

2013 ASIANA AIRLINES SUSTAINABILITY REPORT

Report Overview

2013 Asiana Airlines Sustainability Report is published from the perspectives of a range of stakeholders providing information on its major sustainable management performances for the year. The report has been generated with focus on major issues identified through media research and stakeholder surveys to incorporate a wide array of opinions on the company's sustainable management.

Reporting Period & Scope

This report covers the corporate sustainable initiatives and performances of the headquarters, domestic/international passenger and cargo branches, company worksites at the Incheon and Gimpo hangars from January 1, 2012 to December 31, 2012 with some parts covering information updated until April 2013.

Reporting Principles & Independent Validation

To assure the credibility of the information herein, the Korean Standards Association has conducted the third-party validation primarily in accordance with the validation standards of AA1000AS 2008 along with the GRI Guideline (G3.1) and ISO 26000.

Further Information

Information contained in this report can also be found in the Electronic Disclosure section of the Financial Supervisory Service homepage(http://dart.fss.or.kr) and Corporate Information-Green Management-Sustainability Report section of the Asiana Airlines homepage(http://flyasiana.com).

^{**} Company information such as corporate governance and financial structure is based on statistics available as of December 2012. The information can be subject to change after the publication of this report.

CONTENTS

	CEO message	04	Economy	Aviation Industry Overview	34
	2012 Focus	06		Passenger	34
	Major Issue Identification	08		Cargo	35
				Value Sharing with Stakeholders	37
				Disclosure	37
Overview	Company Introduction	12		Risk Management	38
	Global Network	14		FairTransaction	39
Sustainability	Sustainability Management	18	Customer	Service	42
	, 6				
Management	Kumho Asiana's New Values	19	Satisfaction	Customer Satisfaction System	45
	Corporate Governance	19		Marketing	46
	Board of Directors	20		Safety Management	48
	Ethical Management	21		Operation Control	49
	Stakeholder Communication	22		Safety Operation	50
	Employee	23			
	Talent Development	25			
	Training & Evaluation	26	Environment	Green Management	54
	Human Rights	27	& Society	Asiana Eco-Flight	56
	Employee Safety & Health	29		Response to GHG Regulation	58
	Win-Win Management	30		Environmental Control	59
				Corporate Social Responsibility(CSR)	62

Appendix 70



Asiana Airlines is constantly evolving to achieve sustainable growth with the highest standards of safety and service that can truly satisfy its customers.

This year marks the 25th anniversary of the establishment of Asiana Airlines since it embarked on its journey to a brighter future. We are truly grateful to all stakeholders who have loved and rooted for us for the past 25 years. Thanks to your support, Asiana Airlines was able to become the 1st airline to be named as the Airline of the Year for five consecutive times.

Asiana Airlines has unwavering commitment to its responsibility as Beautiful Company that creates the best corporate value in the industry, achieving customer satisfaction through the safest, superior service.

Despite adverse external conditions including the economic recession triggered by the developed countries and spread to Korea, Asiana Airlines achieved positive performance by carrying more than 11 million passengers for the year, generating KRW 5 trillion 638.1 billion in revenue and KRW 132.5 billion in EBIT driven in part by the growth of the Chinese market and increasing demand for leisure activities in 2012. In addition, Asiana has continued introducing the latest equipment and facilities including nine passenger jets and two cargo jets to operate a total of 80 airplanes while upgrading plane seats and facilities for two Boeing 777 airplanes. Asiana also launched a flight to Vladivostok completing the triangle route to the Far East by connecting it with the flights to Khabarovsk and Sakhalin, and increased flights to Haneda, Hong Kong, Honolulu and Paris to increase customer convenience.

In parallel with this, Asiana Airlines has introduced a wide array of initiatives for a 'Beautiful World' to create prosperity for everyone. The company is faithfully complying with 10 principles of the UN Global Compact on various issues such as human rights, labor, environment and anti-corruption while expanding the scope of Eco-Flight, the distinct green operation program of the company, and promoting a family-friendly work environment and inclusive growth. It is also making remarkable strides in social contribution, with initiatives that go beyond the national boundary such as donating books to multi-cultural families in Korea, opening 'Beautiful Class' to sister schools in China, and launching the 'Love House' initiative in Vietnam. Such strenuous endeavor has earned Asiana the recognition as no.1 airline in the Dow Jones Sustainability Index for four consecutive years, the grand prize at the 1st Family Friendly Employer Award, and the no. 1 airline in the Korean Sustainability Index.

Going forward, Asiana people will exert their best endeavors, building on its achievement during the past 25 years to fly beyond the competition. We hope all stakeholders to continue to give their support on our journey towards the beautiful future.

Thank you.

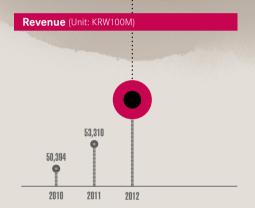
Young-doo Yoon
President & CEO

2012 Sustainability Focus

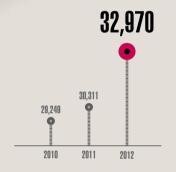
5,630.1 billion

Major Business Indexes

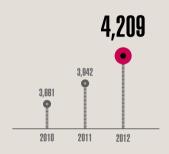
In 2012, Asiana Airlines earned KRW 3,588 billion from its passenger business, an all-time high revenue, posting 7% increase compared to 2011 by improving its flight competitiveness and implementing sales strategy to maximize profitability. Despite adverse market conditions, the air cargo revenue has also increased 5.5% from 2011 to reach KRW 1,386.9 billion by increasing supply and augmenting sales capability.



Passengers (Unit: KRW100M)



Cargoes (Unit: KRW100M)











......

New Flights

Passenger Incheon - Vladivostok(Nov. 16)

Incheon - Yangon(Dec. 19)

Cargo Incheon - Hanoi - Incheon(Mar. 2)

Incheon - Dallas - Los Angeles - Incheon(Sep. 5)
Incheon - Dallas - New York - Incheon(Sep. 5)

Incheon - Chicago - Dallas - Incheon(Sep. 5)

Incheon - Domodedovo - Vienna - Oslo - Incheon(Sep. 7) Incheon - St. Petersburg - Vienna - Oslo - Incheon(Sep. 7)

Safety

Simulator Training Augmented B747-400 Simulator upgrade

Quality Management for Safe Flight & Security Check Line audit introduced, internal inspection reinforced

Mobile Maintenance System The 1st mobile aircraft maintenance system in the industry

Service

Service standardization Airport service standardization, periodic meetings on service quality improvement

New service Care service for the physically challenged, Weihai Point Golf Express service **Automated service** My Flight App development

Recognition for Customer Satisfaction

Top-Ranking in All of the 3 Customer Satisfaction Surveys for 2012

No. 1 in KPC NCSI (National Customer Satisfaction Survey) for international flight service

No. 1 in KMAC KCSI(Korean Customer Satisfaction Index) for airline service

No. 1 airline in KSA KS-SQI(Korean Standard- Service Quality Index)

Aircraft

New aircraft A321-200(6 planes), A330-300(2 planes), B747-400F(2 planes), B777-200ER(1 plane)

Aircraft remodeling B777 OZ First Suite, OZ Quadra Smartium (2 planes)

Marketing

Brand marketing KPOP marketing, Dae Jang Geum tour **Asiana Dream Wings Program** Extended to cover primary/secondary school students

Green Management

Outside recognition No. 1 in the transport sector of Green Ranking(Joongang Ilbo) **Eco-Flight** Company-wide fuel management committee taking on more activities, new green campaigns engaging customers

EU ETS & GHG Energy Target Management System Verification and emissions quota allocation Voluntary GHG reduction Actual fuel efficiency (per basic unit) exceeding the target Carbon reduction labeling Gimpo-Haneda route reaccredited (135kg CO2/person), Gimpo-Beijing accredited (147kg CO2/person)

Social Contribution

Entered into an MOU for World Heritage conservation with the Korean National Commission for UNESCO

Officially recognized as company to donate education by the Ministry of Education Do Dream School at airport, contributions to the spare coin collection campaign, 'Change for Good' exceeding KRW 7 billion

Sustainable Management

No. 1 airliner in Dow Jones Sustainability Index for 4 consecutive years Sustainability leader in air transport green index of Korea Best-practice company in the private sector for sustainable management







Asiana Airlines always pushes itself further to offer only the best service and lead the global aviation industry.

Major Issue Identification

1. Media Analysis

To delineate key external awareness issues about Asiana Airlines and sustainable management, a total of 6,131 articles written between 2009 and 2012 were researched and analyzed.

2. Relevant Company Analysis

Competitors' reports as well as that of Asiana Airlines were analyzed along with other 37 issues based on the social responsibility standards defined by ISO 26000

3. Stakeholder Engagement

External Stakeholder Engagement

Asiana Airlines utilized the 2012 KSI survey conducted by KSA (Korean Standards Association) to understand external stakeholder interest per issue. A total of 150 respondents (customers: 78%, community residents: 9.9%, investment agencies: 5%, media: 2.1%, etc) participated in the survey and the results were studied to derive 78 issues of relevance.

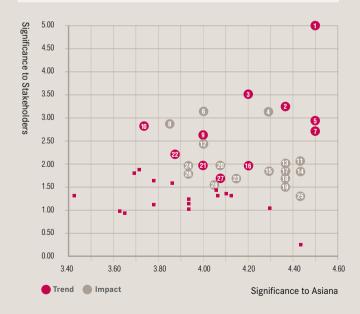
Internal Stakeholder Engagement

An additional survey has been conducted on the issues of relevance derived from media research and the KSI survey for internal and external employees to use the results as the basis for significance assessment.

4. Significance Assessment

Significance assessment, which consists of relevance and materiality assessment, was conducted to finalize 28 trends and impact issues based on 'significance to stakeholders' and 'significance to Asiana Airlines'. The screened issues of significance were then compiled into a final report.

Significance Assessment Results & Reported Issues



N	0	Issue	Significance
	1	Diversified customer demands	4.75
	2	Importance of talent recruitment	3.85
-	3	Increased demand for product/service safety	3.84
	4	Efforts to redress consumer grievance and dispute	3.77
	5	Increased demand for corporate transparency	3.72
	6	Support for social investment by communities	3.60
	7	Increased demand for consumer information security	3.53
	8	More transparency in business management/ more responsibility of the board of directors	3.37
	9	Increased demand for fair transaction	3.28
1	0	Heightened competition	3.27
1	1	Fair employment, employment security	3.25
1	2	Efforts to prevent environmental pollution	3.24
1:	3	Efforts for consumer health/safety	3.19
1-	4	Social dialogue for workers, corporate social protection	3.16
1:	5	Basic rights at worksites	3.10
1	6	More interdependency due to globalization	3.10
1	7	Sustainable use of resources	3.08
1	8	Talent development and trainings at workplaces	3.07
1	9	Fair and reasonable consideration of working conditions	3.02
2	0	Efforts to slow down climate change	3.02
2	11	Increase in consumers who value health/green/community	2.99
2	2	Accelerated technology development	2.99
2	3	Fair competition	2.94
2	4	No discrimination against the underprivileged	2.93
2	5	Health/safety at work	2.93
2	6	Engagement of varied stakeholder groups	2.93
2	.7	Easy access to corporate information (Internet, SMS, etc)	2.87
2	8	Contribution to community education & cultural development	2.84

^{*} KSI (Korea Sustainability Index): An index that shows how agile a company is in understanding and responding to sustainability trend, and how proactively it manages and improves the impact corporate decisions and business activities have on society and environment. Experts are enlisted for each sector of economy, society and environment along with consumers, suppliers, community residents, and NGOs.



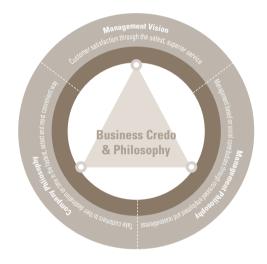
OVERVIEW

Asiana Airlines has grown to a global airline company that offers only the best services for the past 25 years, and has achieved the unprecedented feat of winning the Airlines of the Year for five years in a row.

Overview

Company Introduction

Asiana Airlines, offering the world's fastest, safest and most comfortable flight services to satisfy its customers, aspires to structure its organization more efficiently and create a corporate culture where all members trust each other, marching toward the shared goal. The company's business principle for 2013 is to 'set good examples first to lead the others'. Under such principle, Asiana people will work to act on what they pledge with sincerity and focus while taking on what has been assigned to them responsibly. In this way, Asiana Airlines wants to build an organization with strong competitive edge creating the best value in the industry with unwavering determination that cannot be shattered even in the rapidly changing global business environment.



Company Name: Asiana Airlines. Inc.

Date of Establishment: Feb. 17, 1988

Address

(Headquarters): Asiana Town, 47 Osoe-dong, Gangseo-gu, Seoul, Korea (Gimpo Hangar): 94-1, Gonghang-dong, Gangseo-gu, Seoul, Korea (Incheon Hangar): 2840-23 Unseo-dong, Jung-gu, Incheon

President & CEO: Young-doo Yoon

Type of Business: Air Transport

Revenue: KRW 5 trillion 638.1 billion

EBIT : KRW 132.5 billion **Employees :** 9,595 persons

Asiana Footprint





0	Dec. 1988	Inaugurated the 1st domestic flight (Seoul-Gwangju)
	Jan. 1990	Inaugurated the 1st int'l flight (Seoul-Tokyo)
	Feb. 1994	Launched "Change for Good" with UNICEF
	Jan. 1995	Introduced a non-smoking policy to all flight routes
	Sep. 1996	Received the ISO 14001(green management system)
		accreditation
	Dec. 1998	Operated the presidential airplane for the 1st time

1		
0	June 2000	Launched the historic 1st flight to North Korea (
		Seoul-Pyeongyang non-stop route)
	Dec. 2001	Designated an environmentally friendly company
	May 2002	Joined IATA(International Air Transport
		Association)
	Mar. 2003	Joined Star Alliance

Aircraft Fleet

Having introduced a total of 11 planes in 2012, the aircraft fleet operated by Asiana Airline as of the late 2012 consisted of 69 passenger jets and 11 cargo jets. Asiana Airlines plans to introduce a total of eight planes in 2013, six A380 planes for 2014 and 30 A350XWB planes for 2016 respectively.

Aircraft Type	of Passenger Planes	Aircraft Type	of Cargo Planes
A320-200	10	B767-300F	1
A321-100	2	B747-400F	4
A321-200	20	B747-400SF	6
A330-300	12		
B737-400	2		
B767-300	7		
B777-200ER	12		
B747-400C	2		
B747-400P	2		
Subtotal	69	Subtotal	11
Total	80		

(As of late 2012)





9	Feb. 2006	Introduced the new CI
	June 2008	Received Presidential Prize at the 2008 National
		Environmental Management Award
	Feb. 2009	Named the Airline of the Year for 2009 by ATW
	Apr. 2009	Won grand prize for big business at the Korea
		Ethical Management Award
	May 2010	Named the Airline of the Year by Skytrax
	July 2010	"Change for Good" fund for UNICEF exceeded KRW
		5 Rn

0	Apr. 2012	Ranked no. 1 at the international flight service		
		sector of NCSI (National Customer Satisfaction		
		Survey)		
	Jul. 2012	Introduce OZ first Suite		
	Oct. 2012	7billion won collected by "Change for Good"		
		with UNICEF		
	Dec. 2012	Named the Airline of the Year (Premier Traveler)		
	Jan. 2013	Named the Airline of the Year (Business Traveler)		

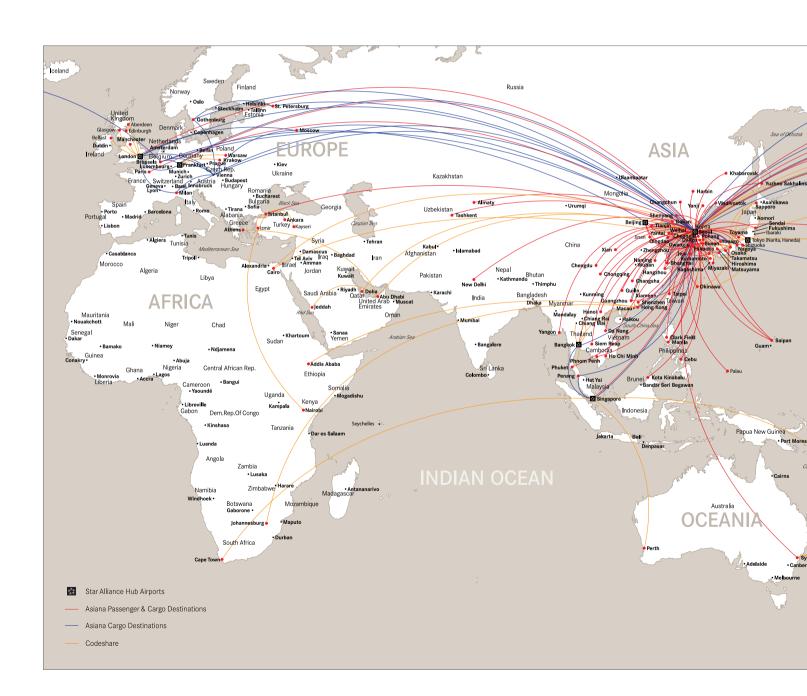
5 Bn

Dec. 2011 Airline of the Year (Global Traveler)

Overview

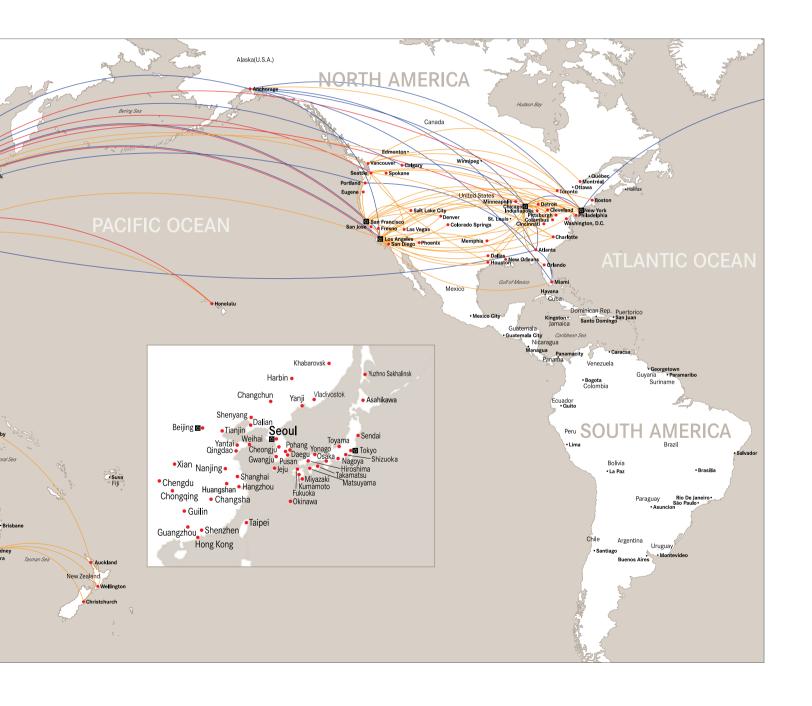
Global Network

Asiana Airlines operates 327 domestic passenger flights per week on 14 routes to 12 cities, and 645 international passenger flights per week on 90 routes to 70 cities in 23 countries, and 68 international cargo flights per week on 23 routes to 28 cities in 14 countries. Code sharing with the members of Star Alliance, the world's largest airline network, also helps Asiana Airlines expand its global network and increase collaboration in various areas.



Star Alliance

Asiana Airlines officially joined Star Alliance, the world's largest airline network, in 2003. Star Alliance connects 1,329 airports in 194 countries to establish a truly global network, operating upwards of 21,900 flights per day. Star Alliance members offer a range of high-quality customer services by sharing the frequent flier program, offering an access to about 1,000 airport lounges across the globe, priority baggage check and one-stop check-in service, and dedicating boarding counters for premium customers only.





SUSTAINABILITY MANAGEMENT

Asiana Airlines strives to attain the highest standards of sustainable management through inclusive growth, ethical management, green management and social contribution in order to enhance quality of life for all stakeholders.

Sustainability Management



• Sustainable Management Implementation Process

For Asiana Airlines, sustainable management is about enhancing life quality of its stakeholders (i.e. customers, employees, shareholders, partners and communities) under the mission of Kumho Asiana Group. The company faithfully practices sustainable management as <company that goes with its people> providing a work environment that gives satisfaction and fulfillment to its employees, <company that gives trust to its customers> offering only the best service, quality and technology to customers and delivering its pledges to earn trust from them, and <company that contributes to society> fulfilling its roles and responsibility for society.

Sustainable Management Milestones for the Past 3 Years

2010	2011	2012
Signed partnership with KOICA for assistance initiatives overseas Named as 2010 Airline of the Year (Skytrax of the UK) No. 1 airline in KS-SQI No. 1 in KCSI aviation service No. 1 airline in Korean Sustainability Index (Korean Standards Association) Korean Green Climate Award(Climate Change Forum under Nat'l Assembly) Grand prize at the CSR Korea Award(Korea Journalist Forum)	- Signed a contract to introduce A380 with a plan for next-gen passenger system - 2011 Airline of the Year(Global Traveler of the US) - Included in DJSI KOREA (3 yrs in a row) - No. 1 in KCSI aviation service (Korea Management Association Consulting) - No. 1 in int'l flight sector of NCSI - MDG award of the UN Global Compact Value Award	- Signed MOU with UNESCO Korea for world heritage preservation - Raised KRW 7B for its spare coin collection initiative - Accredited to offer educational outreach initiatives (MEST) - Airline of the Year (Premier Traveler) - No. 1 in KCSI aviation service for 2012 - No. 1 airline in 2012 KS-SQI - Joined DJSI KOREA (4 consecutive years) - Grand Awards for Excellence in Sustainable Management (Ministry of Knowledge Economy) - Grand Award for Family-Friendly Management - Grand Awards for Transparent Management selected by 5 major economic associations

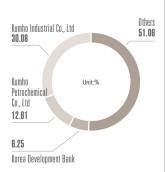
Kumho Asiana's New Values



The year 2012 was another turning point for Kumho Asiana Group, announcing the new corporate value scheme and preparing for a great leap forward. Announcing a new start is not for disassociating itself from the past but marching toward the shared future, joining hands with our beautiful people, enhancing our strength and improving on our weakness with passion and tenacity.

Mission	Improving the quality of life for all of Kumho Asiana's stakeholders
Vision	A beautiful corporation creating the highest corporate value in each related industry • Going together with employees / A trustworthy company / A company that contributes to society A beautiful company
	People with dedication doing their best in their assigned work with passion & tenacity → Beautiful people
	4 Core Management Principles
	Strategic Management : Mission-oriented management / Vision-oriented management / Strategic management / Tactical management
Strategy	Human Resources Management : People-centric management / Professional development management / Talent
	identification and placement-based management Ethical management : Fundamental principle-based management / Rational management / Uncritical management
	Quality Management : Trust-based management / Customer-first management / Advanced technology-based management
Spirit	Passion & Tenacity
	Sincere and Diligent
Right people	Studious and Learned
	Earmest and Driven
	Taking the Initiative and Leading by Example
Leadership	Judgment
Leauership	• Decisiveness
	• Drive
Culture	An open community where order and freedom co-exist in harmony

Corporate Governance



Shareholder Status

Shareholder Name	Owned Shares
Kumho Industrial Co., Ltd	58,688,063
Kumho Petrochemical Co., Ltd	24,593,400
Korea Development Bank	12,200,000
Others	99,619,902

Board of Directors

BoD Chart

Outside Director
Recommendation
Committee (3ppl)
Chairman(Inside
Director): Yoon
Young-doo
Members(Outside
Director): Lee Deokhun, Kim Jong-chanJeong Chang-young

BoD Members

Туре	Name	Work Objective	Work Scope	Recommended by	Note
Inside Director	Young-doo Yoon In charge of overall business and stable operation of the company				CEO
	Chang-su Han	In charge of overall business and	Overall business BoD External affairs	BoD	
	Tae-Keun Han	external affairs			Appointed on
	Jae-hwan Seo	In charge of external affairs			Mar. 29, 2013
Outside Director	In-taek Im	Expert in aviation & transport	Advice on aviation industry	Outside Director	
	Chang-young Jeong		Advice on biz mgmt		
	Deok-hun Lee	Economy expert			
	Seong-geun Lee	Legal expert	Legal advice	Recommendation Committee	Reappointed on Mar. 29, 2013
	Gun-young Jeong				
	Jong-chang Kim	Financial expert	Financial Advice		Appointed on Mar. 29, 2013

The board of directors' meetings were held for 23 times in 2012 with the agenda on the Tokyo branch's air tickets receivables and an agreement on overseas asset-backed loans transaction (Feb. 21), extension of other foreign exchange payment guarantee by Korea Development Bank (May 16), approval on financing for B777-200ER introduction (July 12), and yen-denominated bond issuance (Dec. 18)

Managerial rule of BoD

Asiana Airlines has four internal directors and six outside directors for its board of directors(BoD) with Head Director or a director appointed by Head Director serving as Chair. Under the BoD, there are Outside Director Recommendation Committee and Audit Committee. Outside Director Recommendation Committee has been established to recommend candidates for outside directorship in accordance with relevant laws, articles of incorporation and the BoD provisions. Within the committee, outside directors have to take up majority seats as stated in Section 8, Article 542 of the Commercial Act. When appointing directors, inside directors have to be recommended by the BoD first whereas outside directors have to be recommended by the Outside Director Recommendation Committee and agreed unanimously by all directors. In compliance with relevant laws, information on director candidates have to be faithfully disclosed and communicated to shareholders and stakeholders before the general shareholders' meeting is held. Audit Committee consists of three internal directors who oversee and supervise operations and accountings of the company.

Executive Compensation

Category	Total Compensation	Approved Shareholders	Average Payment per Director	Note
Inside Director	692,937	2,700,000	230,979	4 ppl
Outside Director	288,000	2,700,000	48,000	6 ppl

Note) 1. The amount approved by shareholders above is the combined amount of payment for both inside and outside directors.

- 2. The average payment per director is calculated by dividing the total payment with the number of directors (specified in the Note section above) at the end of the period.
- 3. No stock option

Ethical Management

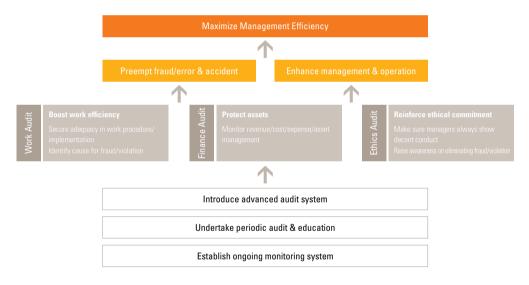


Asiana Airlines strives to become a trusted and respected company by practicing ethical management based on trust and social responsibility. To fully implement ethical management, the company makes a principled stand abiding by market orders and fulfilling its ethical responsibilities as commonly demanded by society while observing the ethics code for corporations. This means the scope of its ethical management spans financial, legal, ethical, and charitable responsibilities expected of a company as well as compliance with laws and regulations.

Organization in Charge

For proactive implementation and promotion of ethical management, the Supervisory Office on Corporate Ethics has been established directly reporting to CEO. In addition, the company has defined detailed action plans based on the established and announced code of ethics and ethical provisions.

• Ethical Management - Major Works & Objectives



• Ethical Management - Roadmap

Phase 1 Introduction of ethical management (2009-2011) Periodic/planned inspection -Inspection module establishment/ improvement -Operation of internal report office -Ethical provision/regime streamlining -Ethics index introduction -Ethical management training Phase 2 Stabilization of ethical/ transparent management (2012-2013) -Risk Management -More rigorous inspection on initiatives to prevent accidents -Heightened ethical awareness -Ethics index evaluation Phase 3 Establishment of 'Beautiful Company' culture (2014-2015) -Better corporate image -More rigorous inspection on initiatives to prevent accidents -Ethical management implementation regime in overseas worksites -Grand prize from transparent/ ethical management awards

Ethical Management Website

The company's Ethical Management Website introduces the concept of ethical management and provides information on code of ethics, ethical management principles, necessity and implementation plan for ethical management and the latest news in relevant matters.



• Ethical Management Implementation Program

Education on Ethical Management

Asiana Airlines raises awareness and builds consensus over ethical management by providing relevant education to all of its employees through various modalities. Ethical management is included in a range of education curriculums for employees such as cyber education and trainings for new job task or new job post after work rotation or promotion. In 2012, cabin crew members and lateral hires(441 ppl), veterans, licensed pilots, ground crew(104 ppl), maintenance engineers(78 ppl), office workers(213 ppl) and overseas assignees(22 ppl) received education on work ethics.

Ethical Management for Partners

Asiana Airlines operate the campaign that prohibits employees from receiving money or gifts from partner companies. It is part of the efforts to have ethical management take a firm root in the corporate culture. An official notice calling for cooperation was sent to clients and partners, and self-monitoring regime was implemented in worksites. (February 2013)

Ethical Management Monitoring

Asiana Airlines has the ombudsman office in place to root out any unethical or indecent practices and unfair work handling by executives and employees. The ombudsman office is a channel for employees to submit their opinions directly to the ethics supervision office, and guarantees confidentiality providing varied protections to whistleblowers. It also monitors the compliance status with corporate regulations while examining to detect unethical conduct, if any, made either professionally or privately through periodic or ad-hoc inspections.

Stakeholder Communication



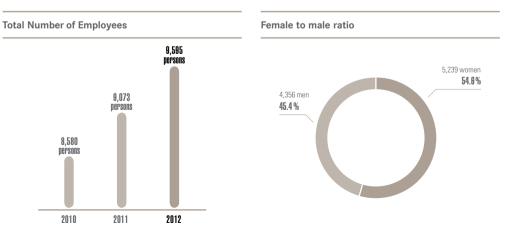
• Corporate Culture Program

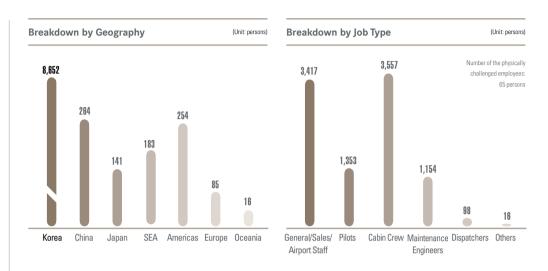
Category	Description
All For One	Create a corporate culture conducive for understanding and trust between different sectors and posts, and pleasant to work in
Passion Plus (first-year employees)	Grow true Asiana people with proactive and positive mindset by sharing the 1st-year frontline experiences and keeping the passion they had upon entering the company
Flight Crew Refreshment (FCR)	Improve communication capability of the flight crew and instill loyalty to the company along with professionalism
Mentoring	Help mentees settle down within the organization and grow into specialists by tapping into rich experience and knowledge of mentors
OZ Cultural Journey	Facilitate open communication between executives and employees, and improve cultural literacy by offering cultural events including movie/documentary screening or special lectures
Asiana Beautiful Family	Educate parents and their children on how to lead a harmonious life with family and introduce family-friendly corporate culture
Other Cultural Lectures	Open various cultural classes to support hobby or leisure activities of employees after work (e.g. swimming, yoga, POP handwriting, acoustic guitar, Pilates)
Positive Communication Skill-up Course	Open Communication program, executive's special lecture, relationship class to make better working condition through harmony with employees from various dept.

Employee

• **Employee Composition**

Asiana Airlines has a total of 9,595 employees as of late 2012. Its number of employees increased by 522 people compared to the last year with 1,126 people newly joining the workforce and 604 people leaving the company. For the past few years, the number of employees has been increasing upwards of 5% every year.





Female Managers

On the executive level, there are 5 female managers with 1 as Vice President, 1 as Managing Director and 3 as Team Leaders.

Temporary Staff

As of late 2012, Asiana Airlines employed a total of 830 temporary workers: 769 workers are either interns on the incubation period or outsourced retired workers (seniors). The remaining 61 workers are fixed-term workers (contract workers/part-timers). Temporary workers are split into the following categories depending on their employment/job type.

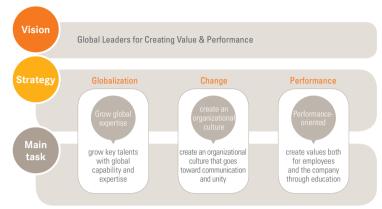
	Non-Contract		Contract	T . I		
Category	Intern	Outsourced	Part-timer	Contract worker	— Total	
of workers (persons)	487	282	51	10	830	
By Job Type						(Unit: persons)
By Job Type General Office Works	er Pilot	Cabin	Ma	aintenance	Total	(Unit: persons)

Talent Development

Right people

- Sincere and Diligent
- · Studious and Learned
- Earnest and Driven

Vision & Strategy



Mid-to Long-Term Roadmap

Phase 1 Reinforce global leadership

- -Global MBA, training of regional experts -Safety/service MBA
- -Advanced English course
- -Intensive foreign language courses
- -Ongoing foreign language training programs
- -On-line foreign language learning
- -Corporate culture where voluntary
- language learning is encouraged

Phase 2 Encourage life-long learning

Phase 3 Let employees initiate HRD

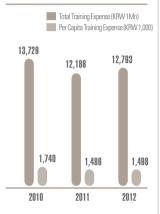
- -Study clubs organized by employees
 -Learning programs that can directly improve
 performance at work
 -Change Agents(talents for innovation)
 development
 -Knowledge-sharing led by employees
 -A culture of learning and sharing

• Global Key Talent Development Program

Category	Preparation for Each	Job Skills	Corporate	Competency	K	Key Talent (invited)		Foreign Language Course		Shared Course
	Job Position		Development	Building (optional)				Intensive	Working-Level	
Executive	Course for new executives			Domestic/ overseas seminars	uni Executiv	course at dome versities (AMF ve courses offe utside agency	P), ered by			Cyber campus (leadership) (job task)
General Manager	Course for new K1	General job task Passenger flight	All for One OZ Cultural	Outsourced courses			Domestic MBA	Foreign language	Business English Business Chinese	(foreign language) (cultural
Deputy General Manager	Course for K1 candidates	Freight flight Airport Maintenance Operation Cabin service	Journey Cultural lectures		Kumho Asiana MBA (Yonsei Univ.)	Overseas MBA (US) (Japan) (China) Safety/ service MBA Regional expert	(evening/ night)	course before/ after work (English) (Chinese) (Japanese) Intensive TOEIC Intensive Chinese Intensive	Business Japanese	class)
Manger	Course for new managers							Japanese		
Assistant Manager	Course for manager candidates Course for new assistant managers									
Employee	Course for assistant manager candidates Orientation for new recruits/general/job specific		Passion Plus							

Training & Evaluation

Employee Training Expense

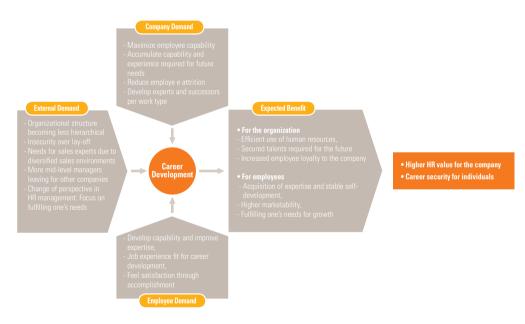


Education activity

Category	Description			
English camp	English camp for employee's children in vacation			
Cyber campus	Open cyber campus on each duty and management administration			
CYBER foreign language course	On-line contents to develop employees' language skill			
Cyber culture class	On-line commissioned class of language, culture class, etc			
Parents class	Class for Communication of couples, the way of bringing up children			
Children class	Class for Self-direct learning and vision searching for children			
Family class	Employees' family tour (historic site and Psychological testing)			
Culture class	Culture classes such (Swimming, yoga, guitar)			

HR & Career Development

Asiana Airlines offers trainings customized to each job task to develop experts in that specific work area. It also strengthens employee competitiveness and develops key talents with its streamlined and efficient job rotation system while helping employees develop their own careers based on their assigned work for vertical career development.



A career development program has been in place for optimum talent development when hiring and assigning employees to help them get accustomed to their jobs, increase expertise and secure talents based on essential corporate needs while guaranteeing career security to employees. Recognizing the necessity to develop careers for employees, the company finalizes the career development plan of each employee with concrete goals based on interviews with the employee's superiors. Through this process, superiors and team members have the opportunity to measure and evaluate capability of team members, and confirm career development plans for them.

Performance Evaluation

In order to motivate high performers, Asiana Airlines gives extra raise in the corporate pay scale during its annual performance evaluation for star performers per job position/type. High performers are also rewarded with extra promotion points according to their grade in the annual evaluation, which would later offer them a faster track for promotion. In addition, those who have received good grades in the Asiana MBA courses also get to earn extra credit for early advancement in the company to be given a chance where they can unlock their great potential. Exemplary employees and those who have made great contributions to the company are also rewarded on a monthly basis or on the company foundation day

Employee Rewards				
Category	'10	'11	'12	
Employee Rewards	110	128	106	
Rewards for Long Service)	1,244	946	980	

Human Rights

Gender Equality & Maternity Support

Asiana Airlines commits itself to female talent employment and development, work-life balance and wholesome corporate culture to fulfill its responsibilities and roles as a family-friendly company that leads gender equality employment.

Category	Description
Prenatal Leave	- From the diagnosis to the day before the maternity leave - Entitled to a prenatal leave(up to 2 years) for childbirth and childcare
Maternity Leave	- 90 days in total + 30 days upon employee request - Paid leave including incentives to help employees maintain their usual income level
Parental Leave	- 78% of employees took out parental leave after childbirth (highest rate in Korea)
Care for the Pregnant	- Pregnant employees placed at posts with less workload upon their own request
Prenatal Leave Encouraged	- Female employees suffering from morning sickness, at risk of miscarriage or premature delivery strongly encouraged to take prenatal leave
Fertility Leave	- Reproductively challenged employees can take a leave for fertility treatment
Miscarriage/Stillborn Leave	- Introduced even before the relevant law enactment in 1999 - 30 days of leave given in addition to the legally mandatory leave
Fetus Checkup	- Paid 4-hour leave assured for fetus checkup
Gift for Childbirth & Leaves for Lifecycle Events	- KRW 500,000 per childbirth - 3-day paid leave for childbirth of spouses guaranteed even before the relevant law enactment in 1999
Childcare Expense Support	- KRW 197,000 supported per child aged 6 or lower - All employees (males & females)
Family Day	- Every Friday as Family Day (Casual Friday when employees can leave the work at 5:00 p.m.) - Support for employees to have quality time with their families

Labor-Management Cooperation

Asiana Airlines operates two labor-management councils to enhance mutual interests of labor and management, and facilitate active participation of its union members with periodic labor-management council meeting held on a quarterly basis. The membership of the Occupational Safety and Health Committee is evenly split between the labor and the management with five people coming from each front following Article 19 of the Occupational Safety and Health Act. The Occupational Safety and Health Committee is also held on a quarterly basis with ad-hoc meetings organized whenever needs arise, and operation of the committee is subject to the corporate operational provisions for the committee.

Employee Grievance Counseling

Asiana Airlines has opened a channel where employees can come, frankly talk about difficulties at work and receive counseling as part of its efforts to create a Beautiful Corporate Culture. For young and Internet-savvy employees, the company operates a grievance redress website within the company intranet in combination with other various offices for lodging complaints or counseling.

Category	Rendered Service	Process for Solution		
Grievance	Redress for grievance or complaint	- Click 'Grievance Redress' under 'Industrial Relations' in Telepia - 7 grievance cases handled in 2012 (1 open case, 6 closed cases		
Sexual Harassment	Report of and counseling for sexual harassment	- Consult with HR manager in charge		
OZ HUE(休) Port	Psychological counseling	- Receive counseling from professional psychologists		

Grievance Redress Committee

Asiana Airlines has established a grievance committee to redress employee complaints. The committee has 10 members with half of them from the labor and the other half from the management. When an employee files a complaint, the grievance committee discusses the issue and notifies the result in less than 10 days. Also, the corporate legal department offers legal consultations to employees who have to take care of lawsuits or legal disputes in their private lives in order to prevent any work distraction.



Retirement Annuity Scheme

Asiana Airlines, as part of its efforts to guarantee old-age income after retirement to its employees and their receiving severance pension, introduced a retirement annuity scheme in November 2011. The annuity was paid initially as defined benefit but starting from 2013 and onwards, employees are given the option to shift to the defined contribution scheme. To guarantee employees' entitlement for pension, the company has designated multiple financial entities to run the annuity program and the pension fund is accumulated in the outside account. The accumulation ratio stood at 46% as of late 2012, which is scheduled to increase gradually.

Employee Safety & Health

2012 Health Promotion Program

using pedometer

Objective

Encourage physical exercise

Apr. 9 ~ June 1, 2012 (8 weeks)

Those who want to have

Designed for	regular exercise (3 or more times/week), or who can receive text messages
Exempt	Those currently participating in other health enhancement programs
Program services	Health education on physical exercise, a booklet for exercise log Pedometer Text messages rooting for their exercise 3 times per week to some participants Body composition measurement upon the star and 4th/8th week into the program

Health Counseling & Care

Asiana Airlines offers primary health care at worksites to give a prompt and easy access for employees' health issues or emergencies at work. The company has a collaborative network with other medical institutions to provide professional healthcare. We also keep monitoring and vaccinate employee against flu for infectious disease control. Employee can access their health information easily through an integrated health information system throughout their employment.

Health Exams

Moreover regular physical examination for ground staff, special health checkup service is provided with consideration of job characteristics, work environment and risk factors prior to and after new job assignment, overseas assignment or returning to job.

If health problems or risk factors are identified in the medical check-up, including potential health problem, can receive appropriate health monitoring service throughout the year. We provide physical examination specially designed for aviation industry to the cockpit crew in order to help them maintain flight capacity and safety as well as promote their physical conditions

Work Environment Supervision

Work environment assessments and inspections are conducted, engaging health managers, occupational safety supervisors and safety managers to monitor and investigate work environment for workers such as aircraft, maintenance fields and hangars. So, we identify and address risk factors through the process and improve workplaces.

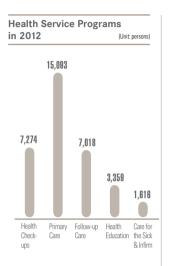
Visiting Medical Service

We provide the Visiting Medical Service monthly for workers who don't have chance to access medical services easily. The service scope includes not only health consultation, health education and primary care but also work environment monitoring and improvement.

Health Promotion Program

For consistent and structured health management, we provide health education individually for health risks and appropriate health management with improvement lifestyle.

In 2012, health promotion projects such as '+3,000 Steps' conduct employees to improve lifestyle himself in health promotion programs.



Training

We provide such kind of training as in-flight emergency aid, personal hygiene, travel medicine, and prevention of musculoskeletal, cerebrovascular and cardiovascular diseases. We also provide other health education for employees with specialized programs by CRM(Crew Resources Management) experts on how to deal with flight fatigue and circadian rhythm disruption.

Outcome

Healthcare services of Asiana Airlines help the company to maintain the lowest level of pilot's permanent disqualification rate and reduce health risks through consistent and systemic health improvement. We promote the health management of workers in order to prevent occupational diseases or accidents.

To ensure a safe and comfortable flight for passengers, the company reviews documents and communicates with passenger and his physicians. We offer specialized services such as Meet & Assist service at airports by flight nurse before and after flight and a 24-hour hot line call service. The official website of Asiana Airlines posted details about in-flight settings and medical services.

Under the vision of "Marching toward a Beautiful Future with Partners", which drives corporate growth inclusive of its partner companies, Asiana Airlines aspires for win-win management by building infrastructure, developing partners with excellence, facilitating communication and supporting partner companies.

Management Vision for Win-Win Management Marching toward a Beautiful Future with Partners Maximize service and quality competitiveness by identifying and developing partners with competitive edge and share the results through partnership Build infra for win-win management Grow partners Facilitate with excellence communication partners

Win-Win



communication good practices, surveys on partner satisfaction

100% cash payment

Platform building for win-win management - Name change of Purchase Team - Win-win collaboration index Grievance - redress & idea suggestion scheme - Win-win collaboration scheme - Win-win collaboration scheme - Reformance sharing for win-win management - Higher transparency in procurement - Introduction of performance-sharing program - Suggestion scheme development

Partner Evaluation & Selection Scheme

Partner Selection

There are three departments in charge of procurement in Asiana Airlines: Requisition Department in charge of product specification review, purchase requisition and examination, Budget Management Department in charge of reviewing and approving purchase budget, and Procurement Department in charge of purchase and payment. A corporate purchase guideline has been established to enhance transparency and fairness of the purchase process.

Support for



The process guides purchasing department to select the most optimum partners in consideration of price, quality, deadline management, follow-up measures, good practices, recommendation by relevant departments and environmental footprints of their products.

Partner Evaluation

Asiana Airlines evaluates its partners on an annual basis or more frequently, and leverages the evaluation results to select the right partners whenever there is modification to existing product specification or new product development. To decide partner grades, partners supplying products that can belong to the same category are grouped together for relative or absolute evaluation

Evaluation Criteria & Good Partners Scheme

Partner evaluation criteria consist of 30% from corporate evaluation and 70% from product/transaction evaluation, and the actual evaluation is conducted with more detailed evaluation items. Corporate assessment for partners looks at management environment and operational capability for transaction while product/transaction assessment has criteria such as price, quality and service, delivery, shipment deadline and storage in warehouse. Partners are assigned into A~D grades based on the compiled evaluation results, and Grade A partners are awarded with various benefits including excellence certificate, flight tickets to Southeast Asia, trainings and the long-term transaction contract. Grade B companies receive domestic flight tickets, a plaque of certification and the long-term contract, and Grade C partners are subject to review for improvement. Grade D companies receive written warnings and are subjected to a review for contract termination.



Special Column



2012 Win-Win Conference with Partners

companies for their career development and service quality improvement.

On April 26, 2012, Asiana Airlines held Win-Win Conference with Partners attended by 20 presidents of its partner companies where it encouraged and commended its partners with good practices supporting Asiana to deliver the best customer service even under adverse environments. At the conference, Asiana CEO announced the company's firm commitment to communication and trust with partners for mutual interest and growth. Presidents of partner companies voiced their valued opinions, recognizing the benefits of periodic business consulting and training offered by Asiana Airlines. They all said such support from Asiana helps them enhance their own service quality. They also commended the win-win partner conference highlighting the value of partnership with Asiana Airlines.

Since win-win relationship with partners is implemented by "Improving the quality of life for all of Kumho Asiana's stakeholders", Asiana Airlines is proactively incorporating the opinions of partners on the transaction process and cost saving. The company leverages the idea suggestion and grievance redress schemes to have mutually beneficial communication in place, and provides online foreign language/service coordinator courses to employees of the partner



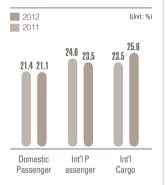
ECONOMY

Asiana Airlines distributes values it has created evenly and fairly to all stakeholders, rising to both internal and external challenges with long-term investment and flexible strategy.

Economy

Aviation Industry Overview

Asiana Market Share in 2012



Passenger

Internal & External Market Conditions

In 2012, the overall number of passengers increased 11.9% for international flights and 3.0% for domestic flights YoY (year on year) but the international cargo volume declined 3.2% YoY, posting a downward trend. International flights carried 47.7 million passengers per year thanks to the growing popularity of the Korean Wave, increase in foreign tourists for cultural destinations and medical services with increasing demand for free independent travel. Other factors such as increased capacity of low-cost airlines for international flights, longer employee vacations of major companies, and increase in family traveling with the full introduction of five day per week schooling system have also contributed to the booming demand for international flight. As for domestic flights, despite some adverse factors (e.g. more frequent typhoons, erratic weather patterns, and reduction in inland flights due to the extended operation of KTX), the demand has continued its upward trend, carrying 21.6 million passengers for the year thanks to the booming tourism in Jeju Island and proactive marketing efforts of airline companies. However, unfortunately, the international air freight market didn't show such positive trend as it was adversely impacted by the global economic recession and increased production outsourcing of the IT industry, carrying just 2.51 million tons per year. All in all, the number of outbound Korean passengers increased 8.2% YoY with inbound foreign passengers increasing 13.7%. The number of both inbound and outbound passengers went up 10.6% from the previous year.

Asiana Airlines Sales Offices & Branches

Korea	5 business offices, 2 passenger service offices, 3 cargo service offices, 4 sales branches
Japan	13 business offices, 1 passenger service office, 1 cargo service office
China	19 business offices, 1 passenger service office, 1 cargo service office, 1 sales branch
Northeast/south Asia	15 offices, 1 passenger service office, 2 cargo service offices, 3 sales branches (135 persons), 13 off-line GSAs
Americas	2 business offices, 4 passenger service offices, 6 cargo service offices, 2 cargo sales branches (188 persons), 6 off-line GSAs
Europe	3 business offices, 1 passenger service office, 5 cargo service offices, 1 cargo sales branch (73 persons), 7 off-line GSAs
Oceania	7 off-line GSAs Oceania : 2 business offices, 1 s ales branch (10 persons), 1 off-line GSA

External Environment

In 2012, Asiana's passenger flight service recorded all-time high performance, carrying 47.7 million people on international flights (11.9% up) and 21.6 million on domestic flights (3.0% up). On the international passenger flights, the number of passengers to Japan, China and Southeast Asia all increased. Especially, the number of passengers to Japan went up at a double-digit rate for six months after it bottomed out in March 2011 due to the earthquakes and the subsequent nuclear accident, but after the Korea-Japan relationship went sour in October, it started to show a downward trend, putting the overall growth rate at 11.0%. Passengers to China increased 10.9% YoY thanks to the eased visa requirements while passengers to Southeast Asia went up 15.1% thanks to the increase in vacationers. Passengers on domestic flights increased 23.6% boosted by the increase in international flight transfers and increased interest in Jeju island among foreign tourists, but the number of passengers at Gimhae, Yeosu and Ulsan airports went down after the KTX operation got extended.

The number of foreign tourists coming to Korea is expected to increase with consistent development of the MICE* tourism for the Pyeongchang Winter Special Olympics(Jan.) and the World Energy Congress(Oct.) along with the growing popularity of the Korean Wave. As a consequence, the international flight passengers are estimated to reach 50 million and domestic flights will also see more passengers thanks to the growing tourism in Jeju. For the mid-to long-term, a sustained growth is also projected for passenger flight demand, riding on the growth of the East Asia economic bloc including China.*

^{*} Source : Outlook report by Ministry of Land, Infrastructure, and Transport

^{*} MICE: Meeting, Incentives, Convention, Exhibition

Asiana's Response

To effectively respond to the changing external environment, Asiana airlines has reinforced its competitiveness for customer satisfaction by introducing new equipment and facilities and expanding its network. Seven new flights per week were added into the route to Vladivostok, building the platform to strengthen its network in the Russian region, and two new flights to Yangon, Myanmar were introduced starting from December as the route is expected to see more demand thanks to the country's sustained economic growth. In March, the flights to Chingdao, China increased seven times per week, enabling Asiana to firmly establish itself as the biggest airline with two flights between the two countries every day. Starting from September, the number of flights to Hong Kong increased seven times to operate four flights every day. In parallel with such measures, Asiana also worked to enhance its competitiveness on the long-haul flights by increasing the number of flights to Honolulu five times per week to have daily operations and adding one more flight to Paris to have four flights per week. The on-going strategic efforts to enhance profitability and flight competitiveness for short-to mid-haul routes and long-haul routes, the revenue from passenger flights increased 7% YoY to record KRW 3 trillion 588 billion.

Revenue Share by Flight Route(passenger)

Flight Destination	2008	2009	2010	2011	2012
Japan	20.8%	22.4%	21.6%	19.7%	18.5%
Southeast Asia	21.1%	19.0%	19.3%	20.3%	20.3%
Northeast Asia	17.8%	15.7%	17.5%	18.4%	18.2%
Americas	15.7%	19.0%	19.3%	19.5%	20.3%
Europe	6.6%	6.6%	7.0%	7.7%	8.4%
Oceania	6.1%	6.3%	6.0%	5.8%	5.9%
Korea	12.0%	11.0%	9.2%	8.5%	8.4%

Asiana Airlines is actively leveraging the growing popularity of Korean cultural products in overseas markets to develop innovative marketing initiatives. The company sponsors K-Pop concerts along with other cultural events organized by National Gugak Center and National Museum of Contemporary Art to promote its corporate brand as the leader in cultural marketing. The company also contributed greatly in attracting the record-high number of foreign tourists by selling a range of tourist products (e.g. Dae Jang Geum, IT, Jeju speedboat tour programs) and reinforced its SNS marketing to have real-time communication with customers, which ultimately improved the brand value of Asiana Airlines. In 2013 and onwards, Asiana Airlines will make strategic moves by introducing latest equipment and passenger system, increasing mid-to long-haul flight routes and boosting profitability to effectively respond to external changes.

External Environment

The European fiscal crisis continued in 2012, resulting in the prolonged global economic recession and growth slowdown in many emerging markets like China that again led to decline in export to those markets. Heated competition with maritime transport also undermined the growth momentum of the air cargo market. The consequent decline in air cargo demand brought down the market price, which, in combination with cost increase due to high oil price, eroded profitability. The transport volume also decreased 3.2% from 2011 with the shipment volume recording 2.5 million tons (departing from/arriving at Korea, transshipment included). For 2013, international cargo is expected to post a slight increase YoY thanks to the gradual recovery of the global IT industry and increasing smartphone usage in emerging markets. For the long term, the growth trend is expected to be sustained with the geographical advantage of Incheon Int'l Airport and FTAs with EU and the US.

Cargo

Economy

Asiana's Response

Despite adverse internal and external market conditions for air cargo transport, Asiana Airlines achieved a noteworthy performance of 740,000 tons, a 5.5% increase from 2011, by increasing supply and reinforcing its sales capability. Its air cargo revenue recorded as high as KRW 386.9 billion. This was a remarkable feat achieved while competitors all recorded negative growth in their shipment volume. As a result, the domestic market share of Asiana Airlines increased by 2.1%p. The air cargo market in 2012 can be characterized by decline in export to the US and Europe in the wake of the fiscal crisis, and the sluggish market trend in Korea. To overcome such difficulties, Asiana Airlines inaugurated a flight to Dallas, the logistics hub for the US midland, and another flight to Hanoi, the emerging production hub of Southeast Asia, to provide a logistics solution to big businesses like Samsung and LG, effectively increasing the demand for Asiana cargo transport service. And as salmon export of the Northern Europe increased, Asiana has changed its European cargo point from Gothenburg to Oslo, which is closer to the salmon fishing site, enhancing profitability and service quality. The company has also introduced efficient sales strategy to have an optimum portfolio and sales structure, which can be leveraged to replace the sluggish demand of the Korean market.

Revenue Share by Flight Route (Cargo)

Flight Destination	2008	2009	2010	2011	2012
Japan	5.7%	5.7%	6.1%	6.8%	6.1%
Southeast Asia	16.6%	14.8%	15.2%	15.1%	15.4%
Northeast Asia	7.6%	9.0%	9.0%	8.6%	8.9%
Americas	42.4%	46.5%	48.3%	46.6%	46.2%
Europe	26.2%	22.4%	20.3%	21.5%	22.2%
Oceania	1.0%	1.0%	0.8%	0.9%	0.8%
Korea	0.5%	0.5%	0.4%	0.4%	0.4%

In 2013, the focus will be placed on increasing effectiveness and efficiency of the company's sales policies while augmenting its market share captured in 2012. The 1st priority is increasing profitability and scale by tightening its control over external factors such as oil price or exchange rate while restructuring its cargo route structure for cost cutting.

2012 Performances in Summary

(Unit: Unit: Passenger – 1M ppl KM, Cargo- 1MT KM, Value – KRW 1M)

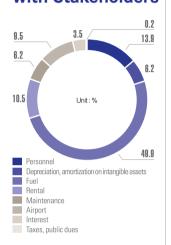
Business	0.1	Th	e 25th Period	Th	e 24th Period	Th	e 23th Period
Area	Category	Volume	Value	Volume	Value	Volume	Value
	1. Passenger	32,970	3,671,076	30,311	3,460,548	29,249	3,211,935
	- Domestic	1,664	307,469	1,624	290,594	1,620	298,095
	- Int'l	31,206	3,383,807	28.687	3,169,954	27,629	2,925,940
Air Transport	2. Cargo	4,209	1,450,584	3,942	1,404,101	3,561	1,409,232
папорот	- Domestic	16	6,094	14	5,391	15	5,253
	- Int'l	4,194	1,444,490	3,927	1,399,710	3,647	1,400,979
	Total		5,121,660		4,964,649	-	4,619,167

Formula

• **Volume** - Passenger : Number of Passengers X KM = Σ (number of passengers X flight distance) Cargo : Transport Tons X KM = Σ (transport tons X flight distance)

• Value - Volume X Yield

Value Sharing with Stakeholders



Asiana Airlines faithfully fulfills its responsibility by sharing value created through its business process. In 2012, Asiana Airlines spent approximately KRW 4.3 trillion as expenses, which was widely distributed to its stakeholders across the value chain.

Category	Expense (Unit: KRW 1K)
Personnel	593,943,979
Depreciation, amortization on intangible assets	266,774,596
Fuel	2,135,174,660
Rental (aircraft, building, etc)	450,022,710
Maintenance (materials+contract maintenance fee)	266,745,898
Airport (ground operation, airport facilities usage, ground passenger handling)	404,262,638
Interest	149,524,390
Taxes, public dues	8,426,162

Disclosure

Asiana Airlines gives all stakeholders an access to corporate information on business performance and other important issues, and enhances its accounting transparency through disclosure. Starting from the 19th disclosure period in 2006, the company introduced a certifying system to have its *periodic reports reviewed by each team in order to be prepared against any possible lawsuits due to violation of the Capital Market & Financial Investment Law and class action lawsuits, holding each team who has generated the report accountable and generating a checklist by sector to prevent omission or errors in the periodic reports.

* Periodic reports refer to business reports, semi-annual reports and quarterly reports.

Category	Business Report	Semi-Annual/Quarterly Reports
Disclosed Information	Corporate overview, business performance, financial information, audit opinion at the end of the business year	Business operations during the period
Period	In less than 60 days after the business year is over	In less than 45 days after the quarterly closing date
Disclosure in '12	1 time	3 times

Note) The semi-annual/quarterly reports have to be disclosed in less than 45 days of the closing date but it can be suspended up to 60 days for two years(2011~12) upon IFRS introduction.

Asiana Airlines actively utilizes its fair disclosure system to promptly deliver the business performance information to investors in an effort to enhance its accounting transparency. Any information that may materially impact its business operation is announced without any delay. Recognized for its efforts for faithful disclosure, Asiana Airlines has been selected as *Best Disclosure Practice Company by KRX Stock Market Division. This is a commendation for the company's efforts to address information divide and prevent any errors and omission by implementing a validating system when departments generate documents to be reviewed. Going forward, Asiana Airlines will continue to create best practices to give trust to investors.

* Best Disclosure Practice Company: Every year, KRX Stock Market Division selects 5 out of 1,785 listed companies that have demonstrated commitment to accurate and transparent disclosure in an effort to enhance soundness and credibility of the stock market.

Economy

Risk Management

Major Risks

Airline companies have to closely monitor oil price and exchange rates since they have more foreign currency-denominated debts and spending than assets and income with continuing demand for air fuel. The high exchange rate which put a drag on the company in 2008–09 went down to KRW 1,108 per dollar in 2011 and KRW 1,071 per dollar in 2012, but airlines cannot be relieved by the temporary decline as the exchange rate always remains volatile. When the won-dollar rate declines by KRW 10, the company's asset status is improved by KRW 12.8 billion and its income by KRW 10.4 billion. The fuel cost, which accounts for the biggest part in the corporate cost structure, took up around mid 10% in the cost of goods sold in the early 2000s, but the proportion soared to as high as 35% recently.

As for the foreign exchange rate, the company employs internal management methods such as opting for a different currency for payment depending on changes in the exchange rates, and then increasing the borrowings in long-position (income>expense) currencies or using the program hedge based on the exchange rates in order to respond to fluctuations. As for protection against rapidly changing oil price, the company employs program hedge which purchases a certain portion of oil for future needs in consideration of fuel surcharge, the correlation between oil price and business performance and the oil price trend to reduce volatility in business performance. Moreover, to reduce interest rate risk, Asiana Airlines maintains the ratio between fixed and variable rate for loans and aircraft rentals to prepare itself against performance volatility that can be expanded by interest rate fluctuation.

**"Program Hedge" is a hedging technique to sustainably purchase the same amount of air transport oil and dollars needed for a defined period at the future market to average out the purchasing price of air transport oil or dollars during the specific period.

Risk Management Scheme

Asiana Airlines establishes and applies risk management policies for more structured and efficient risk management. A permanent risk management committee has also been established to promptly respond to external risks such as exchange rates, oil price and interest rate. The risk management committee fashions risk management strategy, defines hedging tactics and sets target hedge ratios with Strategic Planning Division Head as Chair. The risk management committee holds quarterly meetings along with ad-hoc meetings on a needs basis, passing agendas with attendance by more than two thirds of the members and support by more than half of the attending members.

Fair Transaction

Asiana Airlines has an internal fair transaction compliance program in place to ensure voluntary compliance with competition rules for fair transaction and better competitiveness. For more rigorous compliance, the company provides information on relevant laws home and abroad, and case examples of the relevant law enforcement via the bulletin board for the program. In 2012, regular trainings were provided to employees working in relevant practices. Overseas assignees, new employees of the Group, and interns also received education, and those working at high-risk departments attended a series of trainings on the anti-trust acts and fair transaction acts of the US and Europe. The company's fair transaction compliance guideline was revised at the end of 2012 to be distributed across all teams/branches home and abroad for reference by employees.



CUSTOMER SATISFACTION

Asiana Airlines aspires to achieve 'customer satisfaction through the safest, superior service'.

Under the business credo, all of its employees dedicate themselves to offering distinct and differentiated services that can truly move the hearts of customers.

Customer Satisfaction

Asiana Airlines, which has worked to realize 'Customer Satisfaction through the safest, superior service' based on the leadership's unwavering commitment, established itself as a global service leader with the top-class safety and service in the industry.

Service



Reservation & Ticketing

Asiana Club

Passengers flying with Asiana Airline can join Asiana Club. Members start out as Silver and can raise their membership status to Gold, Diamond, Diamond Plus and Platinum as they amass more mileages. With higher membership status, come various and differentiated benefits such as having a separate counter for fast check-in, additional free baggage service and lounge service. Other benefits are also offered to members such as discounts and mileages for domestic/overseas hotels, car rental and credit card companies.

Advanced Reservation System

Asiana Airlines has invested KRW 60 billion and upwards of 110 people to deploy the newest system at its domestic and overseas sales networks and destination airports with the plan to start operating the system from November 2013, signing a contract with Amadeus, the world-renowned IT service company for airlines, to launch Altea Customer Management Solution. Once the newest system is deployed, customers will be able to receive one-stop service from ticket to hotel and car reservation, and ticketing. Getting a refund from air tickets will be much faster, being completed in just 30 seconds, promising prompt and convenient services to customers.

Automated Airport Service

Airport services have been automated to enhance customer experience (e.g. less wait time).

Service	Description
Domestic One-Pass	Board the plane with tickets printed at home
Online/Mobile Check-in	Assign seats and complete the boarding process via the Internet or smart phone, Accelerate the service process at airports
Self Check-in	Use self check-in kiosks with no need for waiting
Real Time Info for Waiting Customers	Inform domestic flight passengers of their wait numbers when they have to wait for flight ticketing



Asiana Airlines developed a mobile application named 'My Flight' in 2012 that offers various tips for traveling. My Flight delivers time-based travel information(e.g. automated services, passport or visa check, boarding closing time, baggage charge, weather at destinations, exchange rates, and airports).







Special Care Service

Asiana Airlines offers distinct services to passengers with special needs (i.e. pregnant, physically challenged and elderly passengers).

Hansarang Lounge Hansarang Lounge has been opened in Incheon Int'l Airport for the convenience of physically challenged passengers. It is the 1st lounge opened only for the physically challenged where they can enjoy comfortable rest and fast boarding services. With barrier-free interior design such as lower fixtures and no threshold along with Braille points, the lounge also offers a range of entertainment services. Since the opening date in June, 2011, about 18,000 physically challenged customers of Asiana has started their journeys at Hansarang Lounge. Experts are invited to train employees at the lounge to offer customized services to the challenged passengers, and a wheelchair tag is placed on baggage of Hansarang customers so that they can find and receive their baggage fast with no mistake.

Hyo (filial piety) Service

Passengers flying with their old-age parents can choose seats on their own preferences, and Hyo staff calls the passengers one day before the departure to give necessary information on air travel to help them have more comfortable and enjoyable flight experiences.

Happy Mom /PreMom Service Moms traveling with their infants can receive various supports to minimize the discomfort they might feel while breastfeeding during flight along with priority services when boarding for flight. Pregnant women can use 'PreMom' service that cares for the passengers from the departing airport to the destination, enhancing their service experience.

Differentiated Service

MICE Support

Asiana Airlines operates MICE Airport Support Center in an effort to showcase its quality airport services to VIPs home and abroad, and create synergy effects between its sales activities and services. The center, which commenced its operation on January 15, 2010, offers group passengers (more than 10 people) in the MICE industry services like choosing their preferred seats, and getting priority for baggage handling if they request for the specialized services. Their requests are reviewed prior to their boarding and shared with airports of departure, stopover, and destination to offer seamless service.

Mice Center Services in 2012

- Used by: A total of 13,761 passengers from 179 entities including athletics for 2012 London Olympic Games, public officials from Shaanxi Province
- * MICE: Industries for Meeting, Incentives, Convention, Exhibition

Frequent flyers of Asiana Airlines can use Premium Secretary Service designed for business travelers such as processing the returning flight in advance. Weihai Point Golf Express Service launched by Weihai airport was extended to Yantai airport. Weihai Point Golf Express Service is one-stop service offered in golf resort as more and more golf tourists visit the destination. It is a new type of service specifically designed for customers of Weihai Point Hotel & Golf Resort.

Customer Satisfaction





Special Onboard Service

Asiana Airlines indulges its passengers with its unique and differentiated onboard services that go beyond the boundaries of the conventional services to entertain passengers during flight. The special onboard service division consisting of 13 teams at present offers services like cocktail making, the cabin crew experience, illustration drawing, tarot card, latte art, sommelier, chalk art, photogenic contest, love letter, on-the-crew chef services. Those specialty services are offered three times per month mostly on the long-haul flights to Americas, Europe and Oceania which take longer than nine hours with special offering at honeymoon flights to Sipan and Phuket majorly for newly-weds or group tourists.

In-Flight Meal Service

Having introduced new cuisines including Kimchi Stew, Bean Sprout Rice, Tofu Skin Wrap, Chogyetang(ginseng chicken soup) in 2012. Asiana Airlines works to promote Korean culinary to domestic and overseas passengers adding stories to its menu book based on advisory from the Institute of Korean Royal Cuisine. In parallel with this, the company has also developed new fusion menus such as steak with white Kimchi, Kimchi bacon wrap, and etc to make Korean food more accessible and familiar to foreign passengers. Healthy and wholesome rice snacks have also been developed to please the palate of passengers and contribute to farming communities by facilitating consumption of Korean agricultural products.





Entertainment

Passengers can enjoy all kinds of entertainments starting from music, games, recently released movies, documentaries, sports and news programs through the AVOD system, having all those contents at their fingertips with personal monitor screens attached at the back of every seat and handsets with various features. First-class passengers have more differentiated service such as the world's best noise-canceling headsets to enjoy more vivid and higher-quality sound and image while business-class passengers can have the upgraded noise-blocking headsets by BOSS.

Asiana Airlines has become the 1st to sign a partnership agreement with Arirang TV. The agreement, signed in May 2012, is for airing Arirang TV programs during flight. Starting from June, Arirang TV programs were included in the in-flight contents to give passengers the option to vatch Korean pop contents and programs with the distinct sentiment and flavor of the Korean culture. The partnership is recognized highly as a neaningful endeavor to develop K-Pop and other Korean cultural contents.

Customer Satisfaction System



VOC Management System

Asiana Airlines has introduced a new VOC system to reinforce its VOC handling capability, preempt customer complaints, and have more structured management scheme in place. The new VOC system is proof of Asiana's commitment to take every necessary measure for service quality management and bad practices correction. Complaints or customer requests are promptly dealt with by frontline employees through 'Customer Complaints One Stop Service' with compensatory measures fit for customer needs, greatly enhancing loyalty of the clientele.

Initiatives to Better Customer Satisfaction

Service Quality Monitoring by All Employees

Asiana Airlines places service quality officers at the customer contact points to monitor service quality. When employees go on a business trip by plane, they report their service experiences to the top management and relevant teams, which would be referenced for service quality improvement. Coupled with this, on/offline customer satisfaction survey is conducted periodically to measure customer needs and service quality. Customer satisfaction surveys on frequent flyers/homepage visitors, service quality survey by service agencies home and abroad, and audits have been leveraged as tools for ongoing service quality analysis and service enhancement.

Customer Satisfaction Improvement Committee

Customer Satisfaction Improvement Committee consisting of the top management, relevant executives and department heads are held on a periodic basis to work as the top decision-making body for service strategy and policies. When there are issues requiring coordination of different opinions between departments on customer service criteria/procedure or development of service policies, the committee holds a meeting where the top management makes decisions themselves to promptly create a momentum for service improvement.

* Customer Satisfaction Improvement Committee: A corporate body which holds meetings to develop, review and decide plans on how to operate service teams and prevent recurrence of customer complaints

Customer Satisfaction

Marketing



K-Pop Marketing

Having extended into various channels for customer communication, Asiana Airlines started supporting K-Pop marketing from 2012 to help the zeal for Korean culture spread throughout the Asian region. The company signed a business partnership with 'M-Live', the global concert brand of CJ E&M in February 2012 and YG Entertainment in January 2013. The partnerships offer various benefits such as

reserved business class seats for artists on overseas tour concerts, discounts for relevant officials for overseas cultural performances, exemption of baggage charge, and other benefits in reservation, ticketing and boarding.



Dae Jang Geum Tour

Marking Visit Korea Year 2012, Asiana Airlines launched Dae Jang Geum Tour program that includes places featured in the famous namesake drama in partnership with Visit Korea Year Committee. It was launched in January 2012, the program offers a 3-day tour to partake in various events featuring Korean traditional cuisine and drinks, places where the drama was filmed and famous destinations in Seoul.



SNS Communication

Asiana Airlines is actively leveraging SNS as channel for interactive communication with customers and major promotions. With the most expansive networks of followers and friends in the SNS world among airlines of Korea, Asiana Airlines proactively reaches out to customers by promoting events, updating corporate information, responding to requests real-time, communicating customer complaints

or compliments and notifying any changes in operation via Twitter, Facebook and me2day.



Hard Market Control of the Control o

Dream Wings

Dream Wings is a global talent raising program organized by Asiana Airlines to sponsor dream and passion of college youths. They can form a team with 1~3 people and submit a plan for their 'Dream Travel' to anywhere in the five regions (West Europe, the US, China, Turkey, Vietnam). After on/offline screenings, 10 teams are selected as finalists in May to partake in the 2-day 'Dream Camp' in Korea, and travel across the five regions during their summer breaks with sponsorship coming from Asiana Airlines to help them live their dreams. In 2012, the contestants for the 2nd program of Dream Wings were recruited. The selected 'Best Dreamers' received support to participate in overseas camps and activities under the slogan 'Travel Your Dreams'. The 2nd recruitment also stirred up enthusiasm from many college students with 1,276 teams (2,675 youths) sub-

mitting their applications for the program, recording the competition ratio of 130:1. And starting from 2012, preschoolers, primary/secondary students are also given an opportunity to participate in this program.

Special Column

Asiana Airlines was named 2012 Best Overall Airline in the World by the US Business Traveler, the world's famous travel magazine, in January 2013. Business Traveler's Airline in the World is given only to those with superb reservation, airport and in-flight services. Asiana Airlines was regarded highly for its OZ First Suite, the newest first class seat, and OZ Quadra Smartium, the premium business class seat, along with its top-notch in-flight services including chef and sommelier service.

OZ Quadra Smartium is the newest brand for the business class of Asiana Airlines which has the four smart features – going fully flat, much more personal space, customized seats and a smarter seat configuration for in-flight comfort which gives every passenger a direct access to the aisle. Other distinct services by Asiana Airlines include Onboard Crew Chef & Sommelier Service offered by flight attendants who have received trainings at prestigious culinary or wine schools in France or the UK. To please the taste buds of passengers, the attendants who have completed the chef course are dressed in chef's clothes and present a range of delicacies from appetizers to lamb rib or course dishes, and the attendants who received the sommelier education are also dressed up like sommeliers to give recommendation and information about the wine options Asiana can offer.

After being recognized as the Airline of the Year by Air Transport World in 2009, Asiana Airlines achieved the honor of receiving five Airline of the Year awards from Skytrax in 2010, Global Traveler in 2011, Premier Traveler in 2012 and Business Traveler for this year. The recognition for five consecutive years clearly proves the fact Asiana Airlines offers superb service that can truly satisfy its customers.





Asiana History of Airline of the Year

Date (local date)	Chosen by	
Feb. 17, 2009	Air Transport World of the US	
May 20, 2010	Skytrax of the UK	
Dec. 1, 2011	Global Traveler of the US	
Dec. 11, 2012	Premier Traveler of the US	
Jan. 10, 2013	Business Traveler of the US	



Five-Time Winner

2012 Business Traveler*
2012 Premier Traveler
2011 Global Traveler
2010 SKYTRAX
2009 ATW
(*Best Overall Airline in the World)

Customer Satisfaction

Safety Management

Safety Policy

- Asiana Airlines' foremost mission is to satisfy its valuable customers by meeting their demands to provide safety exceeding global standards.
- Asiana Airlines operates its Safety
 Management System to ensure safety of
 the highest level while devoting relentless
 efforts towards continuous safety
 enhancement.
- Asiana Airlines' safety policy will undergo unceasing scrutiny and continuous revision so that it is in conformance with the company's quality, security, environmental, and health policies.
- Asiana Airlines will set and meet its Safety Goal to conform to those set forth in the State's Aviation Safety programme while each and every employee will fulfill all related duties and responsibilities related to the Safety Management System in order to achieve safety objectives.
- Asiana Airlines encourages voluntary participation and a just culture with regards to the collection and application of aviation safety information.
- Asiana Airlines' Safety Goal is to maintain a state of zero accident and adequate resources will be invested to achieve this.
- Asiana Airlines' highest management priority is never compromising on safety and employees will put forth all efforts to achieve the company's safety policy

Young-doo Yoon President & CEO

Safety has always been the primary mandate and mission for Asiana Airlines. Accordingly, the company has continuously improved its safety management system developed in January 2008. For safety management, personnel, environmental and physical factors that affect airplane operation are examined comprehensively to root out risk factors and potential hazards that may lead to an accident. Safety campaigns and safety enhancement trainings are also offered on a regular basis for Asiana employees to help them implement safety practices every day.

Safety Management System

Strongly committed to safety, Asiana Airlines removes risk factors at the source and provides safer air transport service by establishing its safety system in accordance with the ICAO (International Civil Aviation Organization) policy in 2008, one year before the mandated year (2009). With this, it became the first airline in Korea to build such an integrated safety management system through which it is providing the best safety service to customers.



Safety management system of Asiana Airlines has been designed with focus on prevention of safety occurrences. in a structured and comprehensive manner. Hazards in flight operation, maintenance, cabin, transport, service, cargo and others are controlled by risk management process so that safety goal and safety performance targets are achieved.



Asiana Airlines offers trainings to all employees on safety awareness and injury prevention in parallel with special safety training for each technical area in order to preempt any possibility of safety accidents at source.





Operation Control

Collaboration with Global Organizations

Asiana Airlines incorporates the IATA global standards for airlines into its frontline operations and gathers the latest trends on aviation operation and safety for review from various global seminars. Starting from April 2012, Asiana joined IATA's STEADES(Safety Trend Evaluation, Analysis & Data Exchange System) to provide safety performance data of the company and have access to major safety topic reports based on global data and analysis results.

* IATA(International Air Transport Association)

IOSA(IATA Operational Safety Audit)

The IOSA (IATA Operational Safety Audit), a mandatory requirement for IATA members across the globe, is an internationally recognized and accepted evaluation system designed to assess an airline's operational management and control systems. If an airline company wishes to join a code-share agreement with foreign companies, it must receive the IOSA accreditation. Asiana Airlines has successfully established itself as an airline company with world-class safety by renewing itsIOSA registry every two years since it first acquired it in 2004.

Safe Workplace to Prevent Accidents

Asiana Airlines makes various efforts to prevent industrial accidents and create a pleasant and safe work environment that can maintain and enhance employee safety by defining industrial safety standards and assigning clear roles and responsibilities. It also conducts extensive studies to develop precautionary measures tailored to each job task characteristic of the aviation industry and estimates the cost of loss when generating quarterly disaster statistics.

To help partner companies with less capacity for safety management due to constraints in their size or finance, Asiana Airlines shares training materials and latest information with the partners and transfer its safety expertise and methodology to assist them in their safety efforts. Asiana's support for partners includes **Accident reduction target setting and implementation **Atraining on safety and health capabilities **Awork environment improvement and safety at worksites **Adevelopment of diverse safety and health initiatives.

Aviation Safety Control

Asiana Airlines has developed AFOCS(Asiana Flight Optimization and Control System) to control flight operation real-time leveraging its abundant experience and statistics on safe operation. The system helps Asiana remove any factors that might disrupt flight operation to ensure safety at all times. OCC(Operations Control Center), launched in 2009, monitors aircraft operation and responds to any disruption by alerting it to the frontline departments. In the OCC room, information and data from a range of systems on aircraft scheduling, operational control optimization, web-based voice communications, hardstand management, and operational statistics analysis are all integrated to be displayed on the large-scale wall screen for sharing. For seamless operation of OCC, its UPS(Uninterruptible Power Supply), auto fire alert and security system have all been upgraded to maintain tight control over potential accidents and disasters.

Customer Satisfaction





OCC has experts in operation, maintenance and cabin services including aircraft dispatcher stationed at all times to track airplanes in operation on a real-time basis and instantaneously control any disruption by having real-time communications with the cabin crew through satellites or web-based communication. The system is what enables Asiana Airlines to become the global airline leader in safety and service. Flight Watching Monitoring System developed by Asiana Airlines contributes greatly to fuel saving as it guides aircraft to cruise in straight flight based on its state-of-the-art flight monitoring function. After OCC was established, the number of aircraft diversion due to unexpected changes in weather has been reduced from 7~11 times to 4~6 times per every 10,000 flights.

LIDO Flignt Planning System

LIDO is a planning system for safe and economic operation of flights. It checks weather conditions at departing, arriving or alternate airports and identifies any operational constraints to proactively respond to issues before they arise. The system also conducts quantitative comparisons over fuel consumption, flight time and ATC(Air Traffic Control) charge based on various flight route simulations to find optimum flight routes before developing a flight plan for economic operation.

Safety Operation



Mutual Respect among Pilots

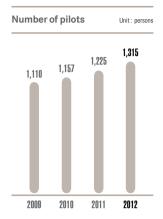
Asiana Airlines has introduced CRM(Crew Resource Management) mechanism that ensures diversity in culture, back-ground and gender among its pilots to build atmosphere in the cockpit where roles and responsibilities assigned to each pilot are respected and the hierarchy between captains and co-pilots doesn't get in the way of open communication for safe flight. After introduction of the standard operation procedures and standards, all the field workers have come to recognize roles and responsibilities of one another, and a co-pilot never hesitates a second to voice his opinion if a captain violates any provision of the set standards. The open communication culture has been extended to cover dispatchers, maintenance engineers and flight attendants.

CRM Training Attendees in 2012

Category	Initial CRM	CRM for Promotion	Instructor Appointment	Instructor Session	CRM Refresh	Joint CRM	Total
Attendees (ppl)	106	54	40	137	56	1434	1,827

Best Pilot Training Program

The capabilities of individual pilots directly impact safe flight operation, and captains of large aircraft, especially, are required to set themselves apart with exceptional skills and expertise. Keenly aware of that, Asiana Airlines evaluates co-pilots and first officers on their knowledge and capability every year, and only those who receive higher scores can be promoted to captain. To receive trainings designed for captains, applicants must have recommendation by other captains, pass an expertise test, a simulator-based capability test, and an overall aptitude and character test before going on to the another round of simulator drills and examinations before and after actual flight trainings. Only those who pass all of these evaluations and tests can get the opportunity to become pilot in command.



Safe Flight Training Hours & Cost

Category		'09	'10	'11	'12	Average
Training	Total(hour)	124,652	125,933	139,865	210,901	150,338
Hours	Per Capita(hour)	112.3	108.8	114.2	160.4	123.9
Training	Total(million won)	10,034	10,779	8,835	8,168	9,454
Cost	Per Capita(thousand won)	9,039	9,317	7,213	6,212	8,795

Note) 1. Includes only the recipients of safe flight training (pilots) 2. On/off-line trainings

Safety Operation Management

Even after they pass the rigorous and straining trainings, the overall capability can vary depending on pilots. Since different airport and weather conditions can hamper flight operation, Asiana Airlines assigns responsibilities based on the capability of a pilot and the airport conditions. With much experience in managing pilot capabilities, Asiana Airlines also operates a flexible flight schedule in consideration of season, time and weather patterns.

Special Training Attendees in 2012

Category	Summer	Winter	Total
Attendees(ppl)	155	177	332

Seasonal Trainings: Special trainings for the rainy season in summer and winter, targeting low-ranking or little experienced pilots.

Captains take on full responsibility and authority over the airplane they are in command of operation. However, as a complementary measure to prevent any errors, Asiana Airlines has installed FOQA(Flight Operational Quality Assurance) System onto aircraft since 1994. All of the data generated during flight are recorded in both FOQA and FDR(Flight Data Record, the so-called Black Box). The data goes through daily analysis to identify operation style and habit of individual captains, which can be used as guidance to improve inappropriate operation or procedures.

Aircraft Improvement & Investment

To ensure flight safety, Asiana Airlines has installed a ground collision alert system and mid-air collision prevention system in every aircraft, and operates EPMS(Engine Performance Monitoring System) that monitors engine performance during flight to identify causes of a defect, guiding prompt and accurate maintenance work. After introducing PMA(Portable Maintenance Aid), the work of identifying causes of a defect at the maintenance field has become much easier and efficient, enabling deployment of zero-defect aircraft for operation. The old B737 and 767 models are currently in the process of being replaced with the latest A321, A330 and B777 models, and from 2014 and onwards, A380 will be deployed followed by the introduction of A350 in 2016.



Mobile Maintenance System

Asiana Airlines introduced the mobile maintenance system for the 1st time in Korea. The mobile system has been deployed since June 2012 so that maintenance engineers have an access to the system during their work, reading the corporate maintenance manual, searching for departure and arrival information, referring to inventory or maintenance history to improve efficiency of maintenance works.



ENVIRONMENT & SOCIETY

Asiana Airlines has introduced effective initiatives for energy saving and environment protection in all areas of aircraft operation, carrying out a range of social outreach campaigns along with green initiatives as responsible corporate citizen giving back love and trust it has received from customers to wider communities.

Green Management is a key driver and crucial element for sustainable management defined by Asiana Airlines. Under the principle of 'Less Consumption, Less Waste', Asiana Airlines has employed green management process for efficient use of resources and less emissions from aircraft. The principle for a greener earth has been applied to every worksite and introduced to every customer. Asiana Airlines has established a green management system involving all employees, identified major environmental issues based on media analysis, opinions from internal and external stakeholders and materiality assessment, and prioritized the issues to practice green management for the company and all of its stakeholders.



The one and only earth, As precious as our customers.

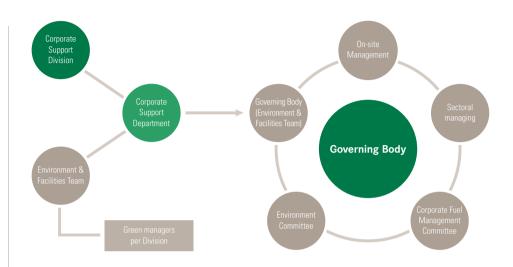
Green Management

Vision **Eco-Friendly Airline in Harmony with Nature** Consistent improvement Growth inclusive of stakeholders Green Policy Minimum consumption of energy Voluntary proactive in reducing and transparency through and resources compliance environmental impact information disclosure -Asiana Eco-Flight -Introduction of the latest high-- Emission less than 50% -Sustainability Report of the legal limit efficiency aircraft and engines -Green company key strategy -Green campaign engaging -Consistent implementation of -Improvement through a -Voluntary reduction in fuel-saving measures working-level meeting GHG emissions

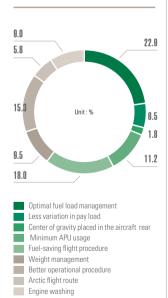
Asiana Airlines aspires to become a green airline which exists in harmony with nature, and clearly demonstrates its commitment to preserving the environment without hampering the self-purification cycle. To live out its commitment, the company has defined key strategy to implement its environment policies and initiatives to minimize footprints in air and water, reduce wastes, and furthermore optimize energy usage. Asiana Eco-Flight, which is being implemented with participation of customers, is one of the examples of Asiana working to develop structured and detailed efforts for green management.

• Green Management Governing Body

The green management governing body has been overhauled to report directly to Corporate Support Division. The Designated relevant teams and managers in each division control green management in each working site. Environment & Facilities Team educates all managers in each division to improve their capacity through running environmental committee.



CO2 Reduction Initiatives in 2012



• Emissions & CO2 Reduction

Saving energy throughout the operational procedure is the utmost imperative for an airline when considering the share of energy cost in the cost of goods sold. Asiana Eco-Flight is an initiative to promote interdepartmental collaboration between the corporate fuel management committee, the operational training team, the control support team and others since emissions control through eco-friendly activities has to be closely aligned with the fuel management policy.

Aircraft GHG Emissions Trend

Category	2008	2009	2010	2011	2012
Aircraft Emission(tCO2)	4,806,323	4,687,567	5,020,748	5,378,575	5,612,093
Fuel Consumption (ton)	1,526,326	1,488,831	1,595,122	1,705,500	1,779,346
Consumption per Unit (ℓ/100RTK)	33.3	33.7	31.8	31.3	31.6

Note) 1. RTK(Revenue Ton Kilometer): A standard unit of air transport demand, defined as one ton of passengers and/or cargoes transported over one kilometer. Used as the overall sales index for airlines.

 $2. \ \ \text{EU-ETS standards applied when calculating consumption per unit starting from 2011}$

Asiana Eco-Flight

Asiana Eco-Flight designed is the highest-standard green flight operation which can be achieved by minimizing energy consumption in every step of operation and engaging customers in its journey to green management. Asiana Eco-Flight, which practices fuel-saving in all areas, has become the distinct green brand of Asiana Airlines.

Minimization of Energy Consumption

Asiana Airlines has introduced a range of fuel-saving initiatives and integrates them for Asiana Eco-Flight to minimize fuel consumption throughout its operational procedure. Applicable fuel-saving initiatives are introduced to all flights in accordance with each operational condition and safety requirements. Asiana engages relevant departments including the Flight Operation division, Maintenance & Engineering division and the OCC in its fuel-saving initiatives for aircraft operation as well as ground transport.

Fuel Saving Performance in operation

In February 2012, Asiana Airlines formed a team dedicated to developing shortcut flight routes for ongoing improvement in flight efficiency, and carried out a shortcut route project. In 2012, the shortcut project produced a total of 12 economically efficient flight routes. In April~June 2012, Green Taxi Campaign which shuts down half of the aircraft engines during taxi was carried out. The campaign recommends captains to shut down one engine (two engines for B747) after landing, and captains/co-pilots who have saved much fuel and shown great performance in green taxi were rewarded with the good pilot awards.



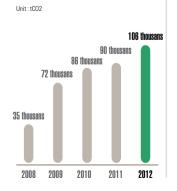
Fuel Saving Performance in Maintenance

Campaigns had been waged between June and September, minimizing APU usage, lowering potable water load for cargo jets, increasing usage of GPS and PC-Air at overseas airports, and reducing the baggage weight of flight attendants by 1kg to save fuel in every possible arena including operation, maintenance and cabin. Aircraft engines are washed semi-annually to remove fine particles and yellow sand that have got in the engines. The thorough washing maximizes engine efficiency and fuel efficiency of aircraft.

Engine Water Wash

Category	2008	2009	2010	2011	2012
# of Washes	146	244	167	330	345

To reduce GHG emissions on the ground, some of the aircraft maintenance vehicles at the airport were replaced with electric cars. As of 2013, Incheon Airport has 7 electric vehicles and Gimpo Airport has one electric vehicle.



CO2 reduction



Asiana Eco-Flight with Customers

Asiana Airlines runs a range of programs to offset carbon emissions from aircraft and encourage passengers to practice green traveling. The company also donates some of its profits to raise a green fund that supports tree planting and renewable energy development to offset carbon emissions by individuals using air services. To spread the carbon offset initiative, trainings for employees and partners, on/off-line campaigns, public interest advertisement and on-board broadcasting, and other various tools have been leveraged to the fullest.

Eco-Flight Customer Campaign

In an effort to engage more customers, Asiana Airlines is conducting Asiana Green Campaign such as the Arboreal Day campaign in the 1st half of 2012 to encourage customers to plant trees at an ecology park built on a reclaimed land by giving out flowerpots to customers who have submitted applications. In the latter half of the year, the company waged a campaign at Gimpo Airport that explains its own carbon labeling on the Gimpo-Jeju route.

Eco-Counter

Eco-Counters were opened at Incheon and Gimpo airports in April 2011 for customers traveling only with carry-on baggage. Eco-Counter has been introduced to raise awareness about green travel which reduces aircraft weight for less GHG emissions, and green travelers using Eco-Counter are offered fast boarding services and tips for eco-friendly travel and lifestyle.

365 Eco-Life Screening on Board

To promote green travel among passengers, Asiana Airlines produced 365 Eco-Life video clip in association with Eco Mom Korea in 2011, which is shown on all flights during landing. The video clip with the message of "please, protect our earth safe with green travel' introduces to passengers the green travel tips including using the public transit service commuting to airport, packing light for travel, and leaving no food wastes from in-flight meals.

Carbon Offset Program & Carbon Labeling

Since the introduction of the employee carbon offset program in May 2008, Asiana Airlines has raised a carbon fund with the mandate to offset GHG generated by flights for employees' business travel. In 2012, a total of 3,269 tons of GHG was offset, and from May 2008 to the present, 11,778 tons of GHG has been offset. The accumulated fund for carbon offset has been spent for other GHG reduction initiatives such as establishing a solar power generating facilities at the Flower Village in Gapyeong, installing solar street lamps around Angkor Wat in Cambodia.









Category	Description			
Apr '09	Solar energy generation facilities built at the Flower Village in Gapyeong			
Mar '10	Solar thermal system built at the Flower Village in Gapyeong			
Aug '10	Saekdong solar street lamps in Cambodia			
Apr '11	Tree planting ceremony for Tianjin Eco-City			
Nov '11	Asiana Eco Sloar Light around Eco Village in Cambodia			
Apr '12	Tree planting for ecology park on Sudokwon Landfill site of the metropolitan area			

While waging GHG reduction initiatives, the company also discloses information on GHG emissions in its production process by building GHG database. And the GHG emissions information per flight route validated by credible outside agencies is displayed through the carbon labeling scheme. The Gimpo-Haneda route was the 1st to be accredited and up until 2012, a total of 6 routes including the Gimpo-Beijing route have been accredited.



Response to GHG Regulation

EU ETS (European Union Emission Trading Scheme)

Since 2012, global commercial/non-commercial airlines operating flights in EU member countries all joined the EU ETS. Asiana Airlines also joined this scheme to be assigned the emissions quotas for 2012~2020, and is currently going through the required process from emissions credit calculation to validation, reporting and trading. The ICAO(International Civil Aviation Organization) general assembly decided on November 9, 2012 to suspend the full introduction of international CO2 emissions standards for one year. However, regardless of the suspension, Asiana Airlines manages GHG data on all of its flight routes.

GHG/Energy Target Management System

Since Asiana Airlines was included into GHG/energy Target Management system in 2010, it is subjected to GHG regulations for CO2 emissions generated by domestic flights and from its worksites (the headquarters, Korean airports and sales branches in local areas) starting from 2012. GHG emissions from domestic flights and ground facilities in Korea take up just 4–5% of the total GHG emissions, but the company still works to reduce its domestic emissions through a range of fuel-saving initiatives and achieved its 2012 target successfully.

Voluntary Agreement for GHG Reduction

항공부문 온실기스 자발적 감축 협약식

In July 2010, Asiana Airlines signed a voluntary GHG reduction agreement with the Ministry of Land, Transport and Maritime Affairs to set the GHG reduction target by renewing the agreement every year and works to reach the target. For 2012, the year for the 2nd voluntary agreement renewal, the company was required to improve its fuel efficiency by 2.0% and exceeded the target by increasing the efficiency as high as 4.8% to have the honor of being selected as the airline with the highest fuel efficiency. Asiana has set its target for 2013 to improve its fuel efficiency by 2.0% against the baseline year.

Environment Control

On-site Environment Control

To minimize environment impact unavoidably created in its business operation, Asiana Airlines has set the target of keeping its pollutant emissions within 50% of the legal limit. To attain the target, the company is applying optimal green technology best suited for each process, and its actual pollutant density remains lower than 25% of the legal limit. Recognized for its strenuous efforts, Gimpo and Incheon worksites have been designated as green worksites by the Ministry of Environment for strict management of the environment. To fulfill its social responsibility as green company, Asiana Airlines closely monitors and manages pollutant emissions from all of its worksites by implementing a guideline on management, monitoring and emergency response. Coupled with the effective management system firmly in place, proper measures like regular/special monitoring, issue inspections and real-time communication with frontline departments are in place to improve the work environment with well organized work structure for planning-execution-inspection-response. The inspection results are reported to the top management so that effective measures for improvement can be actually implemented and followed up. Thanks to the efforts in all relevant areas, Asiana Airlines has had no environment accidents for 13 years in a row from 2000 to 2012.

Air

Emissions and control facilities most suitable for each maintenance process have been installed to effectively remove air pollutants generated in the aircraft maintenance in combination with periodic monitoring to minimize environment impact.

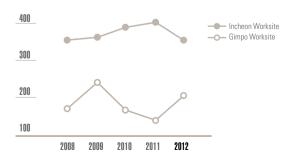
Any conditions that require special attention (e.g. pollutant density in the worksite control facilities, employees' exposure to pollutants, etc) are closely tracked for monitoring, and if workers report any discomforts at work or pollutant density rises, measures to enhance the worksite environment are introduced. As pollutant density can change depending on the materials and the work process at the maintenance worksite, the company regularly conducts thorough inspections. If any hazardous materials or materials that require further observation are found through the inspection, Asiana Airlines replaces the materials with alternative eco-friendly ones.

Air Pollutant Emissions

Emission	k

Category	2008	2009	2010	2011	2012
Gimpo	166.17	251.07	161.76	127.31	202.78
Incheon	352.28	368.95	389.05	408.1	355.10

Note) The overall emissions went down in 2012 as the increase in maintenance for domestic flights (A320) at Gimpo was more than offset by the decline in maintenance for international flights at Incheon.



Water

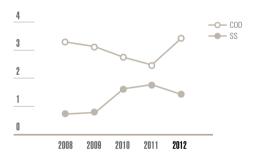
Wastewater generated from washing aircraft and components contains highly concentrated suspended materials and surfactants. Asiana Airlines applies a water treatment technology optimal for its wastewater to improve the efficiency of wastewater treatment. As it fully understands the pollution load of high-concentration slurry can go higher if it is treated within the company, it commissions out the task to an outside agency. Monitoring and water quality measuring are conducted periodically to check the operation of its wastewater treatment facilities.

Water Pollutants Density - Incheon Hangar

Density Unit: mg/	

Category	Legal Limit	2008	2009	2010	2011	2012
COD	20	3.25	3.11	2.78	2.55	3.38
SS	20	0.67	0.72	1.46	1.59	1.29
Water Flow(m³)		1465	1490	1566	1203	1028

Legal Limit: COD-20 mg/L, SS-20 mg/L

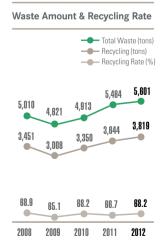


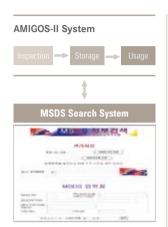
Waste

Wastes disposed in the worksites are sorted based on the shape by the waste management team. The waste team takes care to reduce any unnecessary operation that may generate wastes, and other teams have to comply with the corporate procedure for tight waste control. Daily or weekly monitoring is conducted to remove risk factors in advance and enable a prompt response to any disruptions. Trainings are offered on a regular basis to raise the reuse and recycling rates with the objective of reducing wastes, and work practices are also monitored to see the implementation rate.

Noise

To minimize aircraft noise, Asiana Airlines faithfully complies with the noise abatement standards/procedure included in the ICAO ANNEX 16 or those developed by destination countries/airports. Aircraft fleet owned by the company were all manufactured by Airbus and Boeing following the ICAO standards. Information on the aircraft fleet is included in AFM(Airplane Flight Manual), and recent changes and latest information on country/airport standards are reviewed and analyzed on an ongoing basis with reference to aviation information at AIP and Jeppesen.





All chemical materials used by the company are integrated into AMIGOS-II where data on their inspection, storage and usage are tracked and monitored. All chemical materials have to be registered on the MSDS search system without exception to be tracked real-time in all processes.

Chemical Materials

Chemical materials handled at worksites are frequently monitored by frontline departments throughout the whole process from import to disposal. Workers who directly handle chemicals have to receive regular trainings and inspections for accurate information on the materials and possible accidents. Inflammable and explosive chemical materials are replaced with alternatives as long as the replacement doesn't hamper aircraft maintenance process, and risks for the handled chemical materials are managed through an annual environment impact assessment. Chemical used by Asiana Airlines are in relatively small amounts, but as it handles many chemical types, the history and logistics of the chemical materials is closely tracked through the AMIGOS2 system. Departments that directly come into contact with chemical materials receive a fire drill periodically for accident preparedness, and fire extinction equipment is at all times placed at the worksites. When expired or banned chemical materials are disposed, the chemical management team inspects the whole process to preempt any environment or safety accidents.

Green Purchase

Asiana Airlines has established the green purchase guideline which enables the company to primarily purchase ecofriendly products, and applied the guideline to all areas as long as compliance with the guideline does not adversely affect and is compatible with aircraft operation and maintenance process. It has also devised standards to review environmental practices of its partners and oversees their compliance through AVEPS. Suppliers also have to practice green purchasing to be selected as partners of Asiana Airlines, and those who actively opt for green purchasing earn extra points to be reflected in the partner evaluation.

0-4	2	010	2	011	2012	
Category	Purchase Items	Purchase Cost	Purchase Items	Purchase Cost	Purchase Items	Purchase Cost
Eco-Friendly & Others	23 items	1,493 Mill. won	23 items	2,133 Mill. won	32 items	3,152 Mill. won

Special Column

Asiana Airlines launched various fuel-saving campaigns to promote the importance of cutting fuel consumption among pilots through Green Taxi Campaign and Minimum APU Use Campaign in 2012



One Engine Shutdown Taxi-In Campaign & Pilots with Excellent Records

1) Green Taxi Campaign: 'Engine Shutdown
Taxi-In Campaign' was launched thanks to the
growing interest in fuel-saving and economical
flight operation and higher implementation rate.
The campaign is gaining momentum with strong
support from pilots. When the time for taxiing
is expected to take longer than five minutes at
Incheon Airport, pilots are strongly encouraged to
shut down one engine (up to two engines for B747).
The campaign is actively promoted on 5th, 15th
and 25th dates of every month to raise awareness
and pilots with higher compliance are awarded
with small gifts through promotional events.

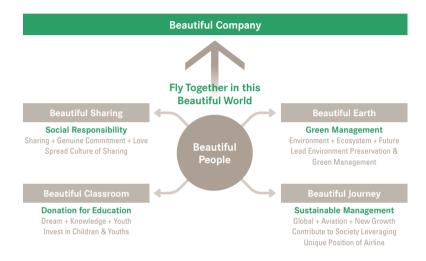


Minimum APU Use Campaign

2) Minimum APU use: In June–September 2012, the campaign to minimize APU use was launched for all aircraft types to reduce fuel consumption on the ground of Incheon and Gimpo airports. To attain this goal, running APU is suspended to the greatest extent in consideration of the time it takes to the rated APU output after landing, and when moving to the apron, maintenance engineers check connection to the aircraft ground power supply and inform this to the pilot so that APU can be turned off earlier. In addition, before having a departure in summer/winter, pilots are advised against running APU except for onboard heating/cooling as long as it does not undermine customer service.

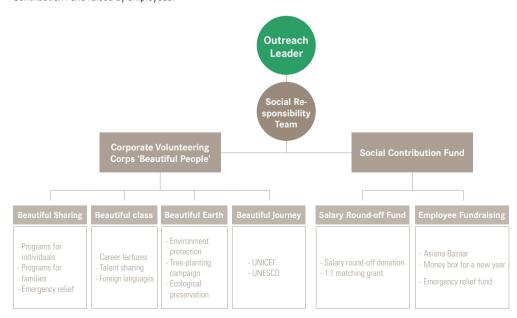
Corporate Social Responsibility (CSR)

Under the slogan 'Fly Together in this Beautiful World', Asiana Airlines strives toward a beautiful world where our neighbors can live happy and satisfactory lives together. With the aim in mind, Asiana people are striving to contribute to their communities.



CSR Structure

Asiana Airlines has organized Corporate Social Responsibility Team which champions and leads structured and specialized community outreach initiatives supported by 'Beautiful People', the corporate volunteering corps, and Social Contribution Fund raised by employees.















Beautiful Sharing

Asiana Airlines is reaching out to the neighbors in need with warm compassion through a range of CSR initiatives such as Asiana Bazaar, Kimchi making in the winter time, 1 Company 1 Village, distributing money boxes of love, salary round-off donation in combination with overseas contribution for the underprivileged such as support to the Aeta tribe of the Philippines, Love House project in Ben Tre Province of Vietnam.

Support for Minority Tribe in the Philippines

Asiana Airlines reached out a helping hand to the Aeta tribe village near Pinatubo Volcano of the Philippines suffering from poverty and disease through its 1 Company 1 Village project in 2011. In partnership with KOICA, Asiana people visited the village to build water pumping facilities, community bathrooms and playground for children, participating the remodeling project of 70 houses.

Love House Project in Vietnam

The corporate volunteering club for flight attendants, OZ-UNICEF, has built houses for extremely poor families in Ben Tre Province under the partnership initiated back in 2004. In 2012, the 40th Love House was completed in that region. Club members donate money to financially support the Love House Project in Vietnam and Asiana has rendered full support by giving the members flight tickets once a year and monetary donations to encourage volunteering activities of its employees.

1 Company 1 Village

The senior executives and employees of Asiana Airlines visit Sanchoeul village in Hongcheon, Gangwon Province, the sister village of Asiana Airlines, twice a year with their family members for volunteering. It has also signed an agreement with the village to buy germinated brown rice produced there for the first-class in-flight meals, promoting specialty products of the community and developing its economy while granting scholarship to students of troubled families. As Asiana Airlines has brought many benefits to Sanchoeul village, the 1 Company 1 Village campaign has been recognized as the best practice with the award given by National Agricultural Cooperative Foundation.

Asiana Bazaar

Every May, Asiana Airlines holds a bazaar where all employees donate at least one item per person, and participate by selling food and goods collected during the campaign. The bazaar has grown to a festival for the community where every participant can be entertained enjoying their time together by inviting the underprivileged of the community.

Until the 8th event in 2012, KRW 250 million was raised, all of which has been used to support multi-cultural children to read books in their mother tongues and help neighbors in need.

Outreach to the Underprivileged

Asiana people take good care of their neighbors so those vulnerable and neglected can spend warm winter. The Kimchi making campaign, launched in 2010, was extended into 2012 when Asiana people and the 4th social welfare center of Deungchon made Kimchi together with to share it with senior citizens living alone in that neighborhood. The company also donated 500 sacks of rice purchased from its sister city for the underprivileged in Gangseo district.

Moneybox of Love

The campaign to distribute moneyboxes commenced in 2008, distributing moneyboxes to employees at the airport service offices. The moneyboxes are designed marking the year in the Chinese zodiac: moneyboxes shaped like mouse for 2008, cow for 2009, tiger for 2010, rabbit for 2011 and black dragon for 2012. Starting from 2012, moneyboxes were distributed to all employees of Asiana Airlines to raise more funds for multi-cultural families' trip to their home countries.

Salary Round-off Donation

Employees of Asiana Airlines have participated in the donation campaign called 'Salary Round-off' since 2006. They set aside any amounts less than KRW 1,000 (about \$1) from their salaries and donated the money to the fund for neighbors in needs. The company also provides 100% matching grants to support their charity efforts. In 2012, the fund was spent for the Meal of Love project, which provides breakfasts to low-income family children, and the Food of Love project, which distribute rice and kimchi to the underprivileged in Gangseo district.

Volunteering in Relay

To make more contributions to communities, Asiana Airlines employees participate in volunteering campaigns twice per month in relay. Asiana people visit Yangcheon Migrant Workers' Center to cook Korean foods with multi-cultural families and bring the foods to the underprivileged people living nearby as well as Hyerimwon, the welfare center for the intellectually challenged. The volunteering activities undertaken in relay have become a vehicle for Asiana people to contribute to society and promote harmony with others.

• Beautiful Classroom

Asiana Airlines has worked to show a bright future to children who have been neglected by society. It has organized Meal of Love project for children skipping meals due to poverty while supporting multi-cultural children to read books in their mother tongues. It also has designed education donation programs to find the right career path for students interested in the aviation industry, designated as the official education donation company by the Ministry of Education, Science and Technology. The year 2012 was also a meaningful year for Asiana as it extended its educational drive to launch Beautiful Classroom project across China.

Meal of Love(愛) Project

Since 2007, Asiana people have supported a campaign setting aside any amounts less than KRW 1,000 (about \$1) from their salaries and donating the money to support meals for low-income family children in Gangseo district. When the government mandated every primary school to provide free lunch to students in 2011, Asiana Airlines sponsored Meal of Love project to donate KRW 60 million. Meal of Love was organized jointly with Seoul Gangseo District Office of Education and Community Chest of Korea with the aim to provide breakfast to low-income family students. Asiana Airlines joined this drive in 2011 and remains as the only corporate sponsor ever since.





Books for Multi-Cultural Families

As multi-cultural families increase in Korea, Asiana Airlines donated a total of 10,000 books published in eight countries including China and Japan, and collected by Asiana overseas offices. In 2012, the company spent the proceeds from Asiana Bazaar to donate 3,000 books to the multi-cultural family support center in Bucheon.

Books	for Mult	i-Cult	ural Fa	milies		Unit: books
3000 2500 2000 1500	2,100	1,840	1,239	2,575	3,000	Bucheon multi-cultural family support center Gangseo/Guro multi-cultural family support center Yangcheon migrant workers' center Ansan center for alien residents 7 centers including Korea Migrant Human Rights Cente
1000			1,200	н	н	
500				1		
0						
	2007	2009	2010	2011	2012	





China - Beautiful Classroom

Asiana Airlines, as the airline that has the widest Korea-China flight network that includes 22 geographies of China, set off to establish a sister network of schools with its 1 Branch 1 School drive. The Beautiful Class project in China is for forming partnership with Chinese schools to support necessary equipment. Raising the fund with KOICA, Asiana Airlines donated computers, pianos and other learning equipment to schools in seven Chinese cities including Wei Hai, Yanji, Changchun, Dalian, Yantai, Nanjing, Xianyang during 2012. Asiana plans to continue its Beautiful Class project across China in 2013~14.

a. 1st roll-out: The 5th junior high school in Tumen city(圖們), Yanji(延吉)	40 computers, 1,000 books, 1 piano, 1 beam projector, flight attendant class
b. 2nd roll-out: School for ethnic Koreans in Jiutai city(九台市), Changchun(長春)	40 computers, 1,000 books, 1 piano, 1 beam projector, flight attendant class
c. 3rd roll-out: Banyuewan(半月灣) primary school in Wei Hai(威海)	50 computers, 1,000 books, 1 piano, 9 beam projectors, school bags/stationery items, etc
d. 4th roll-out: Laotunhuyzhen central primary school (老屯虎镇中心小學) in Dalian大連)	42 educational computers, 1,000 books, 1 piano, 1 beam projector, 1 photocopier
e. 5th roll-out: Mupingqu Dayao junior high school (牟平區 大窑 中學校) in Yantai city(煙臺市)	51 educational computers, 1,000 books, 1 piano
f. 6th roll-out: Yongfeng primary school(永丰小學校) in Pukouqu (浦口區), Nangjin city(南京市)	36 educational computers, 1,000 books, 1 piano, 15 Guzhengs(古筝, Chinese Zither)
g. 7th roll-out: Fengdong Xincheng Cheliang primary school(澧東新城 車輛小學) in Xishensinqu(西咸新區), Shaanxi province(陝西省)	61 computers, 1,000 books, 1 piano, etc

Asiana Dream Catchers

Asiana Airlines has launched a new type of educational campaign named 'Dream Catchers' for youths wishing to work in the aviation industry. The program includes lectures by Asiana people on aviation professions such as the cabin crew, pilots, and maintenance engineers along with musical performances by the employee music bands. Flying with You offered two lectures in Seoul and 1 lecture in Gwangju in 2012. More career lectures for youths are scheduled in domestic destinations going forward.

Flight Attendant Class/Global Manner School

The flight attendant class is offered to high school students who dream of becoming flight attendants in the future. They get to experience what it's like to be a flight attendant through trainings in the Asiana Training Center. For high school students trying to get a job instead of going to college, Global Manner School is opened to teach good manners for job interviews and image making. Now the flight attendant class has become the most popular class designed by Asiana among high school students.

Airport DoDream School

Airport DoDream School is another education donation program for primary school students to teach them on the documents and boarding procedure for air travel and give them a tour around aircraft hangars. The program is attracting many children with its new and exciting curriculums. In 2012, a total of 60 students attended two sessions of DoDream School.

Beautiful Earth

To preserve ecological wetlands across the globe, Asiana Airlines designates the last week of every April as 'Asiana Green Week' and carries out activities to protect the environments of famous tourism destinations of Korea including Incheon, Busan, Daegu and Daejeon along with overseas destinations in Americas, Japan and China with active support from employees.

Airport Wetland Preservation

Airport Service Department of the company has designated the last week of every April as Asiana Green Week. During the week, Asiana's airport service offices in Korea undertake various green activities to preserve ecological wetlands in each destination of Korea.

Green Initiatives in Korea

1) Asiana people working in Incheon Int'l Airport carry out environment campaigns at Samock pier, Jangbong pier and along the coastline of Jangbong island while those working at the service office of Busan Int'l Airport visit famous tourist destinations in Busan including Haeundae, Taejongdae, Nakdong river, Geumjeong fortress to clean the area on a regular basis. Employees at the service office branch in Daegu Airport also clean Geumho river banks and Daejeon employees are assigned to clean the Gapcheon area.









Green Initiatives Overseas

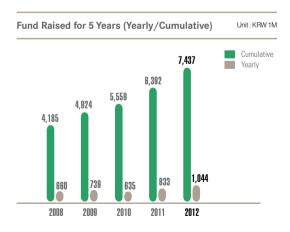
- 1) Americas: The company's LA airport office workers visit Dockweiler State Beach for environment preservation while San Francisco airport crew participate in the green campaign for Coyote Point County Park.
- 2) Japan: Asiana people working at the Osaka airport branch clean the areas around the Ushitaki National Park,
 Hakotuskuri Farm and Nanba Shrine. Employees at the Nagoya office and airport service office clean Marunouchi, and
 Fukuoka airport office employees are in charge of cleaning Sanno park(山王公園).
- **3) China:** Asiana people working in Changsha, Yentai, Wei Hai carry out green campaigns around Yuelu mountain, Yentai beach, Ta mountain, and others.



Asiana Airlines has launched diverse CSR campaigns. They include collecting spare coins from passengers and donating the money for children in underdeveloped countries, and knitting baby hats for new-born babies in Africa to engage customers in its drive for sharing. For the safety of tourists, the company also installed eco-friendly Eco Solar Light around tourist attractions of destination countries in combination with Eco Solar Light project which has been designed to create growth momentum by investing in tourism resources.

UNICEF Spare Coin Collection

Asiana Airlines has been working with the Korean Committee for UNICEF (United Nations Children's Fund) to jointly carry out the "Change for Good" campaign. The campaign was launched based on the idea that spare notes or coins in foreign currencies travelers carry are thrown away at the end of their journey and therefore, it would be good to collect these notes or coins for a good cause. It was started on international flight in 1994 and has grown into the most representative social campaign waged by Asiana Airlines with its fund gradually growing. In October 2012, the fund exceeded KRW 7 billion, and a ceremony to celebrate the milestone was held with the attendance of UN Secretary General Ban Ki-moon.









Onboard CSR Initiative

To invite long-haul passengers to a good cause, Asiana Airlines formed Onboard Contribution Team in charge of designing onboard social contribution programs. Starting with Save the Children's 'Knit One, Save One' campaign that was highly popular among passengers, Asiana Airlines has launched a series of monthly campaigns to involve more customers.



Asiana Airlines signed an MOU to preserve World Heritage Sites with the Korean Committee for UNESCO in February 2012, under which the company carried out various projects to build tourism infrastructure and facilitate tourism remodeling tourism information centers, installing large information signage for better visibility, and establishing Eco Solar Lights(solar-powered streetlight) around the central Vietnam(Da Nang, Hoi An). Asiana will continue its efforts to preserve UNESCO World Heritage Sites in 2013 also, by installing 40 Eco Solar Lights in Da Nang, Vietnam.

Asiana Eco Solar Light - Siem Reap, Cambodia

Under the MOU with KOICA that pledges sustained global CSR, Asiana Airlines installed eco-friendly Eco Solar Lights around the temple of Angkor Wat to preserve the world's cultural heritage and augment security around the area for tourists. After successfully completing the project to install 15 Eco Solar Lights along the Cambodia-Korea Friendship Road laid by KOICA in August 2010, Asiana raised a fund together with KOICA to install 35 more Eco Solar Lights as part of its public-private partnership project.



Special Column



Signing to Preserve World Heritage Sites with UNESCO Korean Committee

Asiana Airlines signed an MOU with the Korean Committee of UNESCO in February 2012 to create a momentum for CSR drive. The MOU dictates how to design and implement initiatives to preserve World Heritage Sites across the globe.

"World Heritage Sites embody tradition and value that should not be lost in time. As the cause is so compelling, I believe it requires collective support from countries across the world", said Asiana CEO, adding "Singing the MOU will herald Asiana's full commitment to promoting and preserving such valuable heritages of the world." UNESCO Director General also emphasized it should be viewed meaningful for Asiana Airlines to lead the collaborative drive and raise awareness on the heritage preservation in underdeveloped economies on the 40th anniversary of the Convention concerning the Protection of the World Cultural and Natural Heritage, adding UNESCO would do its best to push the drive, benchmarking previous collaborative models implemented in the developed world.

The partnership has been formed to facilitate community economy by building tourism infrastructure near the World Heritage Sites through promotional activities while protecting cultural heritages in destination places. To promote its cause, Asiana Airlines included articles on the Hue heritage in Da Nang into the Asianana Timetable and its in-flight magazines published in four languages (Korean, English, Japanese and Chinese) whose circulations reaching up to 12,000 copies per month.



APPENDIX

Consolidated Financial Statement

Consolidated Comprehensive Income Statement

Consolidated Statement of Changes in Shareholders' Equity

Consolidated Cash Flow Statement

Statement of Financial Position

Comprehensive Income Statement

Statement of Changes in Shareholders' Equity

Cash Flow Statement

GRI G3.1 Index & Alignment with ISO 26000

Third-Party Assurance Report

Consolidated Financial Statement

(Unit: KRW)

The 25th Business Period: as of Dec. 31, 2012 The 24th Business Period: as of Dec. 31, 2011 The 23rd Business Period: as of Dec. 31, 2010

	25th Period	24th Period	23rd Period
Assets			
Current assets	1,064,537,579,653	1,094,986,290,810	1,039,860,299,835
Cash and cash equivalents	162,787,126,531	197,773,237,915	210,525,180,776
Short-term financial instruments	73,633,960,000	36,206,122,083	8,890,713,410
Trade receivables	424,959,115,021	494,212,594,713	482,878,682,614
Other receivables	27,609,992,058	34,613,681,545	23,360,557,416
Accrued income	23,036,290,392	20,614,744,251	14,312,723,212
Short-term loans receivable	22,407,504,350	17,188,483,126	14,851,000,000
Advance payments	106,317,989,043	75,336,739,695	77,799,219,017
Prepaid expenses	28,256,149,107	26,261,307,447	34,276,185,023
Prepaid taxes	2,704,401,096	2,600,438,947	3,051,848,016
Inventories	161,225,835,022	158,412,920,813	139,039,251,406
Current portion of deferred loss on disposal of property, aircraft and equipment	30,804,938,945	30,804,938,945	30,804,938,945
Other current assets	794,278,088	961,081,330	70,000,000
Non-current assets held for sale			946,545,509,019
Non-current assets	5,021,824,272,891	4,652,445,154,755	4,272,028,825,197
Long-term financial instruments	34,500,000	34,500,000	37,500,000
Available-for-sale financial assets	254,256,905,361	233,762,144,509	118,345,683,372
Investments in associates	141,855,755,959	143,443,691,630	276,576,299,514
Long-term loans receivable	53,850,079,443	48,605,442,704	43,071,936,647
Guarantee deposits	420,005,795,046	354,984,556,626	349,564,983,246
Deferred loss on disposal of property, aircraft and equipment	221,777,052,133	252,666,386,280	283,471,323,342
Deferred income tax assets	45,750,633,145	64,606,821,817	86,334,079,063
Property, aircraft and equipment	3,554,271,658,779	3,241,886,897,651	3,087,683,015,105
Investment property	130,481,669,012	108,816,520,757	
Intangible assets	197,786,708,327	201,548,507,165	24,726,620,602
Other non-current assets	1,753,515,686	2,089,685,616	2,217,384,306
Total assets	6,086,361,852,544	5,747,431,445,565	6,258,434,634,051

(Unit: KRW)

	25th Period	24th Period	23rd Period
Liabilities			
Current liabilities	2,028,486,896,102	2,895,267,425,210	2,607,719,786,190
Trade accounts payable	267,036,272,591	248,163,625,550	207,185,664,568
Short-term borrowings	1,000,000,000	3,320,148,383	34,712,174,259
Advance receipts	265,260,956,577	299,688,461,794	307,653,187,265
Unearned income	2,287,731,407	3,707,368,920	3,519,324,851
Withholdings	29,603,442,295	31,082,331,967	27,928,485,427
Other payables	308,589,373,905	385,363,711,013	270,623,347,483
Accrued expenses	96,348,713,964	86,818,129,907	108,143,821,025
Income taxes payable	5,179,618,718	17,836,568,873	5,583,461,213
Taxes withheld	118,187,311,175	112,298,201,547	82,223,925,768
Current portion of debentures issued	526,379,839,295	636,295,649,278	818,108,163,557
Current portion of long-term borrowings	286,064,859,052	868,092,204,469	481,326,666,660
Current portion of obligations under financing leases	122,548,777,123	108,854,870,473	238,940,693,405
Current portion of financial derivative liabilities		93,746,153,036	21,770,870,709
Non-current liabilities	3,052,984,973,500	1,990,876,607,115	2,736,591,475,310
Debentures issued	923,550,579,485	629,281,850,129	859,164,684,553
Long-term borrowings	795,916,828,448	136,114,106,838	406,234,893,757
Obligations under financing leases	608,287,244,705	601,192,395,590	799,722,209,614
Financial derivative liabilities			75,012,311,664
Defined benefit liability	202,035,941,066	135,303,201,952	201,555,923,065
Long-term advance receipts	385,656,940,586	355,872,846,608	297,172,846,608
Long-term unearned income	3,728,487,038	8,906,864,471	2,948,673,133
Long-term other payables	18,815,340,587	33,521,103,702	39,033,840,346
Provisions	63,484,898,907	44,787,946,028	50,458,785,076
Other long-term liabilities	51,508,712,678	45,896,291,797	5,287,307,494
Total liabilities	5,081,471,869,602	4,886,144,032,325	5,344,311,261,500
Equity attributable to owners of the Parent Company			
Capital stock	975,506,825,000	916,536,240,000	892,112,895,000
Capital surplus	1,148,869,102	1,119,928,066	1,117,982,787
Accumulated other comprehensive income (loss)	22,917,028,208	(21,560,623,107)	11,375,802,508
Other components of equity	(28,488,270,487)	(28,488,270,487)	(28,488,270,487)
Retained earnings(Accumulated deficit)	29,449,881,616	(9,806,103,131)	35,245,878,757
Non-controlling interest	4,355,649,503	3,486,241,899	2,759,083,986
Total equity	1,004,889,982,942	861,287,413,240	914,123,372,551
Total liabilities and equity	6,086,361,852,544	5,747,431,445,565	6,258,434,634,051

Consolidated Comprehensive Income Statement

(Unit : KRW)

	25th Period	24th Period	23rd Period
Sales	5,887,872,743,115	5,609,398,419,744	5,284,964,834,239
Cost of sales	5,109,055,196,392	4,624,659,881,944	4,042,968,707,292
Gross profit	778,817,546,723	984,738,537,800	1,241,996,126,947
Selling, general and administrative expenses	599,449,801,304	626,481,026,317	691,531,901,024
Operating income	179,367,745,419	358,257,511,483	550,464,225,923
Other operating income	229,230,561,023	285,068,985,741	171,191,480,878
Other operating expenses	197,053,459,542	519,474,218,114	384,472,493,709
Financial income	27,129,457,329	15,625,236,175	12,640,583,001
Financial expenses	161,600,313,360	186,036,018,314	177,271,744,583
Profit of associates accounted for using the equity method	14,004,879,773	13,440,410,787	41,567,893,712
Loss of associates accounted for using the equity method	4,545,648,302	3,643,745,283	26,130,660,217
Profit (loss) before income tax	86,533,222,340	(36,761,837,525)	187,989,285,005
Income tax expense (income)	24,059,906,513	(6,839,630,003)	101,818,031,972
Profit (loss) for the year	62,473,315,827	(29,922,207,522)	86,171,253,033
Equity holders of the Parent Company	61,382,051,563	(30,864,455,575)	85,114,743,806
Non-controlling interest	1,091,264,264	942,248,053	1,056,509,227
Other comprehensive income (loss) for the year	22,349,627,839	(47,129,092,068)	(8,757,125,073)
Gain on overseas operation translation	(176,858,915)	100,304,288	22,560,231
Gain(Loss) on valuation of investments in associates	(752,555,095)	2,236,205,476	(548,412,917)
Loss on valuation of available-for-sale financial assets	45,407,065,325	(35,272,935,379)	(8,231,272,387)
Actuarial losses	(21,961,516,810)	(13,820,900,231)	
Actuarial losses of associates	(166,506,666)	(371,766,222)	
Total comprehensive income (loss) for the year	84,822,943,666	(77,051,299,590)	77,414,127,960
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	83,733,636,062	(77,988,407,503)	76,374,656,061
Non-controlling interest	1,089,307,604	937,107,913	1,039,471,899
Per share data			
Basic earnings (loss) per share	317	(171)	484
Diluted earnings (loss) per share	316	(171)	468

Consolidated Statement of Changes in Shareholders' Equity

The 25th Business Period: Jan. 01 to Dec. 31, 2012 The 24th Business Period: Jan. 01 to Dec. 31, 2011 The 23rd Business Period: Jan. 01 to Dec. 31, 2010

(Unit : KRW)

						Equ	uitv												
					Shareholders of	Parent Company													
			Capital Stock	Capital Surplus	Accumulated Other Com- prehensive Income (loss)	Other Components of Equity	Retained Earnings (Accumulated Deficit)	Total	Non-control- ling Interest	Total Equity									
Balance a	Balance at January 1, 2010		875,872,115,000	1,113,243,638	20,115,890,253	(28,488,386,154)	(49,868,865,049)	818,743,997,688	1,919,612,087	820,663,609,775									
		Profit (loss) for the year					85,114,743,806	85,114,743,806	1,056,509,227	86,171,253,033									
		Currency transla- tion differences			39,597,559			39,597,559	(17,037,328)	22,560,231									
Changes	Compre- hensive	Gain(Loss) on valuation of investments in associates			(548,412,917)			(548,412,917)		(548,412,917)									
in Equity i	income (loss)	Loss on valuation of available-for- sale financial assets			(8,231,272,387)			(8,231,272,387)		(8,231,272,387)									
		Actuarial losses																	
		Actuarial losses of associates																	
Transac-	Bond with	warrants exercised	16,240,780,000	4,739,149		115,667		16,245,634,816		16,245,634,816									
tions with equity		nsolidated subsidiaries																	
holders	Dividend					(00, 100, 000, 100)	05.045.050.555		(200,000,000)	(200,000,000)									
		ber 31, 2010	892,112,895,000		11,375,802,508		35,245,878,757	911,364,288,565	2,759,083,986	914,123,372,551									
Balance a	at January	Profit (loss)	892,112,895,000	1,117,982,787	11,375,802,508	(28,488,270,487)	35,245,878,757	911,364,288,565	2,759,083,986	914,123,372,551									
		for the year					(30,864,455,575)	(30,864,455,575)	942,248,053	(29,922,207,522)									
	Comprehensive income (loss)	hensive income	hensive income	hensive income	hensive income	Currency transla- tion differences			100,304,288			100,304,288		100,304,288					
Changes						hensive income	hensive income	hensive income	hensive income	hensive income	Gain(Loss) on valuation of investments in associates			2,236,205,476			2,236,205,476		2,236,205,476
in Equity														Loss on valuation of available-for- sale financial assets			(35,272,935,379)		
		Actuarial losses					(13,815,760,091)	(13,815,760,091)	(5,140,140)	(13,820,900,231)									
		Actuarial losses of associates					(371,766,222)	(371,766,222)		(371,766,222)									
Transac-	Bond with	warrants exercised	24,423,345,000	1,945,279				24,425,290,279		24,425,290,279									
tions with equity	Changes in co	nsolidated subsidiaries							(9,950,000)	(9,950,000)									
holders	Dividend	S							(200,000,000)	(200,000,000)									
		ber 31, 2011	916,536,240,000		(21,560,623,107)	(28,488,270,487)	(9,806,103,131)	857,801,171,341	3,486,241,899	861,287,413,240									
Balance a	at January T		916,536,240,000	1,119,928,066	(21,560,623,107)	(28,488,270,487)	(9,806,103,131)	857,801,171,341	3,486,241,899	861,287,413,240									
		Profit (loss) for the year					61,382,051,563	61,382,051,563	1,091,264,264	62,473,315,827									
		Currency translation differences			(176,858,915)			(176,858,915)		(176,858,915)									
Changes	Compre- hensive	Gain(Loss) on valuation of investments in associates			(752,555,095)			(752,555,095)		(752,555,095)									
in Equity	income (loss)	Loss on valuation of available-for- sale financial assets			45,407,065,325			45,407,065,325		45,407,065,325									
		Actuarial losses					(21,959,560,150)	(21,959,560,150)	(1,956,660)	(21,961,516,810)									
		Actuarial losses of associates					(166,506,666)	(166,506,666)		(166,506,666)									
Transac-	Bond with	warrants exercised	58,970,585,000	28,941,036				58,999,526,036		58,999,526,036									
tions with equity		nsolidated subsidiaries							(19,900,000)	(19,900,000)									
holders	Dividend		075 500 0		00.01707	(00.400.0== :- :-	00 / 10 07 : -	1000 =010	(200,000,000)	(200,000,000)									
Balance a	at Decem	ber 31, 2012	975,506,825,000	1,148,869,102	22,917,028,208	(28,488,270,487)	29,449,881,616	1,000,534,333,439	4,355,649,503	1,004,889,982,942									

Consolidated Cash Flow Statement

(Unit: KRW)

	25th Period	24th Period	23rd Period
Net cash generated from operating activities	345,691,616,180	641,002,502,704	750,375,258,216
Cash generated from operations	470,390,483,903	798,406,835,403	929,736,698,239
Interest received	16,074,932,653	8,244,197,154	8,745,873,885
Interest paid	(125,042,358,459)	(154,796,771,987)	(188,805,407,318)
Dividends received	10,201,019,094	9,664,399,264	5,757,722,260
Income tax paid	(25,932,461,011)	(20,516,157,130)	(5,059,628,850)
Net cash provided by (used in) investing activities	(620,770,739,639)	208,019,395,719	(199,304,335,119)
Decrease (increase) in short-term financial instruments, net	(37,503,883,117)	(6,114,450,141)	2,283,837,700
Decrease in long-term financial instruments		3,000,000	
Acquisition of available-for-sale financial assets	(41,975,677,201)	(20,207,126)	(42,552,839,308)
Disposal of available-for-sale financial assets	51,223,008,000	10,000,000	60,489,563,876
Acquisition of investments in associates			(83,161,496,090)
Disposal of investments in associates	109,440,000	50,000	
Short-term loans granted	(9,200,000,000)	(2,332,000,000)	(1,850,000,000)
Collection of short-term loans	3,842,532,976	2,001,000,000	67,731,990,000
Long-term loans granted	(14,945,000)		
Collection of long-term loans			40,004,965,180
Disposal of property, aircraft and equipment	6,629,447,639	38,199,494,847	27,991,547,221
Purchases of property, aircraft and equipment	(388,126,708,986)	(258,633,299,029)	(204,856,188,711)
Disposal of intangible assets	576,000	129,760,237	9,000,000
Purchases of intangible assets	(1,952,818,380)	(683,249,346)	(1,392,703,626)
Decrease in guarantee deposits	41,653,279,576	122,337,825,676	38,124,368,915
Increase in guarantee deposits	(152,929,346,182)	(124,909,256,667)	(85,756,640,034)
Others (derivatives)	(92,505,744,964)	(22,169,460,771)	(26,369,740,242)
Changes in consolidated entity	(19,900,000)		
Decrease in restricted cash deposits	, , , , , , , , , , , , , , , , , , ,		10,000,000,000
Increase in restricted cash deposits		(166,442,740)	, , ,
Disposal of non-current asset held for sale		820,258,128,878	
Changes in consolidated subsidiaries		(359,891,498,099)	
Net cash provided by (used in) financing activities	242,828,052,606	(862,402,473,286)	(487,654,636,345)
Increase(Decrease) in short-term borrowings, net	(2,294,336,365)	(33,454,859,705)	(277,551,666,344)
Proceeds from long-term borrowings	172,684,530,329	187,507,810,368	187,205,005,400
Repayment of long-term borrowings	(68,417,037,809)	(267,600,000,000)	(50,697,214,080)
Redemption of debentures	(1,012,926,504,069)	(835,927,689,808)	(759,590,239,682)
Issuance of debentures	1,208,110,063,760	398,373,200,000	584,505,800,000
Repayment of obligations under financing leases	(112,807,448,240)	(335,479,679,141)	(187,311,201,639)
Payment of dividends	(200,000,000)	(200,000,000)	(200,000,000)
Bond with warrants exercised	58,678,785,000	24,378,745,000	15,984,880,000
Net decrease in cash and cash equivalents	(32,251,070,853)	(13,380,574,863)	63,416,286,752
Cash and cash equivalents at the beginning of year	197,606,795,175	210,525,180,776	145,736,487,000
Exchange gains on cash and cash equivalents	(2,726,369,155)	462,189,262	1,372,407,024
Cash and cash equivalents at the end of year	162,629,355,167	197,606,795,175	210,525,180,776

Statement of Financial Position

(Unit: KRW)

	25th Period	24th Period	23rd Period
Assets			
Current assets	841,188,516,318	830,832,935,515	812,939,135,439
Cash and cash equivalents	109,144,616,284	113,562,499,488	124,690,885,927
Short-term financial instruments	7,218,960,000		1,500,000,000
Trade receivables	339,130,767,888	360,138,716,659	358,136,638,354
Other receivables	27,410,620,350	34,264,363,915	23,001,231,841
Accrued income	21,726,616,727	16,554,442,409	14,054,850,062
Short-term loans receivable	13,206,420,000	13,387,260,000	10,850,000,000
Advance payments	100,765,455,093	74,606,841,496	73,892,427,016
Prepaid expenses	29,039,299,668	27,237,828,077	34,209,802,645
Prepaid taxes	2,408,099,735	2,600,438,947	3,051,847,306
Inventories	160,332,721,628	157,675,605,579	138,746,513,343
Current portion of deferred loss on disposal of property, aircraft and equipment	30,804,938,945	30,804,938,945	30,804,938,945
Non-current assets held for sale			873,490,133,170
Non-current assets	4,828,299,119,140	4,440,415,685,535	4,260,634,584,678
Long-term financial instruments	22,000,000	22,000,000	22,000,000
Available-for-sale financial assets	244,958,956,611	225,899,013,249	111,139,749,252
Investments in subsidiaries and associates	531,824,358,356	531,545,102,455	277,961,376,156
Long-term loans receivable	51,628,975,739	46,468,994,862	41,752,903,927
Guarantee deposits	439,338,248,873	363,067,526,000	347,042,628,246
Deferred loss on disposal of property, aircraft and equipment	221,777,052,133	252,666,386,280	283,471,323,342
Deferred income tax assets	120,229,955,238	141,886,064,950	107,434,643,791
Property, aircraft and equipment	3,153,414,132,054	2,838,706,951,037	3,050,380,572,456
Investment property	43,938,781,210	20,788,532,093	21,124,749,032
Intangible assets	19,486,145,842	17,323,130,015	18,087,254,170
Other non-current assets	1,680,513,084	2,041,984,594	2,217,384,306
Total assets	5,669,487,635,458	5,271,248,621,050	5,947,063,853,287

(Unit : KRW)

	25th Period	24th Period	23rd Period
Liabilities			
Current liabilities	1,806,649,135,018	2,535,948,640,532	2,459,526,487,813
Trade accounts payable	190,478,439,584	134,523,085,438	121,664,520,693
Short-term borrowings		1,320,148,383	30,712,174,259
Advance receipts	260,801,136,613	298,993,005,720	297,857,603,013
Unearned income	2,150,394,649	2,375,910,709	3,379,283,215
Withholdings	27,490,974,773	28,748,650,107	27,422,653,557
Other payables	318,397,817,136	392,740,508,673	270,378,022,300
Accrued expenses	85,265,123,725	80,620,949,261	107,031,513,456
Income taxes payable		13,445,411,038	
Taxes withheld	114,571,773,068	109,290,149,823	79,433,411,446
Current portion of debentures issued	376,575,253,388	406,936,819,605	432,661,042,747
Current portion of long-term borrowings	158,564,859,052	688,592,204,469	481,326,666,660
Current portion of obligations under financing leases	122,548,777,123	108,854,870,473	238,940,693,40
Current portion of long-term borrowings with asset-backed securitization	149,804,585,907	175,760,773,797	346,948,032,353
Current portion of financial derivative liabilities		93,746,153,036	21,770,870,70
Non-current liabilities	2,927,209,724,912	1,924,792,707,986	2,679,883,298,309
Debentures issued	685,764,564,123	554,540,965,184	564,164,684,55
Long-term borrowings	740,291,828,448	123,989,106,838	406,234,893,75
Obligations under financing leases	608,287,244,705	601,192,395,590	799,722,209,61
Long-term borrowings with asset-backed securitization	231,363,799,335	74,740,884,945	249,663,209,454
Financial derivative liabilities			75,012,311,66
Other long-term employee benefits	186,168,182,369	126,786,063,384	191,824,555,10
Long-term advance receipts	385,656,940,586	355,872,846,608	297,172,846,608
Long-term unearned income	2,342,630,269	2,645,237,171	2,948,673,13
Long-term other payables	18,777,747,174	33,476,348,405	39,033,840,340
Provisions	63,228,523,258	44,547,516,982	50,233,299,92
Other long-term liabilities	5,328,264,645	7,001,342,879	3,872,774,154
Total liabilities	4,733,858,859,930	4,460,741,348,518	5,139,409,786,122
Equity			
Capital stock	975,506,825,000	916,536,240,000	892,112,895,00
Capital surplus	1,148,869,102	1,119,928,066	1,117,982,78
Accumulated other comprehensive income (loss)	17,455,256,732	(15,790,417,927)	7,206,904,928
Other components of equity	(28,488,270,487)	(28,488,270,487)	(28,488,270,487
Accumulated deficit	(29,993,904,819)	(62,870,207,120)	(64,295,445,063
Total equity	935,628,775,528	810,507,272,532	807,654,067,165
Total liabilities and equity	5,669,487,635,458	5,271,248,621,050	5,947,063,853,287

Comprehensive Income Statement

(Unit: KRW)

The 25th Business Period: Jan. 01 to Dec. 31, 2012 The 24th Business Period: Jan. 01 to Dec. 31, 2011 The 23rd Business Period: Jan. 01 to Dec. 31, 2010

	25th Period	24th Period	23rd Period
Sales	5,638,068,843,903	5,331,003,265,542	5,039,478,818,593
Cost of sales	4,963,954,409,845	4,422,544,527,389	3,811,599,489,807
Gross profit	674,114,434,058	908,458,738,153	1,227,879,328,786
Selling, general and administrative expenses	541,577,919,938	565,087,419,540	658,894,857,556
Operating income	132,536,514,120	343,371,318,613	568,984,471,230
Other operating income	238,662,962,787	417,217,513,100	175,394,114,730
Other operating expenses	175,809,287,287	567,653,082,504	210,231,651,855
Financial income	24,165,002,126	14,601,642,964	12,108,567,912
Financial expenses	149,524,390,346	192,002,800,500	227,683,344,092
Profit before income tax (benefit)	70,030,801,400	15,534,591,673	318,572,157,925
Income tax expense (benefit)	19,418,551,583	(887,379,166)	77,283,889,358
Profit for the year	50,612,249,817	16,421,970,839	241,288,268,567
Other comprehensive income (loss) for the year, net of tax	15,509,727,143	(37,994,055,751)	(11,374,091,887)
Components of other comprehensive income (loss) after income tax			
Valuation income (loss) on available-for-sale financial assets	33,245,674,659	(22,997,322,855)	(11,374,091,887)
Actuarial losses	(17,735,947,516)	(14,996,732,896)	
Total comprehensive income (loss) for the year	66,121,976,960	(21,572,084,912)	229,914,176,680
Per share data			
Basic earnings per share	261	91	1,372
Diluted earnings per share	261	88	1,326

Statement of Changes in Shareholders' Equity

(Unit: KRW)

					Equ	ıity		
			Capital Stock	Capital Surplus	Accumulated Other Comprehen- sive Income (loss)	Other Components of Equity	Accumulated Deficit	Total Equity
Balance a	at January 1, 2010		875,872,115,000	1,113,243,638	18,580,996,815	(28,488,386,154)	(305,583,713,630)	561,494,255,669
		Profit for the year					241,288,268,567	241,288,268,567
	Comprehensive	Actuarial losses						
Changes in Equity	income (loss)	Loss on valuation of available- for-sale financial assets			(11,374,091,887)			(11,374,091,887)
	Transactions with equity holders	Bond with warrants exercised	16,240,780,000	4,739,149		115,667		16,245,634,816
Balance a	Balance at December 31, 2010		892,112,895,000	1,117,982,787	7,206,904,928	(28,488,270,487)	(64,295,445,063)	807,654,067,165
Balance a	Balance at January 1, 2011		892,112,895,000	1,117,982,787	7,206,904,928	(28,488,270,487)	(64,295,445,063)	807,654,067,165
		Profit for the year					16,421,970,839	16,421,970,839
Changes	Comprehensive income (loss)	Actuarial losses					(14,996,732,896)	(14,996,732,896)
in Equity	income (loss)	Loss on valuation of available- for-sale financial assets			(22,997,322,855)			(22,997,322,855)
	Transactions with equity holders	Bond with warrants exercised	24,423,345,000	1,945,279				24,425,290,279
Balance a	at December 31, 20	11	916,536,240,000	1,119,928,066	(15,790,417,927)	(28,488,270,487)	(62,870,207,120)	810,507,272,532
Balance a	at January 1, 2012		916,536,240,000	1,119,928,066	(15,790,417,927)	(28,488,270,487)	(62,870,207,120)	810,507,272,532
		Profit for the year					50,612,249,817	50,612,249,817
	Comprehensive	Actuarial losses					(17,735,947,516)	(17,735,947,516)
Changes in Equity	income (loss)	Loss on valuation of available- for-sale financial assets			33,245,674,659			33,245,674,659
	Transactions with equity holders	Bond with warrants exercised	58,970,585,000	28,941,036				58,999,526,036
Balance a	at December 31, 20	12	975,506,825,000	1,148,869,102	17,455,256,732	(28,488,270,487)	(29,993,904,819)	935,628,775,528

Cash Flow Statement

(Unit: KRW)

	25th Period	24th Period	23rd Period
Net cash generated from operating activities	287,104,452,490	629,368,993,964	741,768,024,109
Cash generated from operations	390,612,775,602	775,371,716,762	915,984,938,730
Interest received	13,826,612,796	7,367,848,976	8,442,494,374
Interest paid	(114,905,884,364)	(154,779,123,610)	(188,800,085,765)
Dividends received	14,207,619,094	10,713,699,264	7,557,722,260
Income tax paid	(16,636,670,638)	(9,305,147,428)	(1,417,045,490)
Net cash provided by (used in) investing activities	(588,667,037,494)	192,908,849,455	(192,814,381,170)
Decrease (increase) in short-term financial instruments, net	(7,295,005,200)	1,500,000,000	7,231,505,710
Acquisition of available-for-sale financial assets	(41,885,677,200)	(207,126)	(40,152,839,308)
Disposal of available-for-sale financial assets	51,223,008,000	10,000,000	58,139,563,876
Acquisition of investments in associates	(383,357,771)	(370,556,755,499)	(83,261,596,090)
Disposal of investments in associates	109,590,000	50,000	
Short-term loans granted		(2,332,000,000)	(1,850,000,000)
Collection of short-term loans			67,725,990,000
Collection of long-term loans			40,004,965,180
Disposal of property, aircraft and equipment	6,059,690,747	38,194,332,246	27,750,730,308
Purchases of property, aircraft and equipment	(379,655,691,308)	(258,090,319,223)	(204,403,026,141)
Disposal of intangible assets		11,760,237	
Purchases of intangible assets	(1,860,281,260)	(61,133,971)	(106,608,542)
Decrease in guarantee deposits	52,680,006,161	111,197,154,091	38,052,723,113
Increase in guarantee deposits	(175,153,574,699)	(124,886,256,667)	(85,576,049,034)
Decrease in restricted cash deposits			10,000,000,000
Increase in restricted cash deposits		(166,442,740)	
Disposal of non-current asset held for sale		820,258,128,878	
Disposal of financial derivative trade	(92,505,744,964)	(22,169,460,771)	(26,369,740,242)
Net cash provided by (used in) financing activities	299,703,892,454	(833,973,131,626)	(517,482,643,514)
Decrease in short-term borrowings, net	(1,294,336,365)	(29,454,859,705)	(276,434,495,867)
Proceeds from long-term borrowings	172,684,530,329	187,507,810,368	187,205,005,400
Repayment of long-term borrowings	(59,917,037,809)	(267,600,000,000)	(50,697,214,080)
Issuance of debentures	493,692,791,348	398,373,200,000	149,505,800,000
Redemption of debentures	(408,227,790,794)	(460,881,873,582)	(491,041,423,849)
Repayment of obligations under financing leases	(112,807,448,240)	(335,479,679,141)	(187,311,201,639)
Proceeds from long-term borrowings with assets-backed securitization	400,163,906,733		500,000,000,000
Repayment of long-term borrowings with assets-backed securitization	(243,269,507,748)	(350,816,474,566)	(364,693,993,479)
Bond with warrants exercised	58,678,785,000	24,378,745,000	15,984,880,000
Net decrease in cash and cash equivalents	(1,858,692,550)	(11,695,288,207)	31,470,999,425
Cash and cash equivalents at the beginning of year	113,396,056,748	124,690,885,927	91,847,908,580
Exchange gains on cash and cash equivalents	(2,550,519,278)	400,459,028	1,371,977,922
Cash and cash equivalents at the end of year	108,986,844,920	113,396,056,748	124,690,885,927

GRI G3.1 Index & Alignment with ISO 26000

Reporting Level: ● Report, ● Partial Report, ○ No Report, −N/A

GRI Index	Description	Reporting Level	Reporting Section
	Participation by Stakeholders	•	8, 9
	Boundary Protocol	•	front cover
	Strategy and Analysis		
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	•	4, 5
1.2	Description of key impacts, risks, and opportunities	•	34~39
	Organizational Profile		
2.1	Name of the organization	•	12
2.2	Primary brands, products, and/or services	•	6, 7, 12~15
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	•	18
2.4	Location of organization's headquarters	•	12
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	•	6, 14, 15
2.6	Nature of ownership and legal form	•	19
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	•	14, 15, 34~37
2.8	Scale of the reporting organization (number of employees, net sales/net revenues, total capitalization broken down in terms of debt and equity, and quantity of products or services provided)	•	6, 12, 24, Appendix
2.9	Significant changes during the reporting period regarding size, structure, or ownership	•	6, 7, 19, 34~3
2.10	Awards received in the reporting period	•	7, 18, 47
	Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	•	front cove
3.2	Date of most recent previous report (if any)	•	front cove
3.3	Reporting cycle (annual, biennial, etc.)	•	front cove
3.4	Contact point for questions regarding the report or its contents.	•	front cove
3.5	Process for defining report content	•	8~9
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures)	•	front cove
3.7	Any specific limitations on the scope or boundary of the report	•	front cove
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	0	
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	0	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	0	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	_	
3.12	Table identifying the location of the Standard Disclosures in the report	•	front cover, 3
3.13	Policy and current practice with regard to seeking external assurance for the report. Explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	•	8.
	Governance, Commitments & Engagement		
4.1	Economic value generated and distributed (e.g. revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	•	20
4.2	Financial implications and other risks and opportunities for the organization's activities due to climate change	•	20
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	•	20
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	•	20
	-		

GRI Index	Description	Reporting Level	Reporting Section
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)	0	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	•	20
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees (gender and other indicators of diversity	•	20
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	•	21, 30, 48, 54, 62
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	•	21, 30, 48, 54, 62
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	0	20
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	•	20
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	•	5
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	•	15
4.14	List of stakeholder groups engaged by the organization	•	18~20, 22
4.15	Basis for identification and selection of stakeholders with whom to engage	0	18, 19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	•	9, 22
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	•	9, 22
	Economic		
EC1	Economic value generated and distributed (e.g. revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	•	6, 12, 34~37, Appendix
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	•	54~58,61
EC3	Coverage of the organization's defined benefit plan obligations	•	28, Appendix
EC4	Significant financial assistance received from government	_	
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	0	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	•	30, 31, 34~36
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	•	24
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	•	57, 62~68
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	•	9, 34~36
	Environmental		
EN1	Materials used by weight or volume	•	55
EN2	Percentage of materials used that are recycled input materials	•	60
EN3	Direct energy consumption by primary energy source	•	55
EN4	Indirect energy consumption by primary source	0	58
EN5	Energy saved due to conservation and efficiency improvements	•	55, 56, 61
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	•	55, 56, 61
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	•	55, 56, 61
EN8	Total water withdrawal by source	•	56~58, 61
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	_	

GRI G3.1 Index & Alignment with ISO 26000

Reporting Level: ● Report, ● Partial Report, ○ No Report, −N/A

GRI Index	Description	Reporting Level	Reporting Section
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	0	66
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	•	66
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	•	55
EN17	Other relevant indirect greenhouse gas emissions by weight	0	58
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	•	56, 61
EN19	Emissions of ozone-depleting substances by weight	0	
EN20	NO, SO, and other significant air emissions by type and weight	0	
EN21	Total water discharge by quality and destination	•	60
EN22	Total weight of waste by type and disposal method	•	60
EN23	Total number and volume of significant spills	•	61
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	0	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	•	18,54~61
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	0	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	-	No violations
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	•	56~59
EN30	Total environmental protection expenditures and investments by type	0	
	Social: Labor Practices & Decent Work		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	•	23, 24
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	•	23
LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	•	23, 26~30
LA4	Percentage of employees covered by collective bargaining agreements	0	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	0	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	•	27
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	•	48, 49
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	•	29, 30
LA9	Health and safety topics covered in formal agreements with trade unions	•	48, 49
LA10	Average hours of training per year per employee by gender, and by employee category	•	51
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	•	25, 26
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	•	23
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	•	23, 24
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	•	27

GRI Index	Description	Reporting Level	Reporting Sec tion
	Human Rights		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	•	2.
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	•	30, 3 ⁻
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	•	27, 28
HR4	Total number of incidents of discrimination and corrective actions taken	_	No discrimination
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	_	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	_	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	_	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	0	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	_	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	0	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	•	28, 4
	Society		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	•	62~6
SO2	Percentage and total number of business units analyzed for risks related to corruption	-	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	•	2
SO4	Actions taken in response to incidents of corruption	•	2
S05	Public policy positions and participation in public policy development and lobbying	_	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	_	
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	0	
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	0	
S09	Operations with significant potential or actual negative impacts on local communities	_	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	•	62~6
	Product & Service		
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	•	48~5
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.	•	7, 42 ~ 44, 46, 4
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	_	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	•	7, 9, 42~4
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	•	22, 45, 4
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	•	45, 4
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	- -	No violation

Third-Party Assurance Report To the Management and Stakeholders of Asiana Airlines

■ Introduction

Asiana Airlines has commissioned Korean Standards Association (hereinafter "KSA") to perform an independent assurance on its 2013 Sustainability Report (hereinafter "the Report"). KSA, therefore, reviews the evidence and feasibility of data, performance results, and relevant systems to offer an independent 3rd-party opinion. This is the 3rd-year assurance made by KSA on the Asiana Airlines Sustainability Report, and Asiana Airlines is accountable for collecting, analyzing, and organizing information necessary to generate the report, and all the claims made therein.

■ Independence

KSA does not have any kinds of commercial interest in businesses of Asiana Airlines apart from undertaking a 3rd-party assurance on the Report. KSA also does not hold any commercial interest that may undermine its credibility and integrity as an independent assurance agency.

■ Standards & Credibility

KSA has performed the assurance on the basis of AA1000AS 2008 standards while applying the GRI G3.1 guideline and ISO 26000. In accordance with the AA1000AS (2008) assurance requirements, the areas subjected to the three principles of inclusivity, materiality, and responsiveness, in combination with information credibility of the 2013 report have been confirmed. The information credibility of the Asiana Airlines Sustainability Report was verified with 'a moderate level' of assurance.

■ Type & Scope

KSA has performed an assurance that falls into Type 2 on the basis of the AA 1000 assurance standards (AA1000 AS). Type 2 assurance assesses accuracy and quality of statements made by Asiana Airlines and sustainable performance data in this Report in accordance with the reporting principle described in AA 1000 2008. The assurance scope spans from January 1, 2012 to December 31, 2012 with some part updated up until April 2013. The assurance focuses on the system and activities of Asiana Airlines inclusive of the sustainability management policy, objectives, business, targets, and performances during the reporting period. It also verified financial data in a broad sense along with data on environmental and social impact. As for the topic of stakeholder engagement, KSA just reviews the materiality test process of the company.

■ Methodology

KSA has collected necessary information, data, and evidence relevant to the assurance scope and performed assurance using the following methodologies:

- media research and analysis on sustainable business initiatives of Asiana Airlines for the past four years.
- a visit to the Asiana Airlines headquarters and interviews with sustainability management champions or issue managers
- a review on the management system and process utilized to improve sustainability performance and generate the Report
- a review to confirm the financial data to be closely aligned with the audit report for 2012 financial statements and disclosed IR information
- · a review and tracking of internal documents and raw data

■ Findings & Opinion

KSA has reviewed the draft and expressed its opinion on it, and the Report was modified accordingly when necessary. KSA did not find any material errors, or any incorrect or inappropriate descriptions in this Report reviewed for the assurance. KSA sets forth its opinion on the Report as follows:

 Inclusivity - Has Asiana Airlines engaged stakeholders in the process of developing and introducing strategic responses to sustainability? KSA has confirmed Asiana Airlines is fully aware of the significance of key stakeholder engagement in its drive toward sustainability management and therefore, has been making endeavors to establish a stakeholder engagement process. It especially recognizes highly the company's commitment to identifying issues of interest for internal and external stakeholders by undertaking peers benchmarking, media research and employee surveys in addition to the external survey (KSI). Going forward, KSA recommends Asiana Airlines identify needs of varied stakeholders through open communication channels and manage the engagement process and performances in a consistent manner.

- Materiality Has Asiana Airlines included material information necessary for the stakeholders to make sensible decisions? KSA believes Asiana Airlines has not dropped or excluded any material information significant for stakeholders. It should be also noted the company identified stakeholder issues through internal and external environment analysis and conducted relevance/significance evaluations based on the analysis results to identify major issues. KSA advises Asiana Airlines refine its significance essessment process further to clarify major issues and corporate agendas, and establish an internal system for consistent monitoring. This will help the company track and report any changes along with corporate responses to such changes.
- Responsiveness Does Asiana Airlines provide prompt responses to the concerns and requests of stakeholders? KSA has confirmed Asiana Airlines is undertaking diverse activities to properly respond to sustainability issues. The company has a well structured operational regime in place for flight safety and is especially successful in demonstrating the leadership's strong commitment to safety while highlighting the strong safety level of its services. However, just enumerating massive amount of data in the Report makes it hard to clearly understand the underlying meaning. Therefore, the company is well advised to establish an organization and strategy that can lead sustainability management (i.e. environment protection, safety management, social contribution, etc) systemically and present relevant data in a more easy-to-understand manner.

■ Opinion & Recommendation for Improvement

KSA recommends the followings to Asiana Airlines that would help the company devise the company-wide sustainability strategy to make sustained responses to relevant issues.

- Economy The prolonged economic recession presented diverse challenges to Asiana
 Airlines including volatile exchange rates and fuel expense risks. KSA recommends
 Asiana Airlines categorize risks based on more detailed criteria into market, operation,
 resources, environment and etc, report corporate responses to non-financial risks and
 milestones of the Risk Management Committee, and include more information on its risk
 management scheme in the Report.
- Environment Climate change, which accounts for a material part in the Report, is a
 grave environmental issue across the globe. It is, therefore, noteworthy for the company
 to have put a priority on climate change in its Report to delineate green initiatives and
 performances. The room for improvement, however, is to include more relevant topics
 such as 'improvements on environment policies and activities', 'quantitative index
 management' or 'standard operation procedure'.
- Society KSA believes the newly developed 'social contribution brand strategy' of Asiana Airlines should be recognized highly since it connects corporate business with its social contribution initiatives, actively engaging customers in the process. Going forward, the company is recommended to report negative issues concerning aviation safety exposed by the media and the subsequent corporate responses and improvements in order to offer a balanced perspective. KSA also recommends the company report more on its diversity management such as developing and nurturing female employees who take up more than half of the company's payroll.

AA1000 Licensed Assurance Provider April 15, 2013 KSA Chairman & CEO **Kim, Chang-ryong**







Korea Standards Association is a special entity incorporated in 1962 in accordance with the Industrial Standardization Act. It is a knowledge service agency which offers and spreads services for industrial standardization, quality management, sustainability management and KS-ISO accreditation. It is contributing greatly to sustainable development of Korea as the Korean agency for ISO 26000, official GRI certified training, AA1000 assurance, KSI operation, UN CDM management, and assurance on the GHG target regime.





