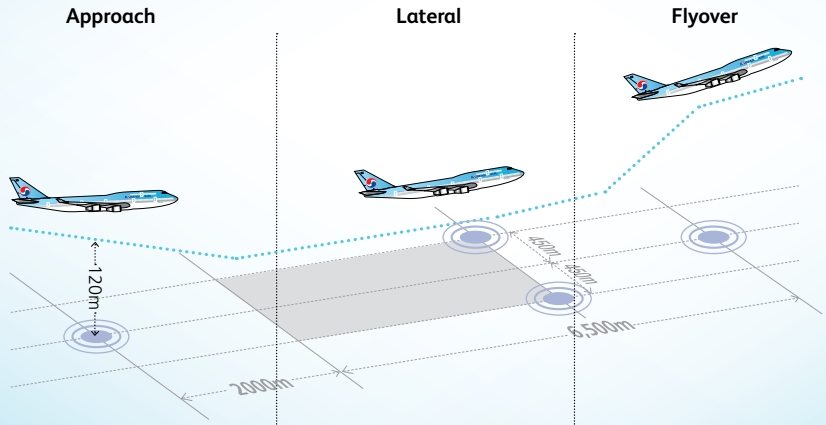
The ICAO first introduced noise regulations in 1969, and has since then constantly raised the intensity of its regulations. Currently most airports are required to comply with at least Chapter 3 standards, while aircrafts approved since January 2006 have to satisfy Chapter 4 standards - the highest standards that require the aggregate noise of the three designated points to be 10EP-NdB lower than in Chapter 3. In Korean Air, all of our 127 aircrafts, including those approved before 2006, meet Chapter 4 standards in terms of noise generation. Moreover, the Korean Aviation Act classifies the ICAO’s Chapters 2, 3 and 4 standards into 6 classes, and we are proud to say that all of our aircrafts are allocated in the quietest class – class 6.

Noise Charge (KRW in millions)



Noise Measurement

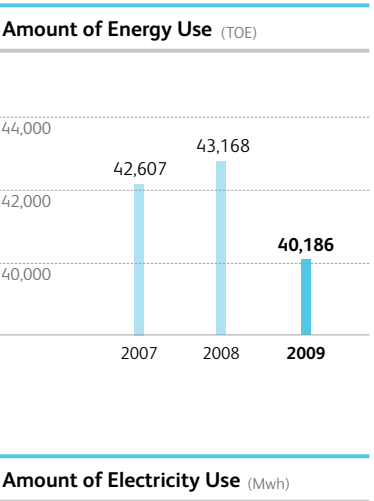
Noise measurement is part of the process for aircraft approval. The level of noise generation is measured from three points – 6,500m forward from the runway, 450m away from the side of the runway, and 2,000m away from the runway (with approximately 120m altitude) before landing.



Noise Charge

Korean Air continues to analyze aircrafts that exceed noise standards and sets up measures to prevent the recurrence of violations. Today, all airlines are imposed with noise cgaegae for air flights, in accordance with the regulations of the airport. The fund collected through such noise cgaegae is used for further noise prevention and control measures in each airport.

# Environmental Impact Minimization



## Environmental Management System

Korean Air has received the ISO14001 certification for five sectors – Maintenance & Engineering Division, Aircraft Manufacturing Division, Catering Center, Headquarters & General Division, and the Hotel Division – and has been operating a company-wide environmental management system. In 2009, we conducted evaluations of environmental impact in 2,883 cases of company-wide services. With these findings, 83 environmental objectives were established, and at the end of the year, we are proud to say we achieved 82 of these objectives.

2009 Environmental Management Implementation Status			
		Achieved	Under-achieved
Environmental Strategy	Objective	No. of cases	Results
Prevent Climate Change	Reduce GHG emissions from aircrafts	48	■
	Reduce energy consumption in buildings (2% reduced from 2008)	12	■
	Develop countermeasures for EU ETS	1	■
Strengthen Environmental Communication	Eco office activities	2	■
	Introduce environmental management to other organizations/Public relations	1	■
Limit Pollutant Emissions	Reduce resources and waste	6	■
	Increase waste recycling ratio*	2	■
	Reduce pollutant emissions	3	■
	Strengthen prevention of environmental accidents	5	■
	Reduce Use of Toxic Substances	3	■

\*Our objective to increase the waste recycling ratio was under achieved because less recyclable waste (paper used in airplanes and metal wastes that come from aircraft manufacturing processes) was generated due to low business performance in 2009.

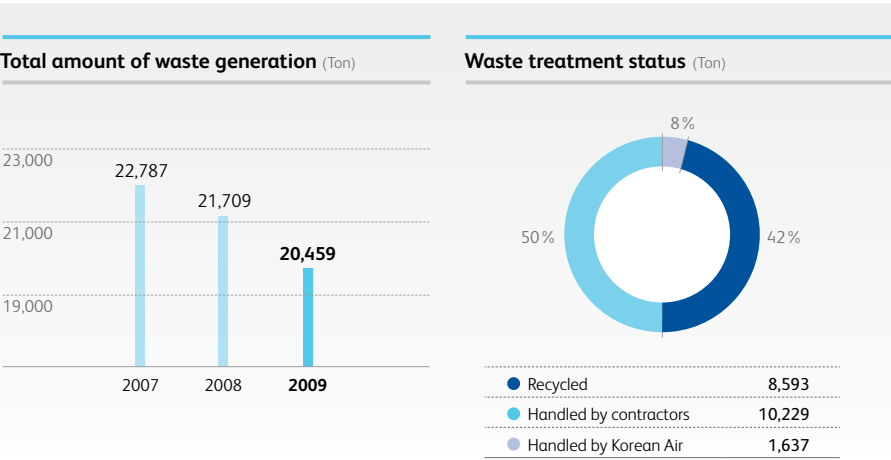
## Saving Energy

We are strengthening our energy-saving activities to combat climate change. In order to enhance systematic management of our 23 buildings, we developed a web-based program that monitors and analyzes the amount of energy consumption. The total amount of energy consumption in 2009 was 40,186TOE, which is a 6.7 % decrease from the previous year.

Along with minimizing GHG emissions and controlling waste, wastewater, and chemical substances generated in our maintenance bases, we gained the ISO 14001 certification, and have introduced a company-wide environmental management system consisting of five sectors: the Maintenance & Engineering Division, Aircraft Manufacturing Division, Catering Center, Headquarters & General Division, and the Hotel Division.

## Waste Recycling

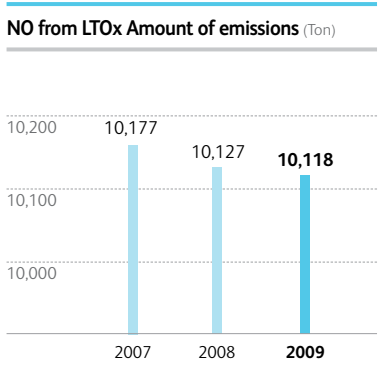
Aircraft maintenance, flight operations and transport services generate diverse forms of waste. The waste we generate at Korean Air can be divided into two types: waste generated from cabin services, and specified waste (hazardous waste) such as waste oil and waste organic solvents. Food waste generated from cabin services are incinerated for hygienic reasons, while others like paper, wood, cans, and PET bottles are separated and recycled. The total amount of waste generated by Korean Air in 2009 is 20,459 tons, out of which we recycled 8,593 tons, which is 42 % of the total amount. The reason our waste recycling ratio has been shrinking since 2007 is because we load smaller amounts of recyclable products in cabin services, as part of our efforts to lower CO<sub>2</sub> emissions.



## Local Air Quality Improvement

We strive to reduce emissions of noxious gases that affect local air quality, so that residents living in the vicinity of airports and maintenance sites can enjoy high-standard living environments. We install engines with low-emissions when we introduce new aircrafts and have initiated procedures that minimize noxious gas emissions during the LTO\*. We have also installed 106 air pollution control systems at all of our facilities to keep noxious air pollutant emissions 50% lower than the legally prescribed amount.

\*LTO : An LTO (Landing and Take-off) cycle consists of four operational phases : take-off, climb, approach and taxi. These occur within an altitude of 900m, during which GHG gases (LTO emission gases) are emitted, affecting local air quality.







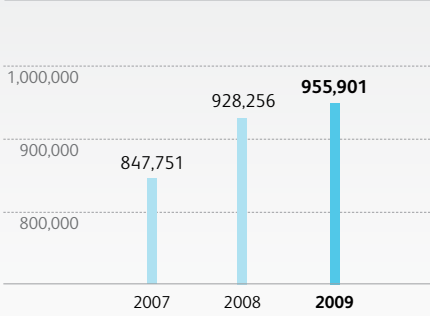
Emissions at Maintenance Bases (Ton)

year	SOx	dust	THC	NOx	other
2007	19.0	11.3	8.9	45.0	8.3
2008	19.2	11.4	10.1	45.4	8.1
2009	19.0	11.0	11.3	43.7	7.9

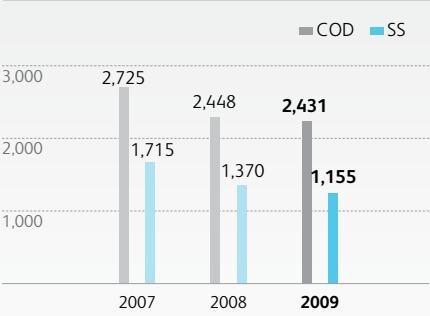
Wastewater Treatment

Korean Air currently operates 16 wastewater treatment facilities in our maintenance bases to protect water resources and reduce water pollution. Although slightly different between each maintenance base, the wastewater treatment facilities are applying 50-75% lower effluent standards than as prescribed under relevant acts. We also installed a Tele-Metering System (TMS) that conducts real-time monitoring of the wastewater treatment processes in all of our maintenance bases.

Water and Sewage Use (Ton)



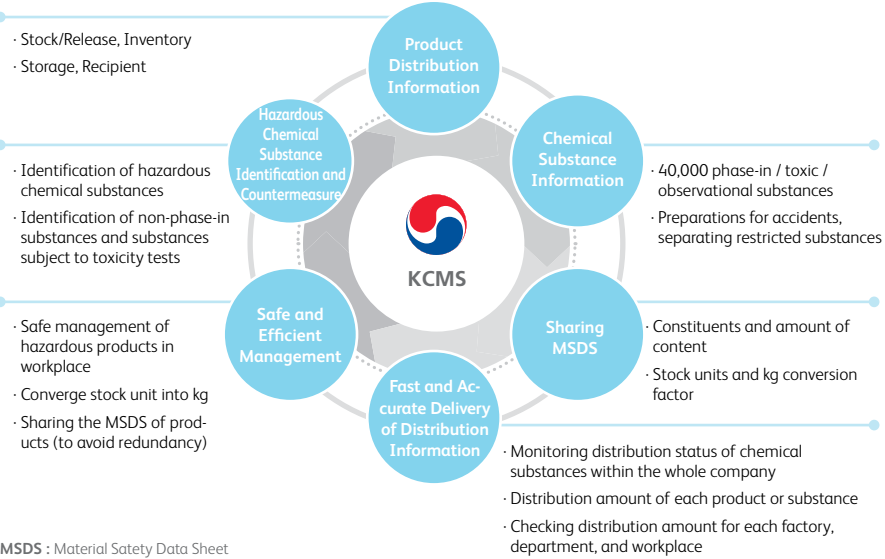
Wastewater Load (Ton)



Chemical Substances

Most of the chemical products in aircraft maintenance are used as recommended by aircraft manufacturers. We are therefore constantly consulting aircraft manufacturers to increase the use of environmentally-friendly products. The information regarding the inventory and usage of various chemical substances and products are managed by the Korean Air Chemical Management System (KCMS), initiated in 2006.

Korean Air Chemical Substance Management System



Soil Pollution Management

Korean Air has oil storage facilities in nine of our maintenance bases. To prevent soil pollution, we conduct annual tests to detect the rate of soil pollution.

Legal Compliance

Korean Air, as an environmentally-friendly company, conducts internal and external annual evaluations of our environmental activities. These evaluations act to confirm the implementation of our environmental management system, which complies with relevant laws and regulations. Through such evaluations, we also award employees with the best eco-friendly activities and give them incentives in performance assessments. As a result, we received no warnings from the legal sector since 2005.

Environmental Expenses

Our environmental expenses, used to improve and preserve the environment, are classified into four large categories: operational expenses used in operating green facilities; contract expenses for treating waste and pollutants; legal expenses for legally required payments such as noise penalties; and general expenses that are used for other environmental management activities. In 2009, the total amount of our environmental expenses was approximately 12 billion KRW.

Environmental Expenses (KRW in millions)

Classification	2007	2008	2009
General expenses	1,355	1,334	2,051
Legal expenses	3,885	4,607	5,249
Operational expenses	1,547	1,788	1,837
Contract expenses	3,488	3,611	4,035
Total amount of expenses	10,275	11,340	12,376

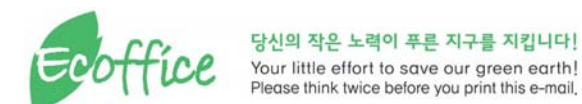


## Eco Office

Korean Air initiated “Ecooffice Activities” in December 2009 to raise awareness on the significance of global environmental issues and to fulfill our responsibility as stewards of the environment. All employees signed the Eco-Doing pledge and are participating in the “No-Driving on A Day of the Week” policy, the “Two Wheels Movement”, saving energy at home, or other activities to reduce CO<sub>2</sub> emissions. When employees reduce CO<sub>2</sub> emissions, they are given Eco Points for the reduced amount, which are accumulated for the year and then donated to environmental NGOs. In addition to this, we have also initiated the Save the Paper Competition among departments, Reducing Leftover Food Movements, and other environmental activities that can easily be done in our everyday lives. Korean Air plans to further develop “Ecooffice Activities” as a key environmental movement of the company.

### Eco-Doing Pledge

Korean Air, as one of its efforts to combat climate change, initiated Ecooffice Activities. All executives and staff members signed the “Eco-Doing Pledge,” and are participating in various environmentally-friendly activities. Furthermore, we introduced “Green Message Signatures,” which are now applied to all emails sent by company employees.



### Green Day

Korean Air designated the last Friday of each month as Green Day. On this day, our executives and staff members wear green outfits or accessories, and one employee per department is designated as an “environmental steward” to encourage others to carry out environmental activities. The environmental steward then records the green activities of that day and uploads relevant pictures on the Intranet to share and promote these environmental activities within the whole company.

### Save the Paper Competition

As part of our Ecooffice Initiative, we hold Save the Paper Competitions. 32 departments participate in this competition, in which we measure the amount of paper used in each department per month. The department with the highest month-on-month reduction ratio wins and enters the next round of the tournament to be the final winner.



Korean Air initiated Ecooffice Activities to emphasize to our employees the significance of global environmental issues and to fulfill our responsibility as stewards of the environment. All employees signed the Eco-Doing pledge, and are leading efforts to cut CO<sub>2</sub> emissions both at home and at the office by participating in activities like the “No-Driving on a Day of the Week” policy or the “Two Wheels Movement”.







SOCIAL RESPONSIBILITY ✈

# Ready to Share Happy

Happiness doubles when you share it.

In our management practices, we fully respect and reflect the voices of our stakeholders, including customers, employees, business partners, and local communities.

We try to encourage the happiness, development and better lives for all.

Korean Air will be your partner to a brighter future.





Korean Air has put top priority on flight safety, with no accidents for the last ten years in a row. In addition, Korean Air's excellent quality of customer service was recognized home and abroad, reinforcing its presence as a truly global air carrier.



## Customer

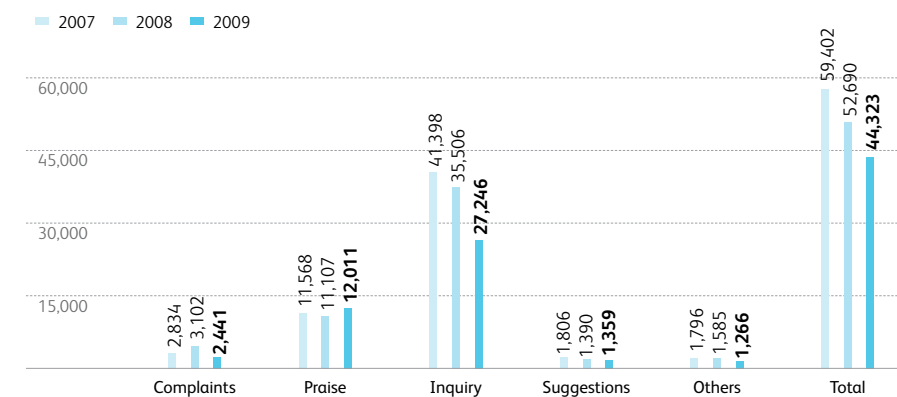
### Customer Communication

**Voice of Customer Management** To reflect the opinions and advice of customers with respect to our business practices, Korean Air uses the "Voice of Customer (VOC)" system as the key means of receiving customer feedback. Currently, we collect customer opinions through nine global websites in eight languages and through letters of suggestion installed in passenger cabins.

All communication material with customers, including replies to customers, is classified by types and managed by an integrated system to follow changes in customer demand. In addition, complaints and suggestions of customers are put up on the Service Forum (online bulletin board) so that all staff and employees receive customer feedback and can together explore ways in which to improve customer service.

In 2009, a total of 44,323 customer opinions were collected, which is 16% less than the previous year. The number of complaints declined by 21%, and inquiries and suggestions dropped by 23% and 2.2% respectively. Meanwhile, the number of letters of compliment for Korean Air's excellent services increased by 8% from the previous year to 12,011.

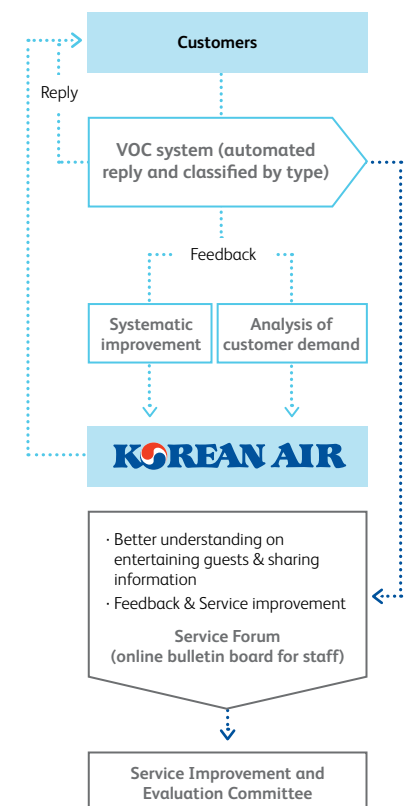
No. of VOCs



**Service Improvement & Evaluation Committee** Korean Air strives to improve service quality by performing comprehensive evaluations, then reviewing feedback at the monthly meetings of the Service Improvement and Evaluation Committee. As a result, we have made a significant progress in our service quality improvement and new product development.

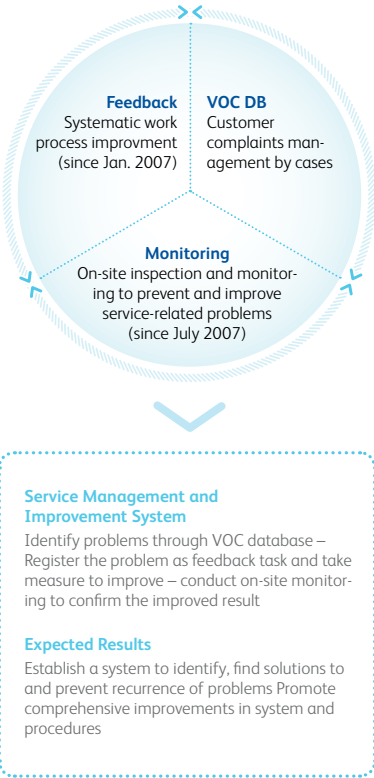


### Operation of Service Forum





Service Improvement System



Customer Satisfaction Management

**Publishing In-house Service Webzine** Since September 2006, Korean Air has offered the “Service Bulletin Webzine” twice a month in order to enhance employee awareness of customer service among issues. This Webzine provides case studies of complaints, best practices, up-to-date trends in customer service demand, related materials, and best service providers, allowing readers to be given a guideline to improve service quality.

**Service Monitoring by Staff on Business Trips** As a part of internal monitoring, Korean Air actively utilizes the “Service Monitoring by Staff on Business Trips” program. In 2009, the results of this monitoring program showed that Korean Air received, on a scale of one to five, high grades between 4.1 and 4.4 in almost all areas. In particular, check-in and in-flight services gained high grades of 4.4. Through this program, a total of 2,157 suggestions were received, 2% of the feedback was adopted, and 54% of the suggestions were reflected in actual business practices.

**Top-Class Service Quality Recognized at Home and Abroad** As a result of Korean Air’s ceaseless efforts to improve its service quality, we topped the 2009 Global Customer Satisfaction Competency Index (GCSI), sponsored by Japan Management Association Consulting (JMAC), in the field of air passenger transport. GCSI is an index developed by JMAC that evaluates global companies’ customer satisfaction activities. Korean Air has been at the top of the index for five consecutive years since 2005. In addition, the Korean Standards Association named Korean Air as the top airline of the 2009 Korea Standard-Service Quality Index (KS-SQI). Korean Air reinforced its presence as a truly global air carrier by winning the World Best Airline Award in the category of airport service from the US Global Traveler.

Improving Air Cargo Transport Service

**Special Care Service for Important Cargo** A more professional and specialized transport service is required for valuable cargo items such as mobile phones, semiconductors, animals, or food or medicine that need refrigeration or freezing, as well as for extra-large or heavy cargo items such as generators and semiconductor equipment. Korean Air has adopted the Special Care Service in order to transport this special type of cargo in a safer manner, based on the cargo transport expertise that we have accumulated over the last 40 years. Korean Air’s Special Care Service Team monitors this special type of cargo on a daily basis, from the reservation process to delivery to the owner(s). The Service Team ensures that each and every piece of cargo is transported to its destination as scheduled. If a problem occurs due to delay or damage to the cargo, the Team and the person in charge of cargo transport at the relevant airport take swift action to minimize losses. Moreover, Korean Air provides an e-Track service that sends customers emails with detailed location information of cargo at every stage of transport.

**Convenient Services through the Cargo Webpage** Korean Air introduced the online claim service at our cargo website in order to allow air cargo customers a simplified claim process. Rather than the existing means of claim such as personal visit, fax, letter or email, customers are encouraged to use the online claim service menu to type in basic information according to the directions on the webpage. With this system, a claim document can be prepared online whenever a customer wants, and the document is automatically delivered to the correct person at the relevant branch office. In addition, Korean Air began a cargo delivery reservation service for freight arriving at the Incheon international airport. This differentiated service found on the Korean Air cargo website enables customers to reserve in advance a pick-up time for their cargo, and eliminates customer waiting time.



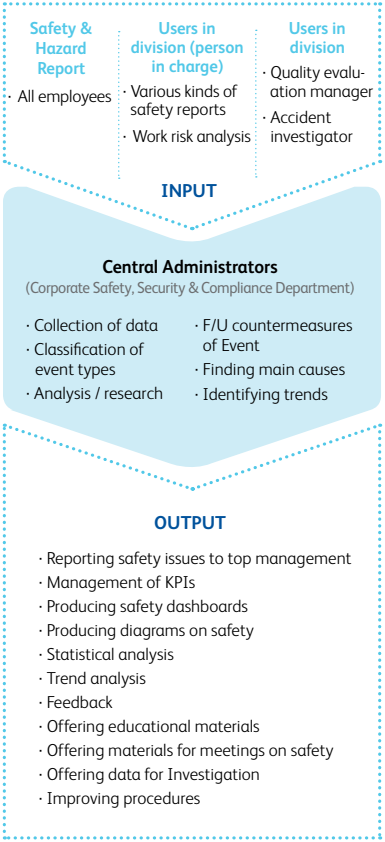
Customer Safety

Since 2000, Korean Air has posted no accidents, thanks to our emphasis on customer safety. Korean Air is recognized as one of the safest airlines in the world. Korean Air adopted the highest level of safety standards, management processes and IT systems through the early establishment of the Safety Management System, which in 2009 became the international standard as set by the ICAO. In October 2009, we again improved our aviation safety management by introducing SafeNet, which allows for IT-based, company-wide safety management. With SafeNet, we are able to conduct a scientific analysis and risk assessment on all types of safety events and problems identified during safety audits, and are then able to take comprehensive measures to prevent accidents.

**Flight and Ground Safety Management** To enhance flight safety, Korean Air aggressively embraced our new safety management system. We analyze and evaluate the database made from past operational irregularities, identify reasons behind problems, and review the actions taken to prevent reoccurrence and improve efficiency. Through this process, Korean Air now has additional prevention actions and measures against possible operational problems. We also introduced the Human Factors Analysis & Classification System (HFACS), developed by US experts in 2000, to efficiently manage human-incurred errors that cause 70 % of flight safety issues. Korean Air will expand the use of the HFACS to ground operation management and in training and education of ground operators. Through this effort, Korean Air will endeavor to build a system and create an environment in which flight accidents are easily prevented.

**Conducting & Receiving Safety Audit** By participating in ISAGO (IATA Safety Audit for Ground Operations), a program newly developed by IATA in an effort to improve ground safety and operations, Korean Air became a full member of ISAGO in April 2008. By implementing more effective and efficient supervision based on sharing of audit reports on ground operation services, Korean Air has successfully prevented incidents and industrial accidents on the ground

Data Processing Flow of SafeNet





and ensured safe and quality operations. In addition, Korean Air undergoes inspection by the U.S. Department of Defense (DOD) every two years as a DOD-approved carrier.

**Activities to Prevent Security Incidents** Korean Air has a system that prevents security incidents by analyzing security information every month of cities on Korean Air flight routes, and by exchanging such information with national security agencies in the event of incidents. Our top priority is to take the necessary proactive measures so as to avert security incidents. Furthermore, Korean Air focuses on improving its crisis readiness by conducting simulated drills such as “drills to prevent and respond to hijacking,” in conjunction with government authorities in preparation for terrorist attacks, and “drills to respond to security risks,” designed to ensure prompt and appropriate responses to security threats. Korean Air is also working to ensure safe flight operations, including strengthening security training of cabin crew members and equipping aircraft with security devices for an effective response to possible security risks on flight.

Customer Health

**Transfer of passenger with reduced mobility** To provide safe and comfortable air travel for Transfer of passenger with reduced mobility and to prevent abnormal operations including returns of flights, diversion, off-loading, and death in flight, Korean Air makes sure that unwell passengers are evaluated for risks of air travel before flying. For those who are medically cleared for air travel, we offer medical services for safe travel.

**Inflight First Aid** Korean Air’s aircraft carries the medicines and medical equipments, and all cabin crew members are given first-aid and safety training to reinforce their emergency response capabilities. In addition, Korean Air’s Emergency Medical Call System, consisting of medical professionals such as emergency medicine specialists and nurses, ensures that medical advice is provided in the event of in-flight emergencies so that appropriate measures can be taken.

**Management of Contagious Diseases** To prevent the spread of epidemics via air travel, Korean Air equipped its aircrafts with preventive kit for infectious diseases. In the event of outbreaks, Korean Air has collaborated with the related agencies at home and abroad, and maintained communication channels to prevent the spread of the diseases. For example, during the H1N1 influenza outbreak in 2009, Korean Air paid keen attention to in-flight hygiene and safety by disinfecting aircraft returning from H1N1-infected countries. Thanks to these efforts, not a single confirmed case of secondary infection in flight was found at Korean Air.

Business Partner



**Fair Trade** Korean Air maintains mutually-beneficial, cooperative relations with its suppliers in sectors related to the aviation industry, such as manufacturing and services. The most important factors in these relationships are a commitment to quality, and transparency and fairness in trading. To ensure mutual growth with our partners based on transparent and fair trade, Korean Air has disclosed its purchasing process and policy to suppliers, established a strict code of ethics, always abides by the rules, and applies the same regulations to all partners, thereby contributing to spread of fair trade culture.

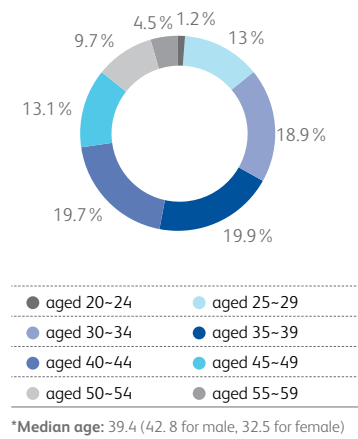
**Partnership & Win-win Management** By opening iSP (Internet Supplier Portal), a website for suppliers, in addition to the introduction of ERP (Enterprise Resource Planning) system in January 2009, Korean Air has strengthened its relations with suppliers. The iSP system has enabled suppliers to check the status of orders, deliveries and payments more quickly, and to address problems through the Q&A bulletin board. Furthermore, managers from all departments make regular visits to suppliers to carefully listen to and address their concerns in order to reinforce mutual trust. Korean Air also conducts supplier satisfaction surveys on a regular basis in order to identify room for improvement in its policies and support measures for partners and to reflect the results in actual policies. As for financial support, Korean Air contributes to the stable management of its suppliers by making all the transactions in cash.

**Green Purchasing** Korean Air supports green purchasing, which is the practice of buying environmentally-friendly products and services. Such practices include the purchasing of cutting-edge aircraft and engines with high fuel efficiency and new lightweight products with reduced fuel consumption. As a responsible corporate consumer, Korean Air will continue to participate in green purchasing to promote sustainable consumption culture.



# Employee

Breakdown of Employees by Age



## Employee Status

Currently, Korean Air employs 15,734 people in Korea. The number of female employees are 5,406 which is one third of the total workforce. Korean Air also employs 1,661 local workers overseas in the Americas, China, Japan, Europe, and Southeast Asia. Having set a goal of becoming a global leading airline, Korean Air has been focusing on nurturing specialized human resources and securing talented employees, as well as hiring female and disabled workers. Furthermore, Korean Air has been contributing to job security at home and abroad by continuously creating good jobs year after year.

Employee Status (persons)

	Office	Flight Operations	Engineering	Etc.	Total	Average Service Years
Category	General administration, Finance, Sales, Transportation	Cockpit, Cabin	Aviation, Production technology, Procurement, Communication, Facilities, Operation management	Computer-related work, Research, Catering, and etc.		
Male	2,461	2,488	5,022	357	10,328	16.24
Female	1,958	3,370	27	51	5,406	9.72
Total	4,419	5,858	5,049	408	15,734	13.95

\*Excluding 1,661 overseas employees

**Expanding Female Workforce** Korean Air has continuously increased the employment of female workers, and as of the end of 2009, women account for 34 % of the total workforce. To create a women-friendly working environment where women are encouraged to retain their careers, Korean Air offers support above and beyond that mandated by labor laws. For example, Korean Air’s female cabin crew are allowed to take maternity leave upon learning of pregnancy, and those who are diagnosed as infertile by specialists and wish to seek artificial insemination or in-vitro fertilization can take a leave of absence for up to one year. In recognition of these efforts to expand and retain the employment of female workers, Korean Air became the first Korean company to enter into a “Women-friendly Company” agreement with the Ministry of Gender Equality (MOGE) in December 2008.

**Expanding Disabled Workforce** Korean Air’s efforts to increase the employment of disabled persons date back to 2000. In 2005, Korean Air augmented these efforts by signing an agreement with the Korean Employment Promotion Agency for the Disabled (KEPAD) to promote the hiring of disabled persons. Since then, Korean Air has not only raised the percentage of disabled persons on its staff, but has also expanded the scope of positions for the disabled from flight booking, ticketing, transportation, and computer-related work to general administration in order to accommodate an increasing number of disabled job seekers including the severely disabled.

*By facilitating communication with employees and providing employees with a physically and psychologically sound working environment, Korean Air strives to improve employees’ quality of life and to support employees in both their personal and professional development.*

We have also increased opportunities for the differently challenged to develop from interns to regular workers. In appreciation of these efforts, Korean Air won the Labor Minister’s Prize at the “2007 True Company Awards” sponsored by KEPAD.

Category	2005	2006	2007	2008	2009
The number of hirings	11	12	50	44	27
The number of disabled employees	65	69	110	134	146
Assigned positions	Flight booking	Flight booking, Ticketing, Transportation, Computer-related work	Flight booking, Ticketing, Transportation, Computer-related work, and general administration		

**Expanding Foreign Workforce** As a globally competitive airline company, Korean Air has expanded its overseas operations, and accordingly has recruited highly talented local workers without any discrimination against an individual’s nationality, culture, or religion, thereby contributing to job creation in the regions in which the company operates. Furthermore, Korean Air applies standardized human resource management criteria to both domestic and foreign staff equally in order to eliminate discrimination, and we have zero tolerance policy on child labor and forced labor in full compliance with local labor laws.

## HR Philosophy & HR System

**HR Philosophy** “A company is the sum of its people.” This has been Korean Air’s corporate philosophy from the very beginning. Late founder Cho Choong-hoon, said “it is people that make a company and it is the sum of such people that enables the growth and development of a company.” This philosophy has been the basis of Korean Air’s HR management. In addition, by facilitating communication with employees and providing employees with a physically and psychologically sound working environment, Korean Air strives to improve employees’ quality of life and to support employees in both their personal and professional development.

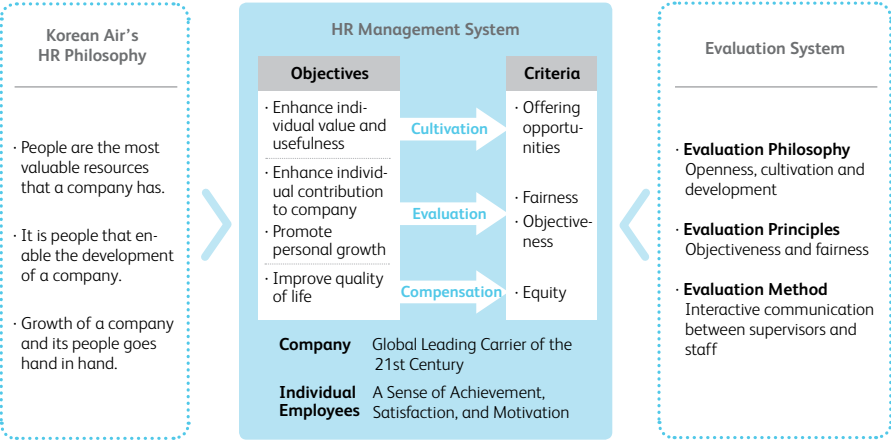
**HR System and Evaluation & Compensation** Korean Air’s HR system is called Total System, in which cultivation, evaluation and compensation of human resources are closely connected. In a bid to achieve the goal of becoming a global leading carrier of the 21st century, Korean Air runs a multi-faceted HR cultivation, evaluation and compensation system tailored to individual jobs and positions, giving employees a sense of achievement, satisfaction and motivation. Korean Air’s evaluation system is based on individual competencies shown in job performance and the level of contribution to the organization. Our evaluation system is not just a performance review tool, but a fair, objective and transparent system designed to promote personal growth of employees. At Korean Air, all employees are encouraged to enhance their competen-





cies through feedback on performance results. Furthermore, Korean Air’s compensation system is appropriate and reasonable based on equality and it is run in a manner that improves employees’ quality of life.

HR Philosophy & HR System



Protecting Human Rights

Korean Air’s human resources management policies and practices, ranging from hiring, positioning, evaluation, and compensation to promotion, are carried out fairly based on the company’s HR philosophy that “a company is the sum of its people” and on a code of ethics that all employees should respect one another and make efforts to improve quality of life.

**Addressing Employees’ Concerns** By establishing an Employee Counseling Center to address concerns and suggestions from employees, Korean Air aims to improve relationships with employees and to boost staff morale. All personal information received during counseling sessions is kept strictly confidential, and professional counselors follow strict guidelines to treat patients respectfully and create an environment where patients feel safe and protected during counseling sessions.

**Preventing Sexual Harassment at Work** To create a sound working environment where everyone respects and values each other, Korean Air has set guidelines to prevent and handle sexual harassment cases at work and has established online/offline education programs for all staff. All employees are required to complete the programs once a year.

**Zero Tolerance against Child & Forced Labor** Korean Air has zero tolerance policy against child and forced labor in full compliance with local labor laws in regions where it operates.

Human Resources Development

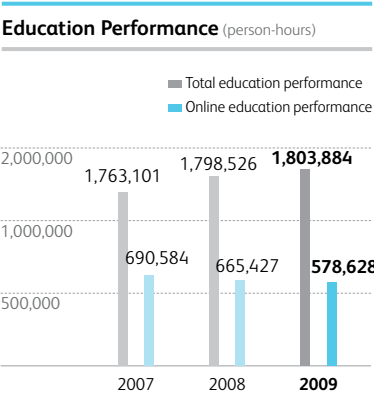
**Educational Programs & Educational System** Korean Air has developed various educational programs to meet employees’ needs for education, and offers the best learning environment to cultivate globally competent people. Human Resources Department and Human Resource Development Centers at Korean Air set basic education plans and implement integrated educational programs. In addition, to maximize expertise in educational programs, Korean Air has training departments specializing in flight operation, maintenance, and cabin services. Korean Air’s basic education system is divided into a number of levels depending on roles and responsibilities required by one’s position. Educational programs are also categorized into the following: business management, specialized training according to positions, service training, and foreign language training.



Basic Education System

	Business Management			Specialized training according to positions	Service training	Foreign language training			
Executives	KEDP								
General Manager	Communication Excellence School	Course for improving team leadership	M B A	Instructor Course	Passengers, Cargo, Cabin, Maintenance, Flight operations				
Assistant General Manager		Airline Management School					Course for managerial skills		
Manager		Course for improving basic competency (mandatory)						Dispatch excellent R/S to head office	Course for hands-on training
Assistant Manager									
Entry level	Airline Operations Basics								
	Course for new employee training								





**Unity among All Positions** Korean Air runs a wide range of educational programs to cultivate globally competent people and ensure that all employees are united to share core values. For example, Korean Air holds an annual Communication Excellence School, where employees from all divisions gather together to share the company’s vision and core values and recognize newly assigned roles and responsibilities, contributing to corporate culture driven by mutual trust and unity. In particular, with 2009 marking the 40th anniversary of its foundation, Korean Air held a quiz contest to select employees with the best knowledge of aviation operations. The contest, designed to create an exciting working environment and facilitate harmony and communication among all employees, was participated in by 1,000 employees including 300 contestants and 700 cheering audience members. The event served as a good opportunity to boost staff morale and to broaden employees’ knowledge in areas outside of their own positions.

**Global Online Education** In addition to work-related content such as information regarding aviation industry or how to upgrade work capabilities, Korean Air offers other types of educational content including foreign language learning and IT education, so that employees can continue their learning anytime and anywhere. Of our 500 educational programs, the course for how to upgrade work capabilities is mandatory. With overseas employees in mind, Korean Air also developed 38 new English courses in 2009 and another 190 types of foreign language programs to upgrade local employees’ competency and make online education more globalized.

**Strengthening Capabilities of Local Employees Overseas** Through year-round courses for local managers and programs for hands-on training, Korean Air aims to provide more educational opportunities for overseas employees. Korean Air’s new employee training or service training for overseas staff has proven effective in raising employees’ competencies and commitment to the company. To ensure that overseas employees receive good education from the best instructors, Korean Air runs courses for instructor training and instructors are selected from only from those who have completed the courses.

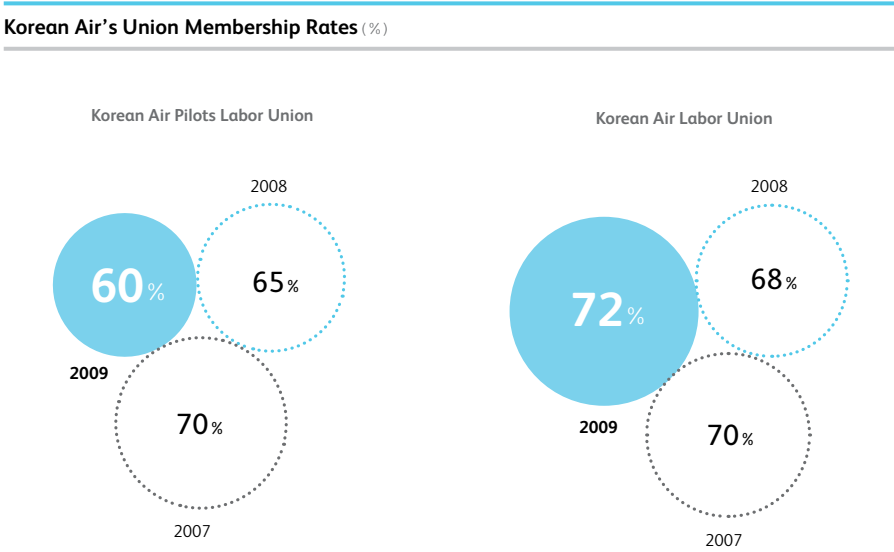
**Leading Service Industry in Korea** As a role model in the services sector, Korean Air strives to provide the same quality service for all customers across the globe, by standardizing service education and providing service training for both domestic and overseas employees on a regular basis. Front office employees and those in managerial positions are given the same service training, as they have similar direct contact with customers. Korean Air also provides service-related consulting and training to a wide range of outside institutions including government agencies, educational institutes and private companies, contributing to upgrading service quality in Korea.

**Establishing Korea’s first technical institute, Jeongseok Institute of Technology** In 2000, Korean Air established Jeongseok institute of Technology, an in-company technical institute, in

an effort to provide employees with lifelong education opportunities. Formerly known as Hanjin Institute of Technology which was founded in 1988, College is Korea’s first technical institute to be officially authorized by the Ministry of Education to grant a degree to graduates. In addition, all students of College are provided with the registration fee as well as full tuition support from Hanjin Group. By reflecting on-site experience in the academic curriculum, College has played a pivotal role in cultivating an excellent workforce and strengthening Korea’s aviation and logistics industries. As a shining example of industry-academic cooperation, College is making a significant contribution to establishing a lifelong education system in Korea.

Cooperative Labor-Management Relations

Korean Air has two labor unions: the Korean Air Labor Union, consisting of workers in positions such as cabin service, maintenance and general administration, and the Korean Air Pilots Labor Union. Korean Air has remained dispute-free during collective bargaining with the Labor Union for 41 consecutive years. In 2009 amid the global economic crisis, Korean Air and the Labor Union made a joint announcement to build harmonious relations. In an effort to weather the economic crisis and raise corporate competitiveness, Korean Air has maintained cooperative relations with the Pilots Labor Union as well.





**Information Sharing & Mutual Cooperation** Korean Air shares major management-related information with employees, and immediately posts information regarding revised corporate rules, organizational restructuring, hiring, promotion, personnel reshuffle, and retirement on its in-house website. As stated in the collective bargaining agreement, open management is one of Korean Air’s management principles which are designed to be transparent and reasonable to achieve sustainable management. Other than regular labor-management councils (4 times a year), wage negotiations (once a year), and collective bargaining (every 2 years), Korean Air holds additional collective bargaining or labor-management councils if necessary, and when making changes in major policies runs a labor-management task force team to promote mutual cooperation.

**Labor-Management Communication through the Company Intranet** All employees of Korean Air can have free access to corporate information such as company news, daily sales, major economic indicators, and corporate policies and regulations through company intranets such as the Employee Information System (KALMAN), the Work Management System, and the HANWAY system. Particularly, KALMAN is a comprehensive website where employees can check their personnel or income information or apply for benefits including airline tickets. KALMAN also serves as an online communication channel aimed at creating a participation-based corporate culture by allowing members to freely express their opinions and post questions on bulletin boards.

**Labor-Management Culture that Unites Employees, Family and Company** Every year Korean Air holds special events to facilitate unity between labor and management by inviting employees’ families. In 2009, in celebration of the 40th anniversary of its foundation, Korean Air held “Family Walk” and “Table Tennis Tournament” in order to enhance employees’ commitment to the company, include their families in their work lives, and promote cooperation and unity among employees.

Wage and Employee Welfare

Korean Air has adopted the Total Compensation System, which combines performance-based wages with benefits that are closely related to employees’ livelihood.

**Wage and Incentives** As for wages and incentives, Korean Air tops the list in the aviation sector, motivating employees to reach their full potential. For example, new employees with a bachelor’s degree are paid about 300 % more wages than the legal minimum level of Korea, with no wage gap between men and women. Korean Air offers every employee an equal opportunity based on individual capabilities and performance, prohibiting any form of discrimination arising from one’s religion, age, gender, or academic background. In addition, Korean Air provides incen-

tives based not just on that year’s business performance but also on safety-related performance, in order to encourage employees to continue to pay attention to safety issues.

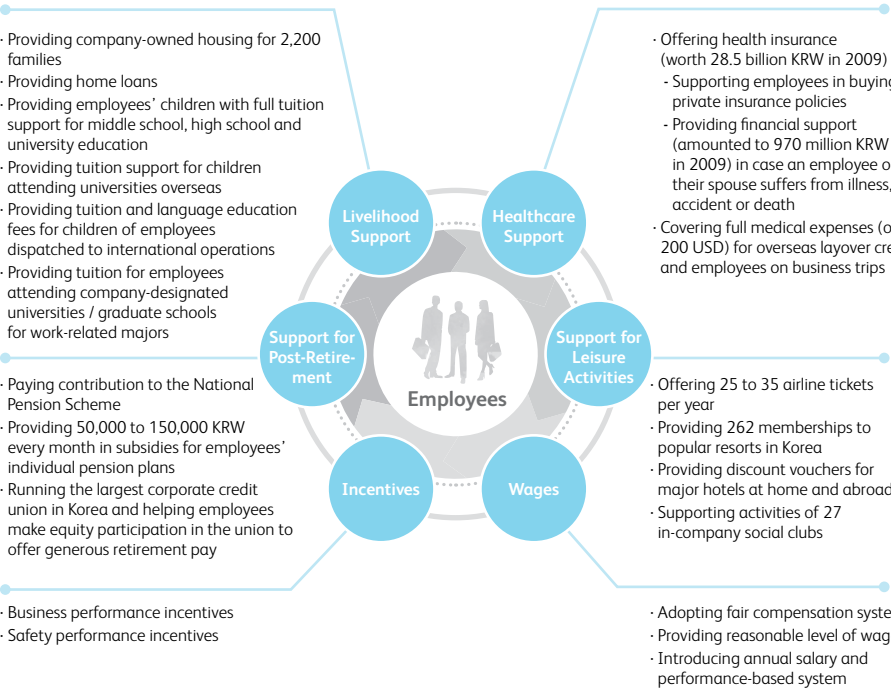
**Wage & Incentives** <sup>1</sup> differential but reasonable financial rewards based on individual performance and capabilities.

**Retirement Allowance System** <sup>1</sup> the Retirement Allowance System under which retirees receive average wages for 30 days per one year of consecutive work.

(The introduction of a retirement pension scheme is under consideration based on a broad consensus of its necessity, but the timing could be fluid.)

**Employee Benefits** To help employees enjoy their leisure time and broaden their global leadership, Korean Air provides employees with 25-35 free or discounted airline tickets annually. In addition, Korean Air offers a wide range of employee benefits including providing company-owned housing, tuition support for employees’ children, health care subsidies, support for leisure activities and support for post-retirement in an effort to improve employees’ quality of life and help them balance work and life.

Total Compensation System



Pension & Equity Participation

(KRW 100 million)

Types	2007	2008	2009
National Pension Scheme	292	294	296
Individual Pension Plan	92	92	95
Equity Participation in Credit Union	87	89	92
Total	471	475	483





Employee Health

To ensure the good health of all employees and the safety of passengers, Korean Air runs an Aero medical Center at its headquarters, providing a wide range of medical services. The 2,145m<sup>2</sup> medical center is equipped with cutting-edge medical equipments, including devices approved by US FAA (Federal Aviation Administration), and staffed by about 70 medical professionals including aviation medical examiners, nurses and certified industrial hygienists.

**Medical Check-ups** All employees of Korean Air undergo annual medical check-ups for early detection and treatment of health problems, and follow-up care is provided for those found to have health issues. To protect employees’ health, Korean Air conducts special, temporary, and pre-placement medical examinations in compliance with Korea’s Industrial Health and Safety Laws.

Health Care Services (persons)

Category	2007	2008	2009
General Medical Check-ups	8,499	11,562	9,532
Aviation Physical Examination	3,269	2,389	3,294
Physical Fitness for Cabin Crews	4,687	4,174	4,669
Primary Health Care (outpatient care)	7,044	11,562	9,997
Transfer of passenger with reduced mobility	2,052	2,038	2,499

**Aviation Physical Examinations** To make sure that cockpit crews, who are at the frontline of aviation safety, keep their health at an optimal level, Korean Air comprehensively evaluates and manages the health of cockpit crews, issues and manages a domestic/international certificate for aviation physical exam, and engages in preventive health care activities to ensure safe flight operations.

**Primary Medial Care** Korean Air provides employees with extensive medical services, including medication based on diagnoses from doctors and physical therapy for those who suffer from musculo skeletal disorders. In addition, Korean Air engages in health care projects such asvacinations against contagious respiratory diseases and hand-washing campaigns.

**Prevention of Musculo skeletal disorders** To protect cabin crew members from musculo skeletal disorders, Korean Air conducts physical fitness tests on cabin crew regularly and offers health management programs depending on test results.

**Health Promotion & Health Education** Korean Air’s health Aeromedical Center has state-of-

the-art equipment and health professionals including a nutritionist, fitness trainers, anti-smoking counselor, who offer personalized health improvement programs tailored to each employee’s position or assignments. In addition, Korean Air provides online health education programs and quarterly health information so that employees are well-informed about health issues.

**Industrial Health & Workplace Management** Korean Air strives to provide a safe and pleasant working environment for employees by measuring harmful factors in the workplace on a regular basis and taking improvement measures. By having doctors, nurses and a certified industrial hygienists make joint visits to workplaces, Korean Air aims to offer field-based health care services such as counseling, education, prevention of work-related health problems, and improvement in work environment.



Employee Safety

Korean Air has made significant progress in reducing cases of occupational injury, by conducting incentive-based campaigns to eliminate occupational injuries and by promoting competition between divisions and departments to achieve zero injury, which led to voluntary accident-prevention activities among employees. Korean Air has raised employee awareness about safety targets and encouraged injury-prevention activities by providing financial rewards to high achievers. In addition, Korean Air has reinforced injury-prevention activities by introducing Job Hazards Analysis, a system to encourage workers to voluntarily identify and address risk factors in the workplace. Korean Air’s occupational injury rate for 2009 was 0.07 %, continuing a downward trend of rates which has hovered around at 0.1 % for five consecutive years. Supported by the active participation of employees, Korean Air will continue to minimize potential risk factors in the workplace to create a safe working environment and make the airline injury-free.





# Social Contribution

## Arts & Culture Support

**Korean Language Service in Major Museums** Korean Air offers the Korean language multimedia guide service for the British Museum in London, the Hermitage Museum in Saint Petersburg, and the Louvre Museum in Paris. As the Korean language is added to the official languages used at three of the most popular museums in the world, Korean Air contributes to elevating the image of Korea and the Korean language on the global stage. Korean Air is the first company in Korea to sponsor this type of language service as part of its support for the cultural sector. We plan to expand this service to additional museums, thereby promoting the Korean language around the world while raising national pride.



**Flying Art Ambassador** Korean Air launched an in-flight professional arts & culture guide service named the "Flying Art Ambassador," which enables passengers to be given information regarding artwork at galleries and museums. Starting with the flight to Paris in March 2008, the Flying Art Ambassador service has been provided for flights to London, Madrid, Amsterdam, Rome, Vienna, and Saint Petersburg. In addition, Korean Air invited 50 customers to a special art exhibition at the Seoul Museum of Art in March 2009 and offered them a professional explanation of the artwork on display from the Pompidou Center.

**Ilwoo Photo Competition** As part of its support for arts & culture, Korean Air started the Ilwoo Photo Competition in October 2009. Through this competition, young and talented photographers in the areas of art, advertisement and documentary photography can be given the opportunity to reach their full potential. The judging staff of the First Ilwoo Photo Competition included Stephan Shore, an American photographer well known for his pioneering use of color in art photography, and Jeff Rosenheim, curator of the Department of Photography at the Metropolitan Museum of Art in New York. Korean Air will continue to sponsor this photo competition, as well as related exhibitions and publications.

**Signed an MOU with the National Center for Korean Traditional Performing Arts** In November 2008, Korean Air signed an MOU with the National Center for Korean Traditional Performing Arts, for the promotion of Korea's beautiful traditional music. Under the MOU, passenger planes of Korean Air provide a number of Korean music tracks and videos about Korean music through the Audio/Video On Demand system.

**Cultural Asset Conservation Effort** Korean Air made an agreement with Woljeongsa, in April 2009, to protect cultural assets of the temple. These assets include national treasure No. 48, the Octagonal Nine-storied Stone Pagoda, and treasure No.139, the Seated Buddhist Goddess Stone Statue. Korean Air's commitment to the conservation of cultural artifacts is well recognized by local communities.



Korean Air strives to promote Korea world-wide by sponsoring a variety of initiatives in the areas of education, the arts & cultural programs, sporting events such as the Olympic Games (particularly Pyeongchang's bid to host the 2018 Winter Olympics) and global relief efforts.







**Korean On-Air Program** Korean Air supports talented young people by offering free airline tickets and other benefits. In March 2009, to introduce our Korean On-Air Program, we sponsored the “Sunflower” team. This team consisted of two young Korean students who made and distributed a Korean guidebook detailing famous tourist destinations found in east France. In May, we supported a Korean back-pack traveler named Eunbi Go, who wrote a story about her visit to 14 U.S. cities in 46 days. Korean Air also provided free Incheon – London round-trip tickets for the “Kebi Kebi” team of Keimyung University, who performed a traditional Korean dance at the Edinburgh Fringe Festival in August. Korean Air will continue its support for young Koreans who use their talents to promote Korean culture around the world.

## Global reforestation effort

**Planting trees in Mongolia** Since 2004, Korean Air has been building a vast forest in the deserts of Baganuur in Mongolia. This area was devastated by global desertification and thus is one of the major origins of the yellow storms that come to the Korean peninsula every spring. Staff and employees of Korean Air, along with university students, joined the reforestation effort to create a park with 36,000 trees on the 50,000m<sup>2</sup> site. In addition, Korean Air contributes to the local economy by hiring local residents to manage the park.

**Korean Air Botanical Garden in China** The Kubuchi Desert in China is the origin of 40% of the yellow dust storms that blow across Korea every spring. This has become the site of the “Korean Air Botanical Garden,” where employees from Korean Air’s upper managerial levels have been planting trees annually each autumn since 2007. The goal is to plant a total of 1.8 million trees on the six million m<sup>2</sup> site by the year 2011. Once completed, the project is expected to stop desertification of a site that covers an area of nine million m<sup>2</sup>, ultimately improving the local weather and reducing yellow dust storms in the region.

**Tree Planting Campaign in LA** Korean Air plans to donate US\$160,000 to the Million Trees Los Angeles (MTLA) by 2012, sponsoring a tree planting campaign in Los Angeles, as part of our global forestation project.

## Support for Sports Events

**Sponsoring Pyeongchang’s Bid for the 2018 Winter Olympic Games** Korean Air strongly supports Pyeongchang’s bid for the 2018 Winter Olympic Games. Through our parent company, Hanjin Group, we sponsored KRW 3 billion in contributions to the Pyeongchang Olympic Bid Committee. Korean Air also provides support through its global network as a cargo carrier and its SkyTeam network members such as Delta Airlines and Air France. The fund raised by Korean Air is used for the Committee’s participation in various international events for the Olympic Games, including the Observer Program at the Vancouver Winter Olympic Games and other campaigns

to enhance public awareness of the Olympic bid.

**Supporting Sports Stars** Korean Air operates the “Excellence Program,” providing airline tickets to star Korean sports figures. Currently, Yuna Kim (figure skater) and Ji-ae Shin (golfer) have been provided with an unlimited number of first-class tickets for two years in a row. We will continue our support for Korean sports stars so that they can reach their full potential on a global stage, thus elevating the national image of Korea around the world.

**Korean Air Volleyball and Table Tennis Team** To contribute to the development of table tennis and volleyball in Korea, Korean Air established the Korean Air Table Tennis Team and Men’s Volleyball Team in 1973 and 1986 respectively.

## Educational Business and Relief Efforts

**Educational Business** Under the corporate philosophy of “A company is the sum of its people, and change in people starts with the right education,” Korean Air has aggressively invested in educational business. In 1988, the airline established the “Hanjin Technical College,” the first in-house technical college in Korea. After being approved by the government to be an in-house university where students can obtain degrees, the university accepted its first students in 2000. To date, the university has produced a total of 725 graduates since its first 95 graduates in 2002. In 2009, a total of 75 students graduated with undergraduate degrees, which included 57 Bachelor degrees and 18 Bachelor of Technology degrees.

Undergraduate degree programs currently available include Bachelor degrees with majors in business administration, industrial engineering and aviation system engineering, and Bachelor of Technology degrees with 2 years of aviation system engineering courses. Students of the university are offered a full tuition by Korean Air, and graduates are able to enjoy benefits in promotion according to their academic achievement.

For the last 10 years, Korean Air has also offered KRW 2 million in donation annually to the affiliated schools through its parent company Hanjin Group. In 2003, Korean Air built the Jungseok Information Center, a top-class e-library, at Inha University. In 2004, we led the effort to establish a global research institute at the University of South California for the development of aerospace engineering and related technology. In addition, Korean Air has selected and sponsored talented students in Mongolia, Cambodia and Uzbekistan to provide them with opportunities to study at Korean universities.

**Relief Efforts** Korean Air operates special cargo planes to transport relief items to places that have been devastated by disasters. These events include: a flood in the Hubei Province of China; an explosion in Yongcheon, North Korea; an earthquake in Nigata, Japan; a tsunami in South-east Asia; and an earthquake in the Sichuan Province of China.





In Korea, we delivered bottled water and other relief items to residents in Moonsan and Paju, which were devastated by floods in 1999. Korean Air's relief efforts have also involved providing donations and bottled water to disaster-affected areas such as Gangneung in 2006, Gyeongnam Province in 2003, and Yangyang and Inje in 2006. In 2009, we scheduled a special flight to deliver 5000 boxes of bottled water to Gangwon Province, which suffered from a terrible drought.

**Habitat for Humanity** Korean Air has participated in the "Habitat for Humanity" campaign since 2001. To date, about 225 employees have participated in the service. The airline has supported the charity with 42 international airline tickets as well as KRW 610 million in donations for the building of nine houses in Asan and Daejun in Korea.

**Donations Made Through Employee Wages** Since 2003, Korean Air staff and employees have, on a monthly basis, voluntarily donated amounts below KRW 1,000 from their wages, to be given to charities. The company matches the amount of employee donations, and this is added to the fund for social contribution. The money raised from this campaign has been used for sponsoring in-house volunteer groups.

# Community Service



## Pink Ribbon Campaign

Korean Air's female cabin crew members and ground workers wear pink ribbons, the symbol of the anti-breast cancer campaign, in order to raise public awareness of breast cancer. In 2009, funds raised by company employees were donated to the Korean Cancer Society to help women suffering from breast cancer.

## Sky Love Bazaar

Korean Air's flight attendant volunteer groups, Gonihoe (female) and Seungwoohoe (male), hold the "Sky Love Bazaar" every year. Items donated by Korean Air employees and souvenirs collected in traveling around the world are sold at the Bazaar, and the money raised is used to help neighbors in need. In 2009, when the company marked its 40th anniversary, all staff and employees joined the Bazaar and 20,000 items were donated. Korean Air donated the proceeds from this Bazaar to the Gangseogu Office to help underprivileged people.

## Social Services Office

Since 2004, Korean Air has participated in social contribution activities by creating a Social Services Office under the General Affairs Department. This office provides systemic help to volunteer groups in the company and joins the groups' annual activities. In addition, the office manages funds raised from those activities and promotes new volunteer groups. Currently, a total of 23 groups in Korean Air have participated in various programs, including helping teenaged heads of households, providing free meals for the elderly living alone, and a visit-the-company day for children from lower income families.





“Staff and employees of Korean Air regularly join local community volunteer services. In 2009 alone, a total of 6,000 employees of 23 volunteer groups participated in a wide variety of activities, including providing English classes and engineering classes for children, offering rice to lower income families, medical services and other assistance for local communities.”



**Dream Travel with Korean Air**

Korean Air hosts the annual Dream Travel with Korean Air event for underprivileged children. In 2009, we offered free airline tickets to 40 teenagers and children from lower income families, so that they could travel to Jeju Island and have a relaxed and happy experience. In addition, Korean Air invited 15 children from Yunnan, China, which was devastated by a terrible earthquake, on a three-day trip to Jeju Island.

**Medical Service for the Marginalized Populations of Society**

Korean Air’s Aviation Medical Center was established in 1969. The Center has five doctors and 60 nurses and staff members, and provides medical help for society’s marginalized populations. Each year, the Center invites children from the “SOS Children Village” in Sinwol-dong to give them a free medical check and an education session on first aid. The Center also offered free medical services for foreign workers, multicultural families and residents in Uijeongbu.

**Free airline tickets to the Child Fund**

To help children from underprivileged families, Korean Air annually donates free tickets to the Child Fund Korea. In 2009, a total of 58 tickets were donated to the Fund.

✈ Appendix

- GRI(G3) Index
- Awards in 2009
- Stakeholder Communication
- Our Offices

# GRI(G3) Guideline

● reported   ○ not reported   ◎ N/A

Index No.	GRI	Accomplishment	Page
STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision-maker of the organization	●	2
1.2	Description of key impacts, risks, and opportunities.	●	26-27
ORGANIZATIONAL PROFILE			
2.1	Name of the organization.	●	10
2.2	Primary brands, products, and/or services.	●	16-19
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	16-19
2.4	Location of organization's headquarters.	●	10
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.	●	10-11
2.6	Nature of ownership and legal form.	●	24-25
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	10-11
2.8	Scale of the reporting organization.	●	10-11
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	16-19
2.10	Awards received in the reporting period.	●	80
REPORT PARAMETERS			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Front cover
3.2	Date of most recent previous report (if any).	●	Front cover
3.3	Reporting cycle (annual, biennial, etc.)	●	Front cover
3.4	Contact point for questions regarding the report or its contents.	●	Front cover
3.5	Process for defining report content.	●	Front cover
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	Front cover
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	Front cover
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.	○	
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.	●	Front cover
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).	●	Front cover
3.11	Significant changes from previous reporting periods in the scope, boundary,	●	Front cover
3.12	Table identifying the location of the Standard Disclosures in the report.	●	Front cover
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	76-79
GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
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.	●	Front cover
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	24-25
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.	●	24-25
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	○	

Index No.	GRI	Accomplishment	Page
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).	○	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	○	
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.	○	
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.	●	22, 31
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.	○	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	○	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	○	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	Front cover, 31
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	30-31
4.14	List of stakeholder groups engaged by the organization.	●	81
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	81
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	81
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.	●	81
ECONOMIC			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	20-21
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	35-40
EC3	Coverage of the organization's defined benefit plan obligations.	●	65
EC4	Significant financial assistance received from government.	◎	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	●	64
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	○	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	20, 23
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	23
ENVIRONMENTAL			
EN1	Materials used by weight or volume.	●	44
EN2	Percentage of materials used that are recycled input materials.	●	45
EN3	Direct energy consumption by primary energy source.	●	44
EN4	Indirect energy consumption by primary source.	●	44
EN5	Energy saved due to conservation and efficiency improvements.	●	38, 44
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy	●	35-47



● reported    ○ not reported    ◎ N/A			
Index No.	GRI	Accomplishment	Page
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	35-47
EN8	Total water withdrawal by source.	●	46
EN9	Water sources significantly affected by withdrawal of water.	◎	
EN10	Percentage and total volume of water recycled and reused.	○	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	◎	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	◎	
EN13	Habitats protected or restored.	◎	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	◎	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	◎	
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	35-40
EN17	Other relevant indirect greenhouse gas emissions by weight.	●	35-40
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	35-40
EN19	Emissions of ozone-depleting substances by weight.	●	45
EN20	NOx, SOx, and other significant air emissions by type and weight.	●	45
EN21	Total water discharge by quality and destination.	●	46
EN22	Total weight of waste by type and disposal method.	●	45
EN23	Total number and volume of significant spills.	◎	
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.	◎	
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.	○	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	35-47
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	○	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	47
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	35-47
EN30	Total environmental protection expenditures and investments by type.	●	47
LABOR PRACTICES AND DECENT WORK			
LA1	Total workforce by employment type, employment contract, and region.	●	58-59
LA2	Total number and rate of employee turnover by age group, gender, and region.	●	58-59
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	65
LA4	Percentage of employees covered by collective bargaining agreements.	●	63
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	64
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
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	●	67
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	66
LA9	Health and safety topics covered in formal agreements with trade unions.	●	66-67
LA10	Average hours of training per year per employee by employee category.	●	62
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	61-62
LA12	Percentage of employees receiving regular performance and career development reviews.	●	61-62

Appendix  
GRI(G3) Guideline

Index No.	GRI	Accomplishment	Page
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	24, 58-59
LA14	Ratio of basic salary of men to women by employee category.	●	65
HUMAN RIGHTS			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	○	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	○	
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.	●	60
HR4	Total number of incidents of discrimination and actions taken.	●	60
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.	●	63-64
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	60
HR7	Operations identified as having significant risk for incidents of forced labor and measures to contribute to the elimination of forced or compulsory labor.	●	60
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	○	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	◎	
SOCIETY			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	69-74
SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	28-29
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	28-29
SO4	Actions taken in response to incidents of corruption.	●	28-29
SO5	Public policy positions and participation in public policy development and lobbying.	○	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	◎	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	28-29
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	28-29
PRODUCT RESPONSIBILITY			
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.	●	55-56
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.	○	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●	53-55
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	53-55
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	53-55
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	○	
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.	◎	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	53-55
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	53-55



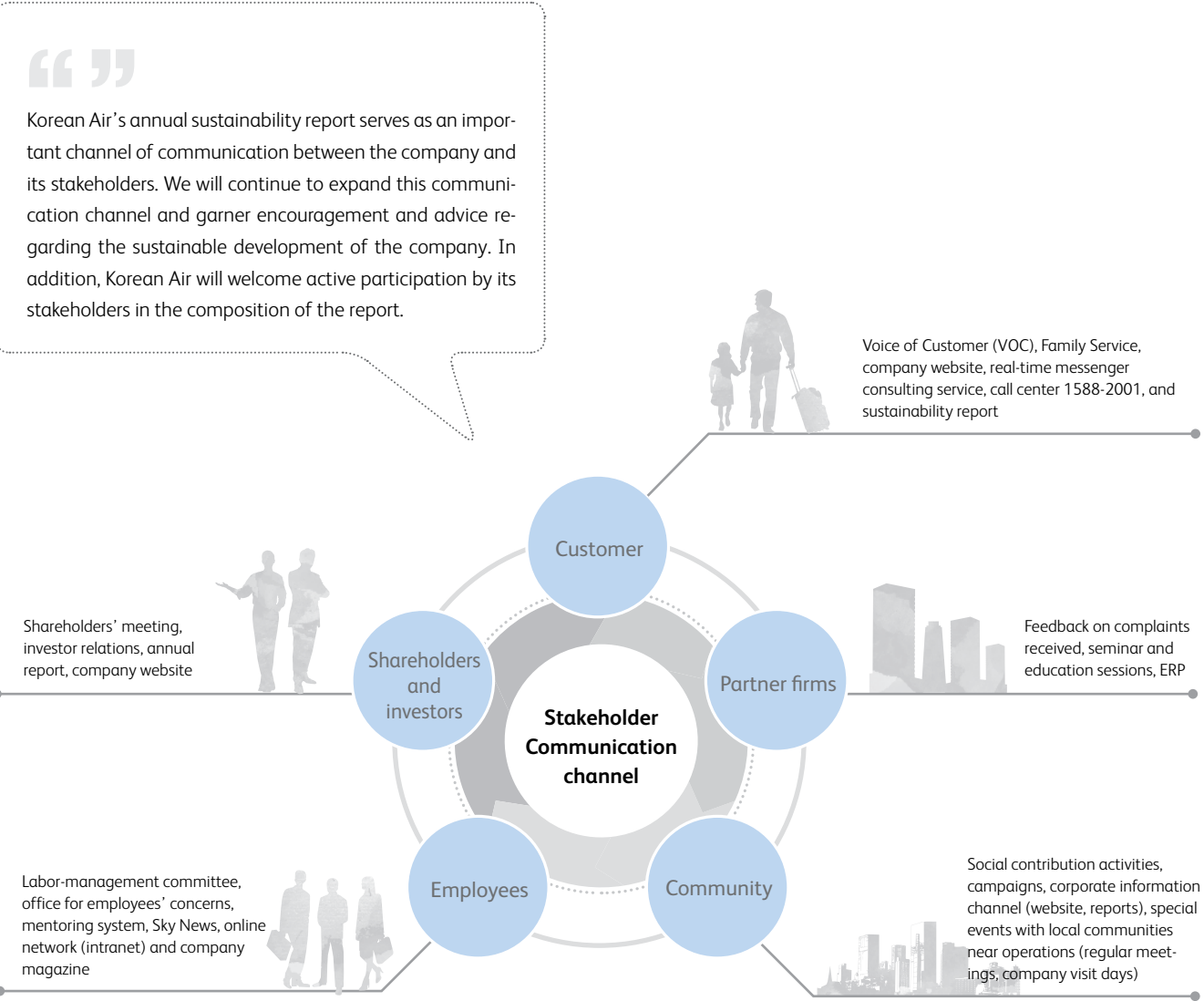
GRI G3 Self-declared A Level

We have self-declared our report as meeting the criteria for Application Level A. This self-declaration has not been externally assured nor checked by GRI.

# Awards in 2009

Date	Award name	Awarding institution	Recognized for
Feb. 12	Gold Award	BPW (Business & Professional Women) Korea	Leading role in promoting women and family-oriented corporate culture, women's empowerment, gender equality, with producing the first female captain
Feb. 18	Grand Prize in Human Resource Development Award	Korea HRD Association	Excellence in staff education
Feb. 27	Best In-flight Travel Retailer of the Year at 2009 DFNI Global Awards	DFNI (Duty Free News International)	Globally renowned magazine dealing with duty-free business
Mar. 6	Best on Delivery Award	Airbus Sogerma	Excellence in meeting delivery dates among suppliers of EADS Sogerma in 2008
Mar. 9	Grand Prize in Korea Marketing Frontier	Korea Marketing Association	Promoting Korean culture around the world
Apr. 02	Global Top 5 Airline	National Geographic Traveler	
Apr. 14	Brand Star Award Korea (1st in the category of airlines)	JoongAng Daily/ Korea Economic Daily/ Brandstock	Selecting best brand after consumer trend analysis
Apr. 23	Grand Prize in 2009 Korea Best Brand Award (airline category)	Donga.com / Hankyung.com / /imbc	Brand competitiveness according to brand awareness, purchases, preference (named 2 years in a row)
May. 12	Best In-flight Travel Retailer of the Year at 2009 DFNI Awards in Asia/Pacific	DFNI (Duty Free News International)	Globally renowned magazine dealing with duty-free business
May. 14	Grand Prize in Best Reliable Brand of Customers' Choice	Chosun.com	Consumer-oriented mindset, constant effort to realize customer satisfaction to create customer value
May. 26	Top 10 Cargo Airline	CAAS (Civil Aviation Authority Of Singapore)	Top 10 airlines based on freight results at Changi Airport (4 years in a row)
June. 4	Grand Prize in 2009 Korea Management Innovation Award	Seoul Economic Daily / Korea Management Institute	Forward-looking changes and visions through innovation
June. 16	The Company of Korea 2009 (in the category of respected company)	Joongang Daily / Forbes Korea / Korea Consumer Forum	Excellence in management practices, commitment to fulfilling social responsibilities, creation of common values to lead changes and innovation
June. 27	2008 Airline of the Year (in the category of foreign cargo carrier)	Malaysia Airports Authority	Best airline among airlines in service to and from Kuala Lumpur International Airport, in freight category (3 years in a row)
June. 27	Named as Mom's Brand of Choice	Lady Magazine / Consumer Media Forum	Brand that meets the need of women and that communicates with consumers
July. 17	No. 1 in the Global Customer Satisfaction Index	Japan Management Association	Excellence in service quality, evaluated by Japan management association consulting (5 years in a row)
Oct. 08	Best North Asian Airline of the Year at TTG Travel Award	TTG (Travel Trade Gazette) Asia Media	Excellent company in the category of travel service in the Asia-Pacific region
Oct. 19	No. 1 in KS-SQI in the category of airlines	Korea Standards Association	Excellence in customer satisfaction survey on service quality
Oct. 21	The 25th Frontier Awards Best Partnership Initiative of the Year	Frontier	Globally renowned magazine dealing with duty-free business
Oct. 30	Best In-flight Service	Travel + Leisure	Excellence in in-flight service
Nov. 17	PAX Readership Awards 2009 Global Award (Grand Prize) and "the Best In-flight Meal Service"	PAX International	Globally renowned magazine published by the International Travel Catering Association
Nov. 24	2009 Green Management Award	Segye Daily	Contribution to green growth by implementing green management practices
Dec. 01	Best Business Class Seat Design, Best Ground Staff/ Gate Agent	Global Traveler	Excellence in newly-launched service (New Seat) and in ground operation, selected by online voting of magazine readers
Dec. 03	Best Foreign Airline Favored by Chinese Consumers	World Traveler	
Dec. 10	Best Airline in Asia / Best Transpacific Business Class / Best Airline Advertising Campaign	Business Traveler (US)	Best airline, selected by online voting of magazine readers, named in each category for 3/ 4/ 2 consecutive years respectively
Dec. 11	First prize at Web Awards Korea in corporate promotion category	Web Award Association	New Seat, selected as an innovative and excellent website
Dec. 14	Best Foreign Airline Favored by Chinese Consumers	Global Times	

# Stakeholder Communication





# Our Offices

KOREA	
Reservation Center	1588 - 2001
Seoul Passenger Sales	1588 - 2001
Gangwon Sales	(033) 253 - 5561
Gwangju Passenger Service	(062) 942 - 0111
Gwangju Sales	(062) 384 - 9660
Gunsan Passenger Service	(063) 471 - 5001
Gimpo Passenger Service	(02) 2656 - 5005
Daegu Passenger Service	(053) 984 - 0111
Daegu Sales	(053) 606 - 2055
Daejeon Sales	(042) 862 - 2001
Busan Passenger Service	(051) 970 - 3312
Busan Passenger Sales	(051) 461 - 7272
Busan Cargo Sales	(051) 461 - 7113
Seoul Cargo Sales	(02) 751 - 7200
Suwon Sales	(031) 239 - 3539
Ueosu Passenger Service	(061) 683 - 7502
Ulsan Passenger Service	(052) 288 - 0111
Wonju Passenger Service	(033) 344 - 2000
Incheon Passenger Service	(032) 742 - 5152
Incheon Sales	(032) 882 - 5627
Incheon Cargo Service	(032) 742 - 5790
Jeju Passenger Service	(064) 713 - 9104
Jeju Sales	(064) 750 - 8333
Jinju Passenger Service	(055) 852 - 3374
Cheongwon Sales	(055) 296 - 2006
Chongju Passenger Service	(043) 213 - 2107
Pohang Passenger Service	(054) 284 - 0111

JAPAN	
Reservation Center	0088 - 21 - 2001
Tokyo Passenger Service	(813) 5443 - 3311
Tokyo Cargo Sales	(813) 5443 - 3388
Tokyo Airport	(81476) 32 - 7561
Kagoshima Airport	(8199) 558 - 3763
Komatsu Sales	(8176) 261 - 3311

Nagasaki Airport	(8195) 824 - 3188
Nagoya Airport	(8156) 938 - 0750
Nagoya Sales	(8152) 586 - 3311
Niigata Airport	(8125) 271 - 5541
Niigata Sales	(8166) 264 - 3311
Sapporp Sales	(8111) 210 - 3311
Shizuka Sales	(8154) 829 - 2650
Aomori Airport	(8117) 729 - 0511
Akita Airport	(8118) 886 - 8188
Osaka Airport	(8172) 456 - 5111
Osaka Passenger Service	(8166) 264 - 3311
Osaka Cargo Sales	(8166) 263 - 8896
Oita Airport	(8197) 537 - 3316
Okayama Sales	(8186) 294 - 4951
Haneda Airport	(8135) 756 - 4808
Hakodate Airport	(8113) 859 - 3323
Fukuoka Airport	(8192) 477 - 7561
Fukuoka Sales	(8166) 264 - 3311

SOUTHEAST ASIA	
Singapore Sales	(62) 6796 - 2001
Singapore Airport	(65) 6542 - 0623
Denpasar Airport	(0361) 768 - 377
Delhi Sales	(911) 2565 - 4948
Manila Airport	(632) 853 - 7744
Manila Sales	(632) 789 - 3700
Mumbai Sales	(9122) 2200 - 4805
Bangkok Airport	(662) 134 - 2270
Bangkok Sales	(662) 620 - 6900
Cebu Sales	(6332) 340 - 5431
Siem Reap Airport	(85563) 964 - 881
Jakarta Airport	(6221) 550 - 2389
Jakarta Sales	(6221) 521 - 2180
Chennai Sales	(9144) 2231 - 6027
Chiang Mai Airport	(6653) 922 - 556
Kathmandu Sales	(9771) 443 - 1565

Kota Kinabalu Sales	(6088) 413 - 710
Kuala Lumpur Airport	(603) 8787 - 3466
Kuala Lumpur Sales	(603) 2144 - 0200
Penang Sales	(604) 644 - 2099
Penang Airport	(604) 644 - 2099
Phuket Airport	(6676) 328 - 540
Phnom Penh Sales	(85523) 224 - 047
Hanoi Sales	(844) 3934 - 7247
Ho Chi Minh Airport	(848) 3844 - 6649
Ho Chi Minh Sales	(848) 3824 - 2878
Guam Sales	(1671) 642 - 3217
Nadi Sales	(679) 672 - 1433
Melbourne Sales	(613) 9670 - 5800
Brisbane Sales	(617) 3226 - 6000
Sydney Airport	(612) 9669 - 6466
Sydney Sales	(612) 9262 - 6000
Auckland Airport	(649) 255 - 0130
Auckland Sales	(649) 914 - 2000

CHINA	
Reservation Center	40065 - 88888
Beijing Airport	(8610) 6459 - 0556
Beijing Sales	(8610) 8453 - 8421
Guangzhou Airport	(020) 3606 - 7455
Guangzhou Sales	(020) 3877 - 3878
Dalian Airport	(86411) 8388 - 7179
Dalian Sales	(86411) 8365 - 8899
Mudanjiang Sales	(8645) 3695 - 2118
Shanghai Passenger Sales	(8621) 5208 - 2080
Shanghai Cargo Sales	(8621) 5208 - 2117
Xiamen Sales	(86592) 268 - 0088
Shenyang Airport	(8624) 8939 - 8308
Shenyang Sales	(8624) 2334 - 1880
Shenzhen Sales	(0755) 8293 - 3106
Xi'an Sales	(8629) 8836 - 1818
Yanji Sales	(86433) 291 - 8824

Yantai Sales	(86535) 660 - 5389
Wuhan Sales	(8627) 8556 - 1581
Ulaanbaatar Sales	(97611) 31 - 7100
Weihai Sales	(86631) 532 - 7054
Zhengzhou Sales	(86371) 6788 - 1288
Jinan Sales	(86531) 8611 - 8847
Changsha Sales	(86731) 8225 - 9425
Qingdao Airport	(86532) 8471 - 6321
Qingdao Sales	(86532) 8388 - 0221
Kunming Sales	(86871) 3158 - 300
Taipei Sales	(8862) 2518 - 2200
Tianjin Airport	(8622) 2490 - 5701
Tianjin Sales	(8622) 2330 - 8219
Pudong Airport	(8621) 6835 - 5620
Hongqiao Airport	(8621) 2235 - 1260
Hong kong Airport	(852) 2769 - 7511
Hong kong Passenger service	(852) 2366 - 2001
Hong kong Cargo Sales	(852) 2215 - 3572

AMERICA	
Reservation Center	(1)800 - 438 - 5000
Los Angeles Passenger Service	(1213) 484 - 5700
Los Angeles Airport	(1310) 646 - 3033
Los Angeles Cargo Sales	(1310) 410 - 2000
New York Airport	(1718) 751 - 2000
New York Passenger Service	(1213) 484 - 1900
New York Cargo Sales	(1718) 632 - 5555
Dallas Airport	(1972) 973 - 7051
Dallas Sales	(1972) 973 - 4134
Las Vegas Airport	(1702) 261 - 6071
Vancouver Airport	(1604) 276 - 9535
Vancouver Sales	(1604) 248 - 1146
Sao Paulo Airport	(15511) 2445 - 4805
Sao Paulo Sales	(15511) 3525 - 6700
San Francisco Airport	(1650) 821 - 0600
San Francisco Sales	(1650) 821 - 0603

Seattle Airport	(1206) 241 - 1576
Seattle Sales	(1206) 241 - 1576
Chicago Airport	(1773) 686 - 2730
Chicago Sales	(1773) 686 - 2730
Atlanta Airport	(1404) 761 - 7691
Atlanta Sales	(1404) 761 - 7691
Anchorage Sales	(1907) 243 - 3329
Washington Airport	(1703) 572 - 2420
Washington Sales	(1703) 572 - 2430
Toronto Airport	(1905) 676 - 8440
Toronto Sales	(1905) 676 - 8440
Honolulu Airport	(1808) 836 - 1711
Honolulu Sales	(1808) 926 - 8000
Miami Sales	(1305) 357 - 5395

EUROPE	
Paris Sales	(331) 4297 - 3080
Paris Airport	(331) 4862 - 6161
Dubai Sales	(9714) 3377 - 003
London Airport	(020) 8897 - 0030
London Sales	(4420) 7495 - 8641
Rome Sales	(3906) 6595 - 5952
Madrid Sales	(3491) 542 - 5700
Millano Sales	(3902) 7209 - 5654
Brussels Sales	(353) 1799 - 7990
Vienna Sales	(431) 7007 - 32515
Stockholm Sales	(468) 593 - 78861
Amsterdam Sales	(3120) 655 - 6333
Oslo Sales	(47) 6482 - 1932
Istanbul Sales	(90212) 465 - 2650
Zurich Sales	(4143) 443 - 6061
Cairo Sales	(202) 2576 - 8255
Copenhagen Sales	(45) 3251 - 2095
Tel Aviv Sales	(9723) 754 - 4700
Praha Sales	(420) 22011 - 6827
Frankfurt Airport	(4969) 697 - 64610

Frankfurt Sales	(49180) 500 - 9800
-----------------	--------------------

CIS	
Moscow Airport	(7495) 956 - 4632
Moscow Sales	(7495) 725 - 2727
Vladivostok Sales	(74232) 433 - 444

UZBEKISTAN	
Tashkent Sales	(99871) 129 - 2001
Navoi Sales	(9987) 9770 - 3811

● **Contact Information**

**For questions or comments on this report,  
please contact below.**

**Address:** Environment Team,  
Facilities & Environment Department,  
Korean Air 1370, Gonghang-dong,  
Gangseo-gu, Seoul, Korea 157-712

**E-mail**   baejunghwan@koreanair.com  
             kimmsun@koreanair.com

**Tel**        +82-2-2656-7461

**Fax**        +82-2-2656-7447

For more details, you can reach the departments  
through the numbers below:

**Management information**   dhyukchoi@koreanair.com  
**Ethical management**        jyun@koreanair.com  
**Governing structure**        daeyjung@koreanair.com  
**Financial information**       ejilee@koreanair.com  
**Customer satisfaction**       ysubkim@koreanair.com  
**Social responsibility**        jinhan@koreanair.com  
**Climate change**            baejunghwan@koreanair.com  
**Environmental management**   yooscho@koreanair.com





✈ Korean Air has remained accident-free for 10 consecutive years, beginning in 2000.

A safe flight is the most important product that Korean Air can promise to its customers.

By providing excellent service throughout the entire air travel process, we continue to pursue our goal of becoming the safest airline in the world.



1370, Gonghang-dong, Gangseo-gu, Seoul 157-712, Korea  
Tel +82-2-2656-7114 [www.koreanair.com](http://www.koreanair.com)



This report is printed on an environmentally-friendly  
recycled paper using soybean oil.