



2014 ASIANA AIRLINES SUSTAINABILITY REPORT



2014 ASIANA AIRLINES SUSTAINABILITY REPORT



Overview

ASIANA AIRLINES
SUSTAINABILITY REPORT 2014



Overview

2014 Asiana Airlines Sustainability Report is the 9th sustainability report issued by the company since 2006. This report contains sustainability management performances and initiatives during 2013 with the aim to disclose information relevant for sustainability management in a transparent manner by identifying significant issues based on a range of stakeholder opinions and media research.

Reporting Period & Scope

This report covers from January 1 to December 31, 2013 with some parts including information outside from the reporting period. It also includes operational activities and performances at domestic business sites(the headquarters, hangars, branches, etc), overseas business sites(overseas branches, etc), and others.

Principles & External Assurance

To assure reliability of the information herein, the Korean Standards Association has offered external assurance in accordance with the validation standards of AA1000AS 2008 as well as 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-Sustainability 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 2013. The information can be subject to change after the publication of this report.



CEO message	04
-------------	----

Company Overview

Introduction	08
Global Network	10
2013 Focus	12
2014 Corporate Plan	16
Material Issue Identification	18

Sustainability Management

Structure	22
Organization	24
Corporate Governance	25
Stakeholder Communication	26
Ethics Management	27
Win-Win Management	28
Employee	30

Economy

Major Indexes	40
Aviation Industry Overview	41
Passenger	42
Cargo	43
Value Sharing with Stakeholders	44
Disclosure	45
Risk Management	46
Fair Trade	47

Customer Satisfaction

Safety Management	50
Aviation Safety Support	55
Service	56
Marketing	61
Customer Satisfaction Management System	62
Awards	64

Environment & Social Responsibility

Environment Management	68
Climate Change Response	70
Environment Control	76
Green-Friendly Initiatives	79
Social Responsibility	80

Appendix	88
----------	----



Asiana Airlines is creating the highest standards of corporate value in the aviation industry to drive sustainable growth by leveraging its core capabilities and enhancing efficiency at the corporate level.

CEO Message

We believe Asiana Airlines has been able to maintain its sustainable growth thanks to the unwavering support and trust from our customers.

Since the inception, Asiana Airlines has pledged and practiced the highest standards of safety and service that can truly satisfy our customers. The best safety and service are the two non-negotiable, core values and capabilities of Asiana Airlines. We always strive to receive strong trust from our customers.

Nowadays, the aviation industry, both domestic and global market, is going through severe competition. Uncertainty is growing due to persistently high oil price, increased volatility of exchange rates, and others. Also, declining market share of FSC(Full Service Carrier) due to the aggressive sales strategy of LCC(Low Cost Carrier) and lackluster performances of major economies are dealing a double whammy. Under such circumstance, Asiana Airlines has worked really hard to respond to external changes more flexibly while playing to its strengths to better the company competitiveness. In 2013, Asiana Airlines introduced eight new aircrafts(A330, A321, B777, etc) to augment its aircraft fleet, increased Gimpo-Jeju flights to accommodate rapidly increasing Chinese tourists, flexibly operating flights to Chicago, Seattle and Honolulu, and regular extra cargo flights to Hong Kong. There were other endeavors to increase profitability such as extending partnerships, expanding sales channels(Internet, mobile, etc) and leveraging high popularity of Korean culture or joint marketing campaigns.

For safer flight operation, the flight crew training and evaluation scheme has been reinforced, Safety Security Office has been upgraded to the level of head office, and aviation safety experts have been newly hired. In August 2013, Asiana Airlines opened a second hangar in Incheon which has the largest-ever scale and cutting-edge maintenance facilities to upgrade the corporate capability to conduct inspection and maintenance while at the same time measuring up to the global standards on maintenance quality.

Under the slogan 'Fly Together in this Beautiful World', Asiana Airlines has implemented various socially responsible initiatives based on four core topics such as Better Education, Culture of Sharing, Green Management, and Art & Culture Sponsorship. For a greener earth, the company has introduced airplanes with better fuel efficiency that can minimize energy consumption and driven technologically proven CO2 reduction initiatives to be recognized as green-friendly airline that can also take care of our precious nature and the earth.

Asiana Airlines successfully overcame both internal and external challenges of 2013, improved overall business efficiency for sustainable growth, and reinforced the business competitiveness. Now 2014 will be the year renew our determination like we are starting all over again. In 2014 and onwards, Asiana people – both executives and employees alike – will fully commit themselves to continuing the sustainable growth, increasing contribution to environment and society by leveraging the company's financial performance. We hope all of our stakeholders to continue to give support and encouragement on our journey towards the beautiful future.

Thank you.



Asiana Airlines is constantly evolving to achieve sustainable growth with the highest standards of safety and service that can ensure strong customer trust and corporate competitiveness





Asiana Airlines is dedicated to achieving only the highest standards of safety and service to fully establish itself as strong market leader.

Overview

Company Overview



Introduction

Asiana Airlines, offering the world's fastest, safest and most comfortable flight services to destinations in order to achieve the maximum customer satisfaction, aspires to promote constant innovation and become a global airline with the best services. To renew its determination, Asiana Airlines defined 2014 as 'the year for a new leap forward' to regain passion and devotion the company held when it was first established. With such commitment, Asiana Airlines will reinforce customer trust in service and safety, and increase profitability and competitiveness.



Company Name	Asiana Airlines Inc.
Date of Establishment	Feb. 17, 1988
Address (Headquarters)	Asiana Town, Ojeong Street 443-83, Gangseo District, Seoul, Korea (Gimpo Hangar) : Haneul Street 176, Gangseo District, Seoul, Korea (Incheon Hangar) : Gonghang Street 272, Jung district, Incheon City
President & CEO	Soo Cheon Kim (金秀天)
Business	Air Transport
Revenue	KRW 5 trillion 463.3 billion
EBIT	KRW -61.5 billion
Employees	10,088 persons (as of April 30, 2014)

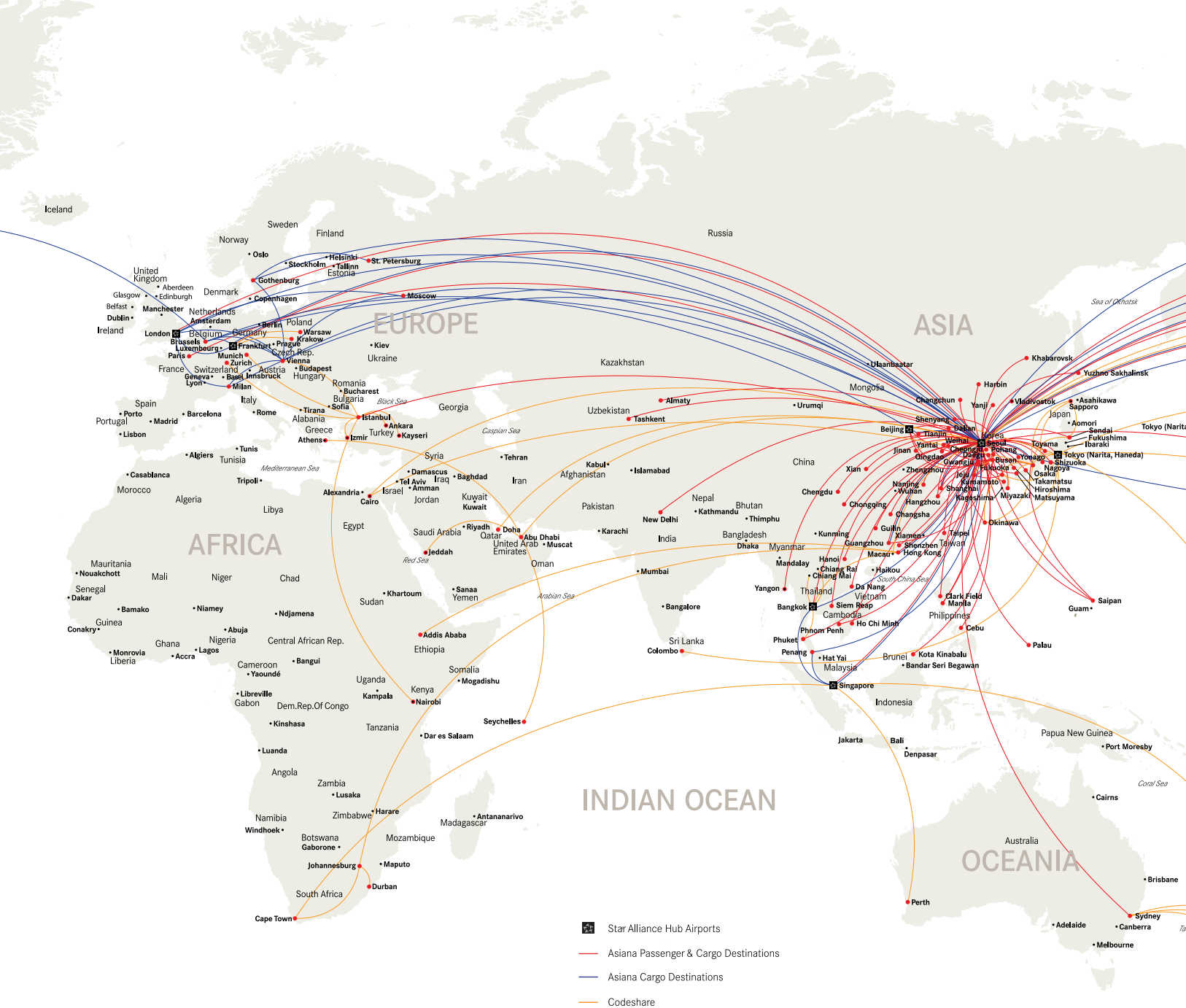
Company Overview



Aircraft Fleet

Having introduced a total of 8 aircrafts in 2013, the aircraft fleet operated by Asiana Airline at the end of 2013 consisted of 83 aircrafts in total. By the year of 2017, Asiana Airlines plans to introduce six A380 and thirty A350XWB from 2017 to 2025.

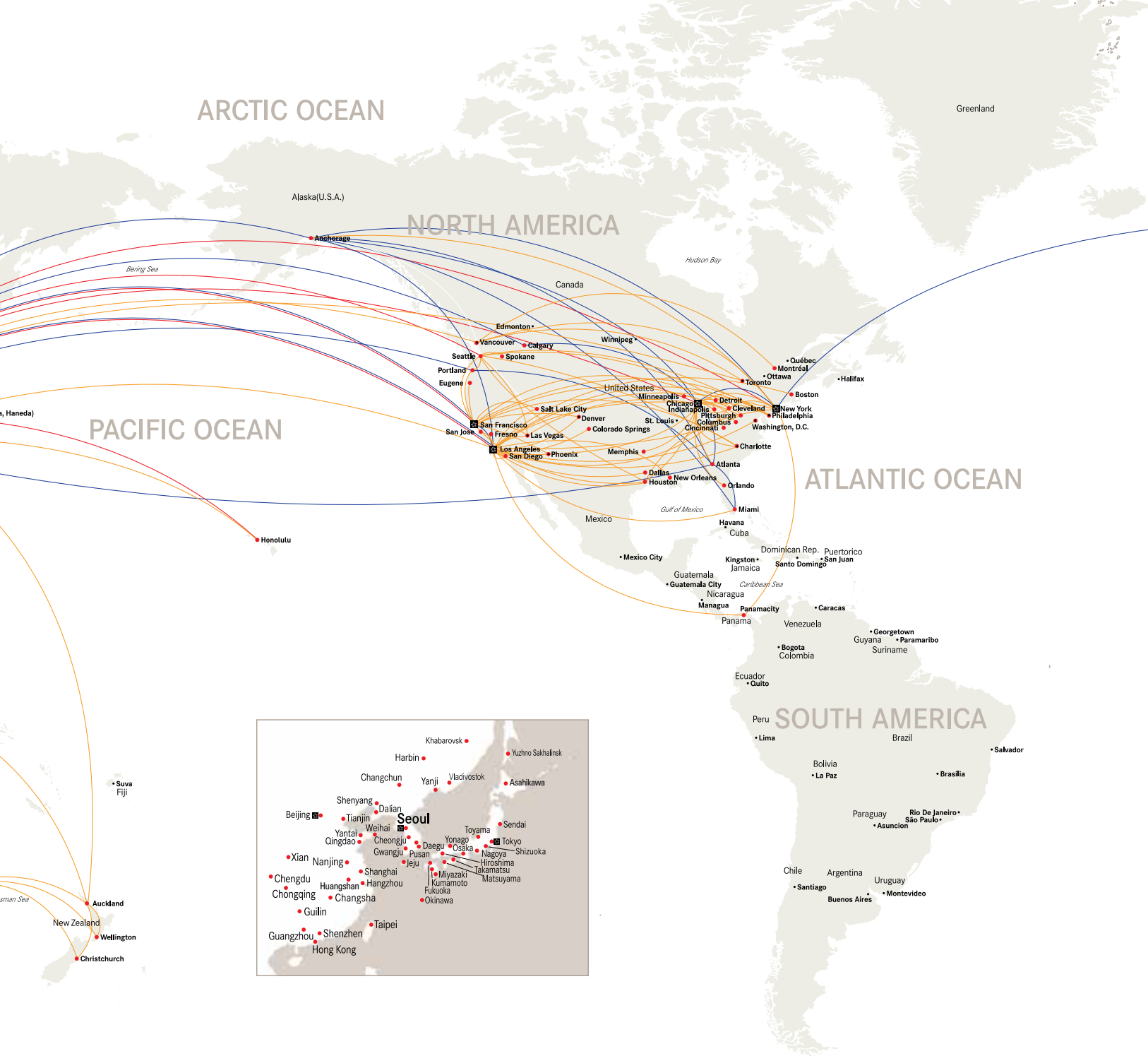
Aircraft Type	Passenger Aircrafts	Aircraft Type	Cargo Aircrafts
A320-200	10	B767-300F	1
A321-100	2	B747-400F	4
A321-200	23	B747-400SF	6
A330-300	14		
B767-300	7		
B777-200ER	12		
B747-400C	2		
B747-400P	2		
Subtotal	72	Subtotal	11
Total	83		



Global Network

Asiana Airlines Global Network

- 363 domestic flights per week on 12 routes to 11 cities
- 645 international passenger flights per week on 89 routes to 74 cities in 24 countries
- 61 international cargo flights per week on 23 routes to 27 cities in 13 countries



ASIANA AIRLINES
SUSTAINABILITY REPORT 2014

Company Overview

Star Alliance

Asiana Airlines officially joined Star Alliance, the world's first and largest airline network, in 2003. Star Alliance connects 1,269 airports in 193 countries as of April 1, 2014, establishing a truly global network and operating upwards of 18,043 flights per day. Star Alliance members offer a range of high-quality customer services by sharing the frequent flier program, and offering an access to about 1,000 airport lounges across the globe, priority booking and standby, priority baggage check, one-stop check-in service and dedicated boarding counter service for premium customers.

Company Overview

2013 Asiana's Focus



Extensive Network

Passenger

- New flights : 7 flights per week to Jakarta (July 19), 2 flights per week to Bali (July 25)
- Extended flight network
 - Code share(2 new partners) & Interline(5 new partners)
 - Passengers increased on Korea-China routes(approximately 76% occupancy rate)
 - New day flights to Hanoi on the Korea-Vietnam route

Cargo

- New flights : 2 flights per week to Narita (April 3)
- More flights : Hanoi(3 flights/week → 6 flights/week)
- Extended flight network : Interline(2 more companies)

Higher Operational Efficiency

- New aircrafts
 - Two A330(Jakarta, Istanbul), five A321(Nanjing, Harbin, Kansai, etc), one B777(First Suite)
 - Eight A320 Mono CLS remodeled(143 seats → 156 seats)
- Flexible flight operation
 - Passenger : 4 more flights per day between Gimpo-Jeju, 12 more flights between Busan-Jeju per week
Flexible flight operation during on/off-season for Chicago, Seattle, Honolulu (7 times ↔ 5 times per week)
 - Cargo : 2 regular extra cargo flights per week to Hong Kong

Company Overview



Higher Profitability & Reinforced Marketing

Higher Profitability

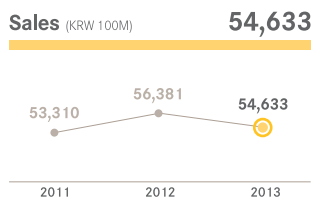
- Passenger
 - More supply of domestic flights(Gimpo-Jeju)
 - More regular contractors(855 partners ('12) → 1,060 partners ('13))
 - More sales from online & mobile channels
 - Share in domestic flights : 25.8% ('12) → 28.6% ('13)
 - Share in international flights : 3.4% ('12) → 4.1% ('13)
- Cargo
 - Higher market share : 25.6% ('12) → 26.5% ('13)
 - Increase of GPA(Global Partnership Agreement) partners :
8 companies ('12) → 12 companies ('13)

Reinforced Marketing

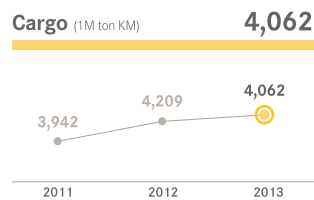
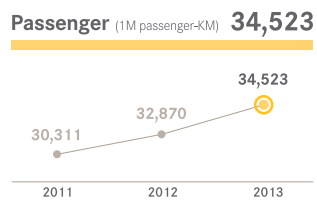
- Korean Wave marketing : Events in conjunction with K-POP concerts, Psy/Eru named as brand ambassadors, promotion of medical tourism, etc
- Affiliate marketing : KBS Philharmonic Orchestra, AREX(Airport Railroad), Korea National Ballet, etc
- Digital marketing : Increase in SNS followers(450,000 people)
- Volume increase in air mail transport(China, Belgium, Singapore)
- More transport of temperature-sensitive cargo items(605 tons)

Sales & Shipment

Sales



Transport Performance



Company Overview

2013 Asiana's Focus

Better Safety & Maintenance Capability

Improved Safety Management

- Flight crew training and evaluation procedure strengthened
- Operational safety : Reshuffle in Safety & Security Management, establishment of Flight Training Support Team
- Comprehensive online system that covers training, evaluation and audit functions
 - ATEQS(Asiana Training Evaluation Quality Assurance System)

Better maintenance capability

- The 2nd hangar opened in Incheon : Improved maintenance capability for what had been outsourced and established an organization to undertake multiple maintenance tasks
- Organization reshuffle to improve maintenance expertise: Heavy maintenance separated from scheduled maintenance
- Building in-house repair capability : In-house repair extended to cover 38 items including A330 engine T/R cowl and acquire a new capability to carry out preparatory tasks before mounting/dismounting the engine

Better Service

Better Service

- Premium Class becoming more attractive : Expanded the business lounge at Incheon International Airport(256 seats → 456 seats)
- Improved IFE(In-Flight Entertainment) service
 - More jets equipped with AVOD(Audio Video On Demand): 58% ('12) → 65% ('13)
- Global booking center : Quality management & improvement for Korea ↔ Americas, China, Japan

Quality Control & Improvement

- Improved service quality on flight routes where Asiana is the only carrier (extension service offered)
- Shared best practices of service improvement
- Enhanced automation services(mobile/online service extended/upgraded self check-in kiosks for domestic flights)

Environment & Social Responsibility

Environment

- Green friendly campaigns, planting trees on an ecology parks built in the reclaimed land
- Named as the best airline by DJSI(5 years in a row), Green Star accreditation in aviation service(4 years in a row),
- Named as the Green Product of the Year for 4 years in a row(Gimpo-Beijing route), carbon labelling (re-accredited: Incheon-Paris, newly accredited: Incheon-LA)



Company Overview



Social Responsibility

- Joint projects with KOICA : Beautiful Classroom projects rolled out in China, solar street lamps installed to save energy
- ‘Change for Good’ with UNICEF : The cumulative fund raised by collecting spare coins of passengers exceeded KRW 8.5 billion
- Sponsorship & outreach
 - Sponsored ‘Meal of Love’ project that supports underprivileged children skipping meals
 - Employee volunteering in relay (outreach to the disadvantaged)
- Education outreach
 - Saekdong Narae Class (donation of aviation education)
 - Dream Festival (the largest-scale education donation event in Korea that combines culture and art with career lecture)

Sustainability Management

Higher Organizational Efficiency

- More open and frequent communication, and positive corporate culture
 - Periodic executive workshops along with workshops to better labor-management relationship
 - Asiana Beautiful Family Class
- Hiring and growing talents
 - Held recruitment announcement on a regular basis, recruiting more professionals
 - On-going key talent training and enhanced leadership training for team leaders

Better Financial Health

- More rigorous cost saving & risk management
 - Lower-interest financing
 - Exchange rate/oil price risks management
 - Risk Management Committee

Investment Efficiency

- New Aircraft
 - Plan : Six A380('14-'17), Thirty A350('17-'25), Eight A321('15-'16)
- Facilities & system
 - Next-generation PSS(Passenger Service System), ERP integration and advancement, more rigorous system security management
 - Newly added : The 2nd hangar in Incheon
 - Renovated : Training & Education Building, Incheon Airport's business lounge



Company Overview

2014 Corporate Plan

Passenger and cargo, the two businesses that compose air transport, have market characteristics that are very different from each other. As for passenger, it is easily affected by economic trends and income levels. Its demand on the other hand, can be revived very quickly once external hindering factors on demand are removed. In 2014, the aviation industry is expected to continue its growth trend with several favorable factors on the horizon. They include higher domestic demand for travel brought by strong Won, rapid growth of overseas travel in emerging economies including China where middle-income families mushroom, solid visitor's demand based on the Korean wave, and global sports events including Incheon Asian Games as well as Sochi Winter Olympics and FIFA World Cup Brazil. Expansion of low-cost carriers will be an additional growth factor.

In the mid-to long-term, demand for passenger flights is seemed to maintain an upward trend, driven by strong economic growth of Asian economies including China.



2014 Sales Plan

(Unit : KRW 100M)

Sales	EBIT
60,000	1,800

Airplane Operation Plan

(Unit : Number of jets)

Passenger	Cargo	Total
73	11	84

Company Overview

We, Asiana Airlines, will endeavor to accomplish competitiveness dedicating all of our talents. We will enhance our productivity by managing our fleets more flexibly based on each flight route's typical demand and features to improve our cost efficiency. We will also seamlessly build an operational system which guarantees the highest standards of safety to offer trust to customers. In parallel with such efforts, we will focus our resources and capability for a successful operation of A380.

Cargo demand, inherently sensitive to the global economic trends and shipment volume, is being heavily affected by global economic downturn triggered by the European fiscal crisis. Although both internal and external uncertainties such as the US tapering and the consumption tax raise of Japan still linger in the market during 2014, we expect cargo demand to post a moderate increase compared to last year thanks to the economic recovery led by advanced economies, higher demand for low-priced smartphones in emerging markets and booming export of parts for wireless communications devices bound to overseas production bases.



As we are fully aware the cargo transport business is sensitive to the changing market conditions, we will focus our efforts on improving sales capability through strategic marketing campaigns and efficient fleet operation to keep track with possible external changes, and calibrate fleet operation in accordance with our cost competitiveness.

Company Overview

Material Issue Identification

Material Issue Identification Process

Through the following process, Asiana Airlines has conducted analysis to identify material issues to be included in 2014 Sustainability Report.

Business activities and policies concerning the identified material issues are disclosed in this report.

1. Media Analysis

Asiana Airlines has analyzed a total of 9,423 articles and press reports published between 2011 and 2013 to identify relevant issues that help Asiana find out the public's perception of the company and material sustainability issues. The aircraft accident of Asiana Airlines, for example, was one of the major issues that made headlines in the media. Other issues that grabbed much media attention include Asiana's commitment to win-win growth inclusive of suppliers and partner companies, global social responsibility and financial performance.

2. Relevant Company Analysis

Asiana Airlines has identified material issues based on the reports published by relevant companies home and abroad referring to the major indexes recommended by the GRI Guideline.

3. Stakeholder Engagement

① External stakeholders

Asiana Airlines utilized the 2013 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 79 issues of relevance.

② Internal stakeholders

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

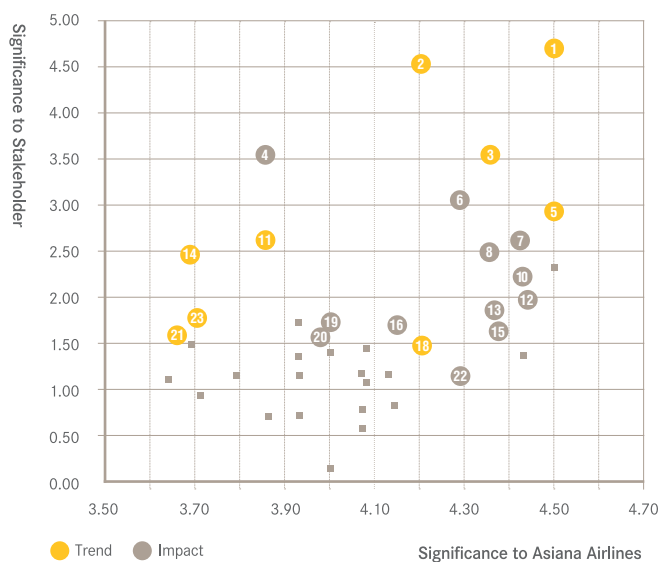
Company Overview




4. Significance Assessment

Significance assessment was conducted on media and relevant company analysis and internal/external stakeholder engagement results to finalize material issues to be reported. As a result, 21 trends and impact issues based on 'materiality for stakeholders' and 'materiality for Asiana Airlines' were identified to be compiled into the final report.


Significance Assessment Results & Reported Issues



No.	Issuez	Significance
1	Diversified customer demands	4.57
2	Increased demand for product/service safety	4.54
3	Importance of talent recruitment	3.99
4	More transparency in business management	3.69
5	Increased demand for corporate transparency	3.68
6	Efforts to redress consumer grievance and dispute	3.67
7	Fair employment and employment security	3.54
8	Efforts for consumer health/safety	3.41
9	Increased demand for consumer data security	3.41
10	Guarantee of basic labor rights	3.30
11	Accelerated technology development	3.24
12	Guarantee of labor health and safety	3.23
13	Talent development and trainings in workplace	3.10
14	More SRI(socially responsible investment)	3.08
15	Commitment to sustainable resource use	3.00
16	Fair competition	2.94
17	Social dialogue assured to workers	2.89
18	More interdependence due to globalization	2.85
19	Efforts to slow down climate change	2.85
20	Engagement of various stakeholder groups	2.83
21	More demand for fair trade	2.80

A man with glasses, wearing a white dress shirt and a light-colored tie, is seated in a wide airplane cabin. He is holding and reading a newspaper. The seat is upholstered in a light beige or cream color. To his left is a large, dark-colored storage bin with horizontal slats. To his right is an oval airplane window showing a bright blue sky. The overall atmosphere is one of comfort and luxury.

Asiana Airlines is determined
to strengthen its leading position
in the global market to create the best value
for the industry.



Asiana Airlines is fully committed to enhancing the quality of life for all stakeholders, building on its sustainable growth to promote development in the aspects of environment and society.

Sustainability Management

Sustainability Management

Sustainability Management

We at Asiana Airlines believe ‘customer satisfaction through maximum safety and superior service’ and ‘offering the fastest and most convenient journey to a destination’ are two of the most important corporate missions.

We have incorporated the two principles with our business credo and philosophy to create a more concretized value scheme named the new Kumho Asiana Values in 2012.



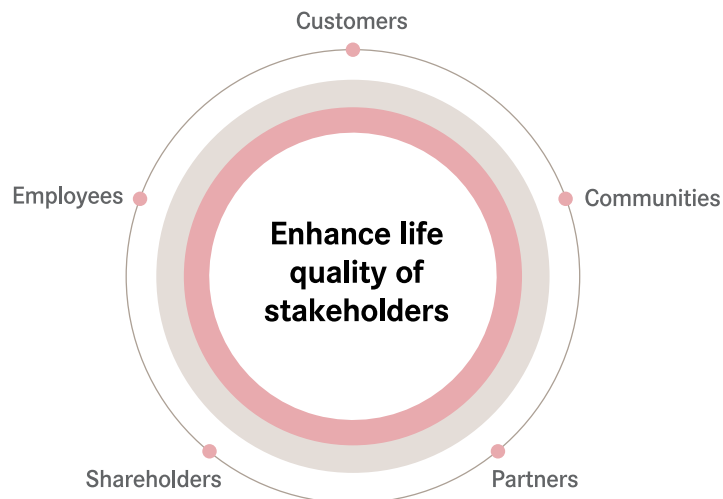
Sustainability Management

Mission

Enhance life quality of stakeholders

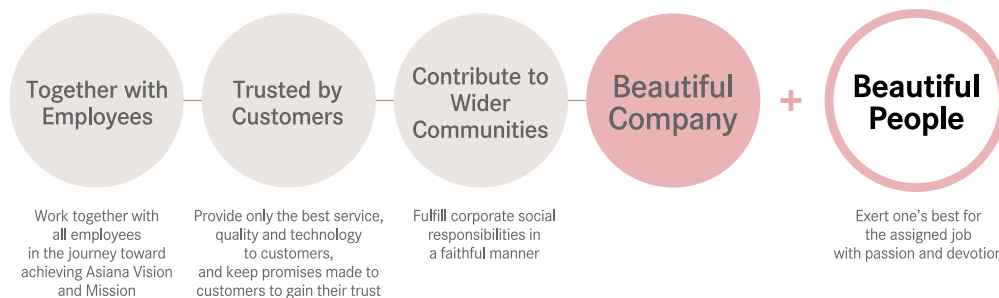
- Provide the best service and act on our promises for maximum customer satisfaction
- Act consistently, assure quality and undertake business in a responsible manner to build trust

- Develop employee talents since humans are the core assets of the company
- * Talent management : Train and manage the best and the brightest who can represent and further develop corporate values
- Create a workplace where employees can enjoy their work and feel fulfillment



Vision

A beautiful company that creates the best values in the industry



Sustainability Management

Sustainability Management Organization

Organization



Major Committees

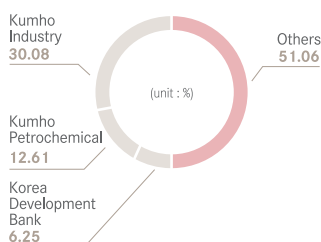
Name	Meeting Frequency	Major Tasks
Customer Satisfaction Improvement Committee	Semi-annual, ad-hoc	<ul style="list-style-type: none"> - Develop plans to prevent recurrence of customer complaints and implement the plans - Mediate agreement between teams on customer service standards and procedures
Corporate Fuel Management Committee	Monthly	<ul style="list-style-type: none"> - Review results of energy-saving initiatives and generate plans - Develop new ways for energy saving, analyze statistics
Environment Committee	Annual	<ul style="list-style-type: none"> - Define targets in environment aspect and set specific goals - Discuss material issues and define plans to enhance the environment
Labor-Management Council	Quarterly	<ul style="list-style-type: none"> - Discuss how to induce collaboration and improvement for working conditions, benefits, health, welfare
Occupational Safety & Health Committee	Quarterly	<ul style="list-style-type: none"> - Develop plans to improve safety and health and prevent occupational accidents - Monitor working environment and improvement plans
Safety & Security Committee	Monthly	<ul style="list-style-type: none"> - Develop implementation plans for safety and security policy meetings defined in the safety management manual - Report safety performance index per HO/department, and generate improvement plans - Develop plans on how to correct or improve risk factors per department

Milestone

2011	2012	2013
<ul style="list-style-type: none"> • Signed a contract to introduce A380 with a plan for next-gen passenger system • 2011 Airline of the Year (Global Traveler of the US) • Joined DJSI KOREA (3 years 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 	<ul style="list-style-type: none"> • Signed an 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 • Named Sector Leader by DJSI KOREA (4 consecutive years) • Grand Awards for Excellence in Sustainable Management (Ministry of Knowledge Economy) • Grand Award for Family-Friendly Management • Grand Award for Transparent Management selected by 5 major economic associations 	<ul style="list-style-type: none"> • Awarded in China for excellent in-flight service • Named No. 1 'Good Airline' • Fund raised by collecting spare coins exceeded KRW 8.5B • Named the best airline in fuel efficiency • No. 1 in NCSI • World Airline Award (best employee service, best in-flight meal service for economy passengers) by Skytrax • Built its own power generation system to support the national drive to prevent power outage • No. 1 in 2013 KS-SQI • Completed the construction of a 2nd hangar in Incheon • Introduced the next-generation passenger system • Named Sector Leader by DJSI KOREA (5 consecutive years)

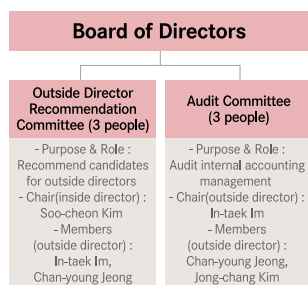
Sustainability Management

Corporate Governance



Board of Directors

Composition Board of Directors



Shareholder Status

Name	Equity Stake(%)	Owned Shares
Kumho Industry	30.08	58,688,063
Kumho Petrochemical	12.61	24,593,400
Korea Development Bank	6.25	12,200,000
Others	51.06	99,619,902

Director Appointment & Status

Type	Name	Role	Work Scope	Recommended By	Note	
Inside Director	Sam koo Park	Supervise business management and external affairs	Overall business management	Board of Directors	CEO(appointed on March 27' 14)	
	Soo cheon Kim	Supervise business management and external affairs			CEO(appointed on March.27' 14)	
	Jae hwan Seo	Supervise external affairs	External affairs		Appointed on March 29'13	
	Chang soo Han	Supervise business management and external affairs	Finance, etc			
Outside Director	In taek Im	Aviation & transport expert	Aviation industry advisor	Outside Director Recommendation Committee		
	Chang young Jeong	Economy expert	Economic advisor		Reappointed on March 27' 14	
	Seong geun Lee	Legal expert	Legal advisor		Reappointed on March 29' 13	
	Gun young Jeong	Financial expert	Financial advisor		Reappointed on March 27' 14	
	Jong chang Kim				Appointed on March 29' 13	

In 2013, there have been a total of 24 board of director meetings with the agenda including air tickets receivables and an agreement on asset-backed loans transactions (Jan. 31), registration and approval for the life-long learning center with the renovation and extension of the training center building (Feb. 26), an approval on the 25th general shareholders' meeting schedule (Mar. 14), an approval for signing a financial agreement backed by Export-Import Bank of the US for one B777-200ER (July 18), a performance guarantee agreement on international air mail transport service (Oct. 15), extension of foreign currency loans funded by Korea Finance Corporation for facility addition (Dec. 26).

Executive Compensation

Total payment for director or auditor remuneration including payments approved at general shareholders' meeting

(unit : KRW 1K)

Type	Total Payment	Approved by Shareholders	Average Payment per Director	Total Fair Value of Stock Option	Note
Inside Director	2,386,911	2,700,000	596,728	—	4 ppl
Outside Director	292,000	2,700,000	48,000	—	6 ppl

Note) 1. The amount approved by shareholders above is the combined payments for both inside and outside directors approved at the general shareholder's meeting.
2. Total remuneration for registered directors include severance payment for then CEO Young-doo Yoon
3. The average payment per inside director has been calculated by dividing the total payment with the number of inside directors at the end of the period.
The average payment per outside director has been calculated in consideration of the numbers of retired/newly appointed directors during the disclosed period.
4. No stock option

Sustainability Management

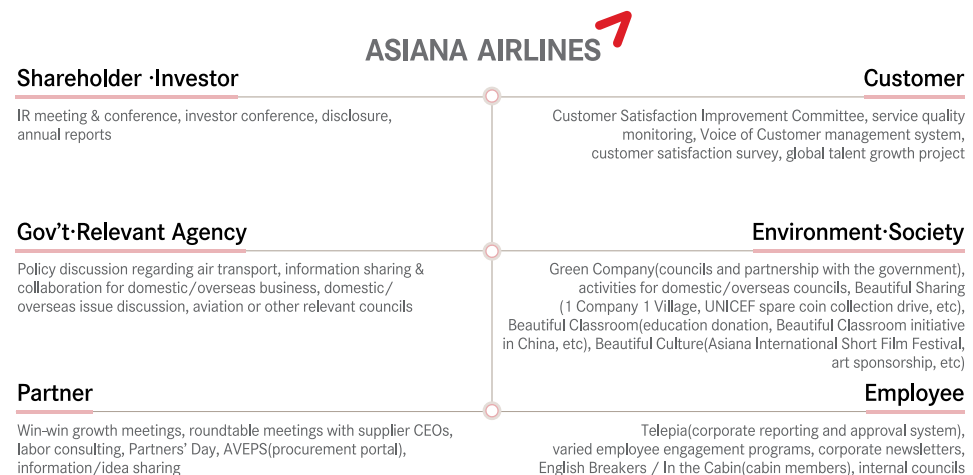
Key Information Regarding BoD

- **Composition** : Directors with the right to appoint Chair and CEO among members based on agreement
- **Chair** : Chairman of BoD appointed by BoD members. In the event of Chairman not being able to perform his/her duty due to an accident, a director appointed by Chairman sits in for him/her to act as Chairman
- **Meetings** : Convened by Chair

Committees under BoD

The board of directors consists of four inside directors and five outside directors led by Chairman or the director appointed by Chairman. Under the board of directors, Asiana Airlines has Outside Director Recommendation Committee and Audit Committee. Outside Director Recommendation Committee has been established to find and recommend capable and qualified candidates for outside directorship in accordance with applicable laws, articles of incorporation and provisions of the board of directors. The committee fulfills the condition stipulated in Article 542, Section 8 of Commercial Law that requires outside directors to take up a majority of the total membership. Candidates recommended by the board of directors(for inside directorship) or Outside Director Recommendation Committee(for outside directorship) must receive unanimous support from the board of directors, and biographical information of the candidates is disclosed to both shareholders and other stakeholders before a general shareholders' meeting in compliance with applicable laws. Audit Committee consists of three independent outside directors to oversee overall management and accounting. In 2013, an average of KRW 596,728K was paid to each registered director with KRW 48,000K paid to each outside director and each audit committee member on average. The total executive remuneration stood at KRW 2,678,911K.

Stakeholder Communication



Sustainability Management

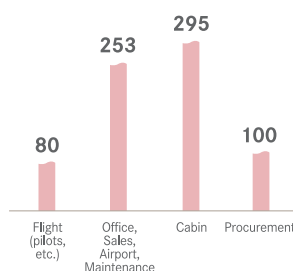
Ethics Management

Organization



Ethics Management Programs

Education on Ethical Management

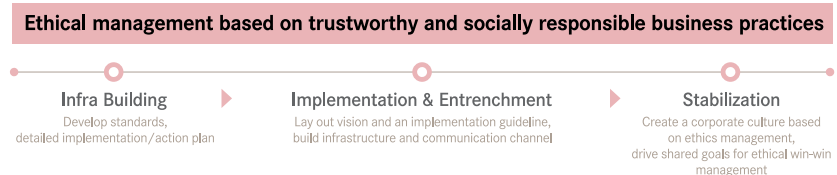


Asiana Airlines strives to become a trusted and respected company by practicing ethical management based on trust and social responsibility. To fully implement ethical management, we make a principled stand abiding by market orders and fulfilling our ethical responsibilities as commonly demanded by society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

Implementation Plan



Mid-to Long-Term Plan



Ethics Management Training

We, Asiana Airlines, raise awareness and build consensus over ethical management by providing relevant education to all of our 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 post after work rotation or promotion. In 2013, 728 employees received trainings on job/procurement ethics.

Ethics Management Campaign & Monitoring

Starting from February 2013, Asiana Airlines has waged a campaign that bans employees from receiving money or gifts for their lifecycle events (e.g. a funeral, a wedding, giving birth to a child, etc) offered by business partners or suppliers. Campaign information has been posted on the company boards, the CSR website, partner companies' websites to increase visibility. In order to increase awareness, a notice asking for compliance was sent to all relevant personnel with enforcement ensured by monitoring compliance. The CSR website especially serves as a valuable channel, introducing the concept, purpose, provisions, implementation plans, and latest news on ethics management. Coupled with this, the corporate ombudsman office serves as a window to collect various feedbacks and reports of violation to root out any unethical or indecent work practices. An on-going monitoring scheme that includes periodic and ad-hoc inspections is also in place to improve business practices that may go against the principles of ethics management.

Sustainability Management

Win-Win Management



We at Asiana Airlines work to maximize service and quality competitiveness by identifying and developing partners with competitive edge and share the results through partnership. We are building our own win-win management programs that befit our vision, implementing tailored programs based on our four operational standards.

On October 29, 2013, Asiana Airlines held a conference for partners where we announced the win-win statement, signing a fair transaction and win-win growth agreement with partners. During the ceremony, information was shared, service lectures were offered, win-win management survey results were announced, and 'Good Partner' awards were presented. We and our partners agreed to reinforce partnership based on open communication and strong trust in our journey toward the shared goal.

Vision

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

Program

Win-Win infra building

AVEPS(Asiana Value Enhancement Purchasing System), fair trade system in place based on Fair Trade Commission's guideline

Good partners development

Partner assessment, good partner grading system, compensation based on evaluation grades, support for events & education

Interactive communication

Day for Partner Communication, win-win meeting with partners, grievance redress, suggestion for good practices, surveys on partner satisfaction

Support for partners

100% cash payment, cyber foreign language course, membership to use culture center contents

Internal Review Committee

Internal Review Committee for Win-Win Growth has been established to prevent unfair trade practices and introduce a voluntary monitoring system. The committee reviews implementation and progress of win-win growth plans and discuss how to drive win-win growth further.

The committee, which consists of Chair, Secretary, Commissioner, and Temporary Members, is convened every month.

Composition

Chair – Secretary		
Commissioner	General Administration	Sign an outsourcing contract with a partner, manage performances
	Cabin Commerce Team	Develop and manage in-flight items or supplies
Temporary Members	Legal Team	Review the major guidelines on fair trade and standard contracts per business area
	Finance Team	Support financing of partners and oversee payment
	Human Resource Development Team	Offer education to partner companies on finance, business management, quality control, etc
	Employee Relations Team	Provide labor management education to partner companies
	Business Ethics & Audit Team	Develop and enforce the code of ethics and operate an ombudsman channel to report violations
	Procurement Team	Manage and operate corporate supplies

Attendance of temporary members is decided based on the review agenda.

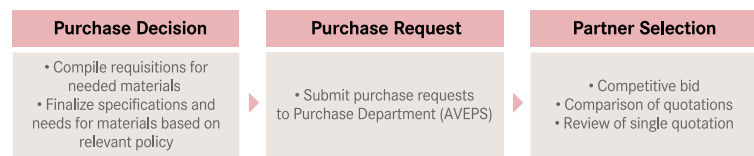
Sustainability Management

Partner Management

Process to Ensure Fair Procurement System



Process to Ensure Fair Procurement



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 Criteria

Asiana Airlines assigns 30% weight to the corporate evaluation result and 70% weight to product/transaction evaluation result when assessing partners, and defines evaluation items under such standards. Corporate assessment looks at management environment and operational capability of a partner for the transaction, and product/transaction assessment has criteria such as price, quality, service, shipment, deadline observance, and inventory management.

The partner evaluation results are leveraged when selecting 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

Good Partners

Partners are assigned into A~D grades based on the compiled evaluation results. Grade A partners are awarded with various benefits including an excellence certificate, flight tickets to Americas and Europe, trainings and a long-term transaction contract. Grade B companies receive flight tickets to Southeast Asia, a plaque of certification and a long-term contract. But grade C partners are subject to review for improvement, and Grade D companies receive written warnings and are subject to a review for contract termination.

* Partner evaluation process: After periodic evaluation, results are compiled into DB and partners are graded from A to D based on the results.

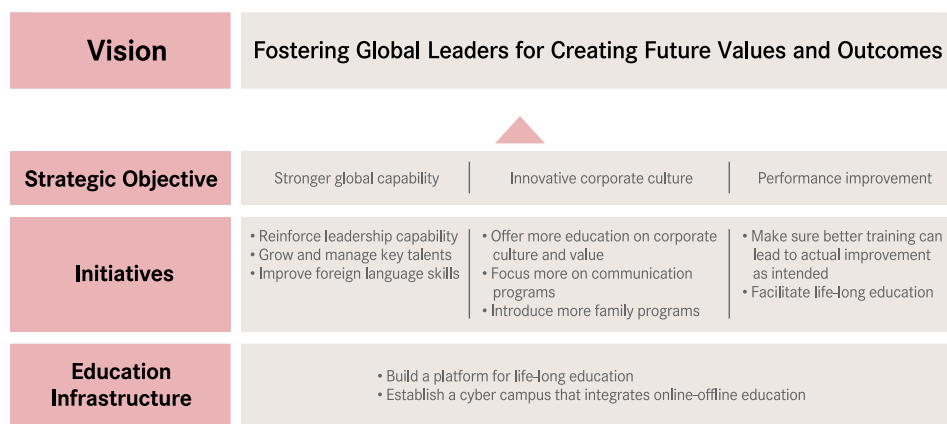
Sustainability Management

Employee

Human is the key element that drives growth of a company. We firmly believe human is the most valuable asset and source of sustained development and growth, and make sure this belief can be incorporated into our HR policies. We do not tolerate any fraud or deceit. We provide equitable opportunities to all members and reward them in a fair, transparent and objective manner based on merits and performances. We will always work hard to create an open corporate culture that facilitates and guarantees free communication as well as a workplace our employees can take pride in.. Asiana Airlines refrains from any biased recruiting; There should be no discrimination in employment based on gender or certain criteria. Creating a workplace where every employee can get fulfillment and satisfaction is the utmost mission. We want our employees to grow into responsible professionals with integrity who help us achieve No. 1 status in the industry.

Talent Growth: Vision & Strategy

Asiana Airlines aspires to 'foster global leaders for creating future values and outcomes'. Under this vision, three strategic objectives have been defined, which are 'stronger global capability', 'innovative corporate culture', and 'performance improvement'.



Asiana Talent

Diligent and hard-working

Honest, hard-working, committed to taking one step further for the organization and oneself, and acting agile

Willing to study and research

Thinking hard, researching and studying for the organization and oneself, driving desired change and improvement

Earnest and proactive

Responsible and earnest, taking the leadership for the organization and self-development, passionate and driven toward the shared goal

Sustainability Management

Education & Training Organization

Human Resources Development Team	Cabin Crew Training Team	Flight Crew Training (Support) Team	Maintenance Training Team
Coordinate education/training program schedules for different job posts as the corporate education command center	Produce cabin service experts that can measure up to the global leading standards	Produce flight safety experts by offering regular/special drills and emergency response drills	Train aircraft maintenance experts by offering phased and specialized education programs per area of expertise

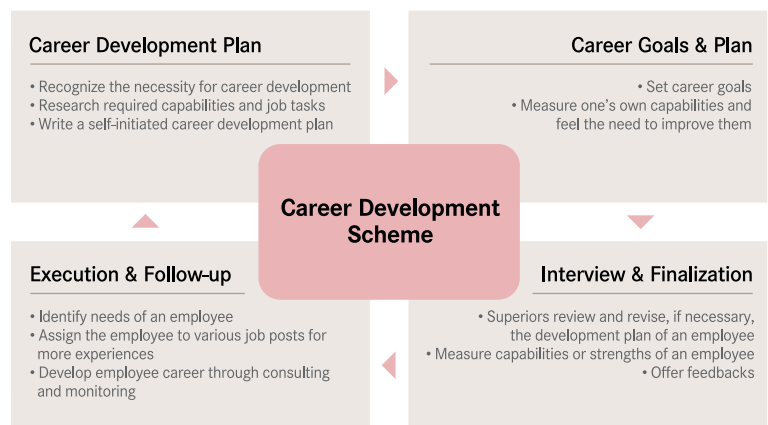
Talent Growth & Career Development

Talent Growth by Job Hierarchy

Business Management		HRM	HRD
General Manager	Train candidates for executives	Grow key talents (succession plan)	
Deputy General Manager	Grow key talents, Select and focus	1. Leaders 2. Experts by overseas market 3. Experts by job post 4. Star Alliance exchange programs 5. Job rotation	1. Overseas MBA 2. Global MBA in Korea 3. Kumho Asiana MBA 4. Service MBA 5. Overseas market experts
Manager	Generate a career development plan based on one's capability	Job-oriented CDP	Orientation for new hires/ Job training
Assistant Manager	Help employees find out their job aptitude and capability by exposing them to various work experiences		

Career Development

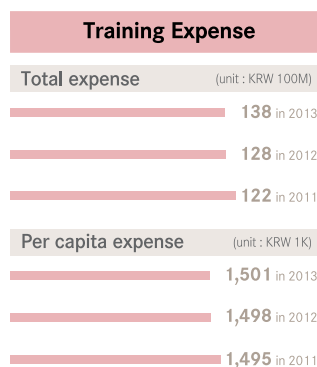
Asiana Airlines has a career development program in place for optimum talent development. When individual employees feel the necessity to develop their own careers, they define careers or capabilities required for their job, delineate development goals, devise a career development plan, and finalize the plan through an interview with their superiors. Through this process, superiors and team members have the opportunity to review development plans of each other, enabling them to come up with their own plan after accurately measuring and identifying capability of each other.



Sustainability Management

Employee Education

Training Expense



Major Specialized Programs

Course	Description
Cabin crew job experience class	Classes for youths aspiring to become flight attendants, offering them a hands-on job experience to help achieve their dream
CS consulting class	Service training to help employees understand customer service and service-oriented mindset
Outsourced training for partners	Outsourced training to improve job capability of partner companies
Foreign language & culture class	Foreign language and culture classes for self-development of employees

Education Programs

Category	Description
All For One	Create a corporate culture conducive for understanding and trust between different sectors and posts, and pleasant to work in
Leadership Course	Junior/Senior Course : Improve leadership capability of those promoted to a higher post, and develop positive communication skills
Kumho Asiana Leadership Academy	Enhance leadership and execution capability required for each job post
Passion Plus (first-year employees)	Grow true Asiana people with proactive and positive mindset by sharing the frontline experiences for the first year and keeping the passion they had upon entering the company
Communication Course (General)	Have communication program (theater play), special lectures by executives, communication/interpersonal skills included in the curriculum to facilitate teamwork and communication between employees in different functions
Communication Course (Flight)	Reinforce communication skills of pilots and cabin crew, and improve their professionalism and loyalty to Asiana
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 events including movie/documentary screening or special lectures
Asiana Beautiful Family Class	Family-friendly management practice to add values to the life of employees and their families
Culture Class	Open various culture classes to support hobby or leisure activities of employees after work (e.g. swimming, yoga, POP handwriting, acoustic guitar, Pilates)
Key Talent Program	Overseas MBA, Domestic MBA, service MBA, courses for overseas market experts
Smile Brings Blessings (笑門萬福來)	Introduced to get the message (Smile, Encourage and Support Each Other) of the top management across, bringing down the wall between superiors and subordinates for open communication * Casual talks between top executives and employees for better communication and understanding

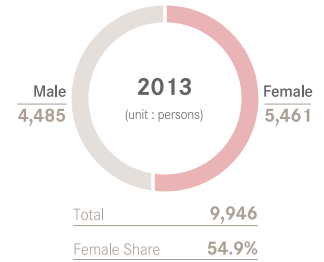


Sustainability Management

Employee Status

(unit : persons)

Employee Composition	2009	2010	2011	2012
Male	3,814	3,910	4,112	4,356
Female	4,326	4,670	4,961	5,239
Total	8,140	8,580	9,073	9,595
Female Share	53.1%	54.4%	54.7%	54.6%



As of April 30, 2014, 10,088 people were working for Asiana Airlines, which is a slight increase from 9,946 people at the end of 2013.

Employees by Geographies(Dec. 31, '13)

(unit : persons)

Korea	Americas	Japan	China	Europe	Asia	Oceania	Total
8,670	245	204	339	89	384	15	9,946

- Physically challenged : 76 people(as of Dec. 31, '13)
- New hires in 2013 : 974 people
- Retirement & discharge : 623 people(those leaving for other companies after resignation: 9.5%)
- Female share
- * Female share out of total workers : 54.9%(=5,461 people(female) / 9,946 people(total))
- Female managers(as of Dec. 31, '13)

(unit : persons)

Executive	Team Leader	Part Leader	Cabin Manager	Total
2	4	25	312	343

- Temporary staff(as of Dec. 31, '13)

(unit : persons)

Office	Flight Operation	Cabin	Maintenance	Total
153	94	411	79	737

Probation interns that will be hired as full-time workers and outsourced retired workers(seniors): 678 people
Fixed-term workers hired for temporary labor needs(contract workers/part-timers) : 59 people(0.6% of the total workforce)

Sustainability Management

Evaluation & Remuneration

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.

Extra Promotion Point

- Extra promotion points given to high performers to offer a faster track for promotion.
- Early advancement opportunities to those who have received good grades in the Asiana MBA course

Performance Evaluation

Principles

- Refrain from reactive assessment that only looks at outcomes of the assignment
- Set concrete targets and offer interim assessment for feedbacks to help improve performance in the process
- Evaluate work performance of an employee throughout the year to be used as reference for career development plan and rewards

Capability development and rewards based on evaluation results

- Capability development tools for individuals and organizations
- Share the results with employees for a review and a self-development plan, decide which capabilities the employees want to develop further
- Link OJT and internal/external education programs with capability development

Rewards & Awardees

Exemplary employees and those who have made great contributions to the company are rewarded on a monthly basis or on the company foundation day.

(unit : persons)

Category	2009	2010	2011	2012	2013
Employee Rewards	78	110	128	106	116
Rewards for Long Service	504	1,244	946	980	517

Human Rights

Human Rights

As part of the efforts to create a Beautiful Corporate Culture, Asiana Airlines has opened a window for grievance redress in the corporate intranet in parallel with other various offices for lodging complaints or counseling where employees can frankly talk about difficulties at work and receive counseling.

Human Rights Protection	Grievance	Click 'Grievance Redress' under 'Industrial Relations' in Telepia
	Sexual Harassment	Consult with HR manager in charge
	OZ 休 Port	Receive psychological counseling from professional psychologists

Sustainability Management

Grievance Redress Committee



Gender Equality & Maternity Protection

Asiana Airlines is strongly committed to female talent employment and development since its foundation. Asiana works to employ more female workers, assigns workers in a way to minimize a work void created by maternity or paternity leave, and supports work-life balance and wholesome corporate culture to eliminate any burden on workers who wish to take out leaves for their families but can't do it due to their heavy workloads. We at Asia Airlines, fulfill responsibilities and roles as a family-friendly company that leads gender equality in the workplace.

Vacations & leaves

- Prenatal leave → From the diagnosis to the day before the maternity leave(up to 2 years for childbirth and childcare)
- Maternity leave → 90 days in total + 30 days upon employee request
- Encourage prenatal leave → Female employees suffering from morning sickness, at risk of miscarriage or premature delivery are strongly encouraged to take prenatal leave
- Encourage parental leave → 92.7% of the employees who gave birth to their children took out parental leave
- Fertility leave → Reproductively challenged employees can take a leave for fertility treatment
- Miscarriage & stillborn leave → Introduced in 1999, up to 30 days of leave given in addition to the legally mandatory leave
- Gift for childbirth & leaves for lifecycle events → 3-day paid leave for childbirth of spouses with KRW 500,000 granted per childbirth

Other supports

- Care for the pregnant employees → Pregnant employees placed at posts with less workload upon their request
- Fetus checkup → Paid 4-hour leave assured for fetus checkup
- Childcare expense support → KRW 197,000 granted per child aged 6 or lower(all employees are entitled)
- Family Day → Every Friday as Family Day(Casual Friday when employees leave the work at 5:00 p.m. to support them having quality time with their families)
- Volunteering in relay, 1 Company 1 Village → Employees participate in social outreach programs with their family members to strengthen their love and contribute to communities

Sustainability Management

Labor Union

Asiana Airlines has three labor unions: the corporate labor union for maintenance engineers and office workers (established in April 30, '99), the cabin union for cabin crew (established in September 23, '13) and the pilot union for flight crew (established in June 7, '00). In 2013, the corporate labor union had a negotiation to renew its collective labor agreement and the pilot union negotiated with the management for a wage agreement.

Labor-Management Council & Occupational Safety Health Committee

Asiana Airlines has two labor-management councils to enhance satisfaction of both the labor and the management alike by enlisting more proactive engagement and support from the corporate labor union and the pilot union with periodic labor-management council meetings held on a quarterly basis. Meanwhile, the membership of the Occupational Safety 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 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.

Retirement Annuity Scheme

Asiana Airlines, as part of the 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 help employees ensure old-age financial security, Asiana has offered periodic lectures on retirement annuity systems, opened a counseling booth, and provided financial consulting services for asset management, tax saving and real estate.

Employee Safety & Health

Health Counseling & Care

Primary care and counseling at worksites	Professional health management	Vaccination for workers	Integrated health information system
Promptly offer quality healthcare access (e.g. medicine administration and health counseling) to employees for any health issues or emergencies at work.	Introduce a collaborative network with secondary and tertiary medical institutions and enlist upwards of 50 specialist doctors as company physicians for consistent and seamless health care	Have a preemptive response system for infectious diseases in place which includes vaccination by the corporate medical staff dispatched from the headquarters to all worksites	Employee health information can be searched and referenced through an integrated health information system for comprehensive health management throughout employment period

Health Exam

Health checkup service in consideration of job characteristics and work environment	Follow-up management	Special health tests for pilots
<ul style="list-style-type: none"> - Prior to and after new job assignment, special checkups, health exams before overseas assignment or returning to job - Comprehensive health checkup system for workers to boost employee productivity and satisfaction with better health and welfare services 	Tailored year-round monitoring service for those with potential health issues (health issues or risk factors identified in the health exam)	Health tests specifically designed for the cockpit crew to help maintain flight safety by managing their physical conditions to the optimum level

Sustainability Management

Work Environment Control & Visiting Medical Service

Periodic work environment assessments and inspections are conducted engaging health managers, occupational safety supervisors and safety managers to monitor and investigate work environment for frontline workers such as aircraft cabins, maintenance fields and hangars. Any issues identified during the inspections are considered and incorporated in the improvement plan for safer and healthier work environment.

Visiting medical service is provided on a monthly basis to frontline workers who don't have easy access to medical services. The service scope goes beyond health consultation, health education and primary care to include work environment monitoring and improvement checks.

Occupational Healthcare Training

A range of occupational health trainings are offered on areas essential for job undertakings such as in-flight emergency aid, safe travel of the sick and the infirm, personal hygiene, travel medicine, and prevention of musculoskeletal, cerebrovascular and cardiovascular diseases. Other health education for employees are provided on the frontlines or via the web in parallel with specialized programs by CRM(Crew Resources Management) experts on how to deal with flight fatigue and circadian rhythm disruption.

Health Service Outcome

Tailored healthcare services help us maintain the permanent disqualification rate of pilots due to health risks at the lowest possible level, and reduce health risks of workers and worksites through consistent and systemic health improvement initiatives in order to prevent occupational diseases or accidents.

To take sick and infirm passengers to their destinations safely and comfortably, and preempt any disruptions to operations due to medical issues, Asiana Airlines reviews documents on sick or infirm passengers and proactively communicates with them offering Meet & Assist service at airports, and operating a 24-hour hot line call.


Health Service Recipients in 2013

(unit : persons)

Category	Health Check-up	Consultation & Care	Follow-up	Healthcare Education	Care for Infirm Passengers
	7,142	15,474	5,455	3,955	1,628

A woman with blonde hair, wearing a white cardigan, is seated in a wide, comfortable airplane seat. She is holding a red book and looking down at it. The seat is upholstered in a grey fabric with a subtle blue pattern. A blue blanket is draped over her lap. To her left, there is a small table with a glass of water and a tray. The airplane cabin interior is visible, including the oval window and the overhead storage bin.

Asiana Airlines will continue
its sustainable growth keeping to the
principles of transparent disclosure and
fair sharing for prosperity.



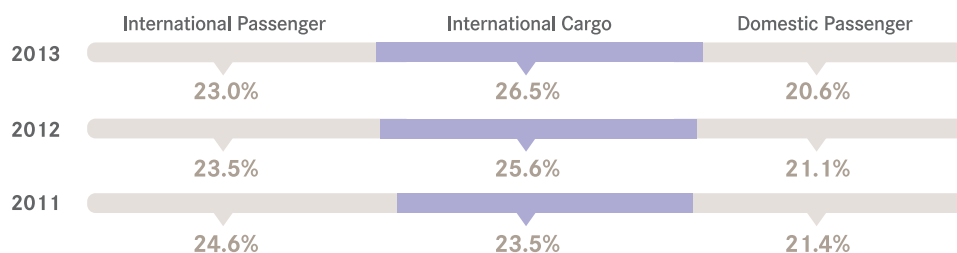
Asiana Airlines will boost financial performance by overcoming internal and external uncertainties, reinforcing the corporate network and introducing new equipment and jets for more agile strategic response in the market.

Economy

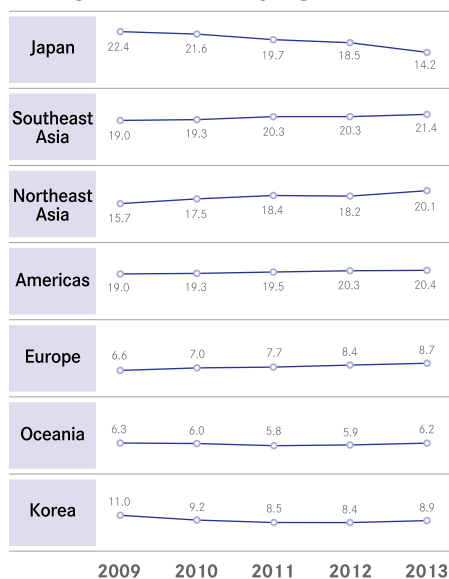
Economy

Major Indexes

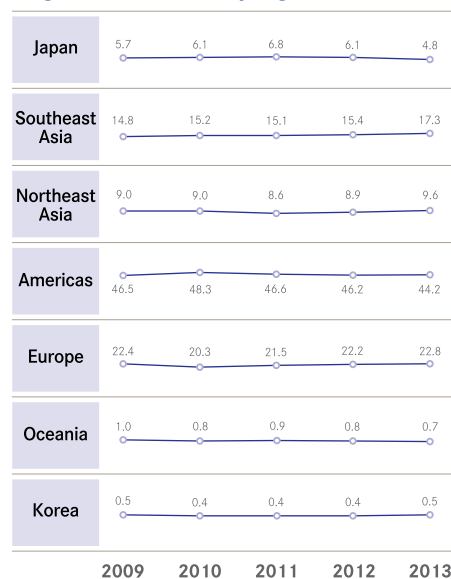
Market Share (2011~2013)



Passenger-Revenue Share by Flight Route (unit : %)



Cargo - Revenue Share by Flight Route (unit : %)



Performances in Summary

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

Business Area	Category	The 26 th Period (Jan 1~Dec 31, 2013)		The 25 th Period (Jan 1~Dec 31, 2012)		The 24 th Period (Jan 1~Dec 31, 2011)	
		Volume	Value	Volume	Value	Volume	Value
Air transport	1. Passenger	34,523	3,552,094	32,870	3,671,076	30,311	3,460,548
	Domestic	1,706	314,499	1,664	307,469	1,624	290,594
	Int'l	32,817	3,237,595	31,206	3,363,607	28,687	3,169,954
	2. Cargo	4,062	1,401,365	4,209	1,450,584	3,942	1,404,101
	Domestic	18	7,618	16	6,094	14	5,391
	Int'l	4,044	1,393,747	4,194	1,444,490	3,927	1,398,710
	Total	-	4,953,459	-	5,121,660	-	4,864,649

Economy

Aviation Industry Overview

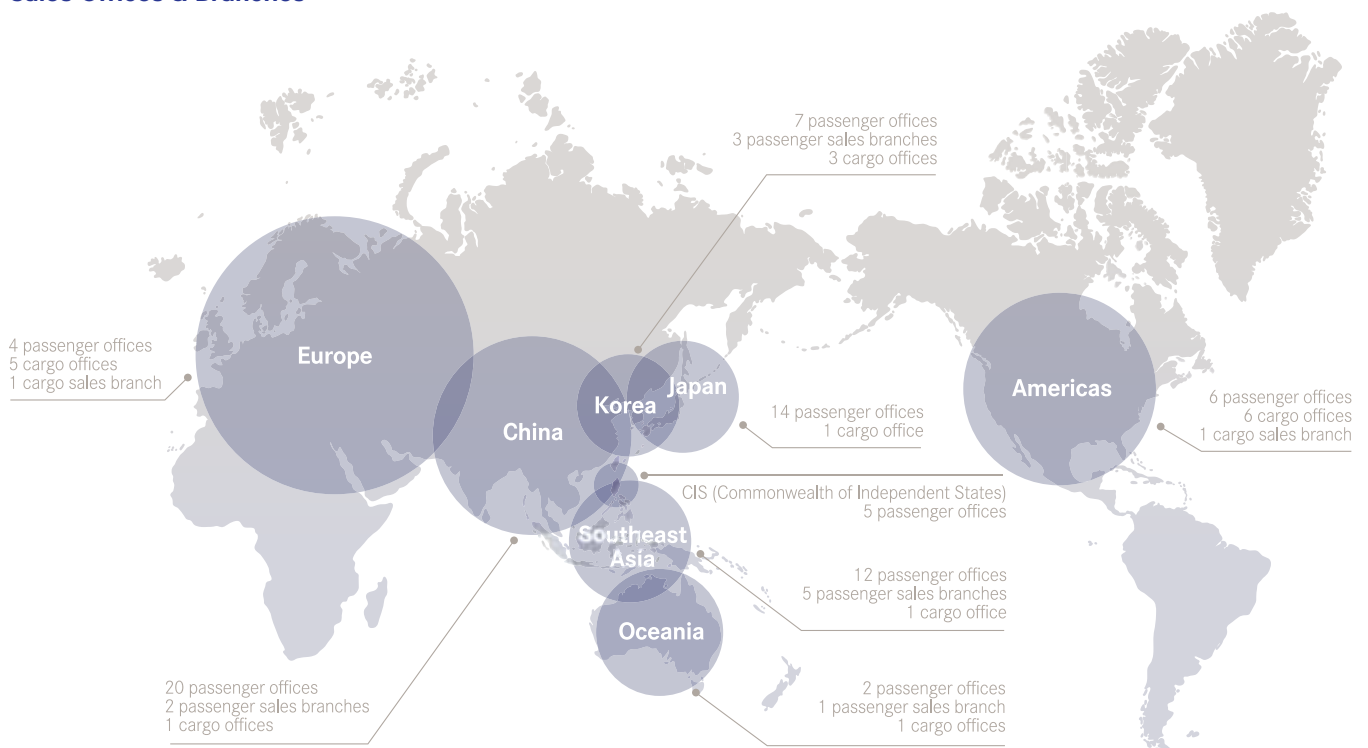
Internal & External Market Conditions

In 2013, the overall number of passengers increased 6.9% for international flights and 3.5% for domestic flights YoY with the international cargo volume also increasing 0.1% from the previous year.

International flights carried 50.99 million passengers throughout the year buoyed by the combination of factors such as the visa waiver and expedited visa issuance for Chinese tourists visiting Jeju island, more short-haul international flight routes offered by low-cost carriers, and more people traveling to enjoy winter sports. Domestic flights also maintained the upward trend carrying 22.35 million thanks to seasonal attractions of Jeju island (e.g. canola flowers in spring, tinted leaves in autumn), Jeju Olle trekking, and other trekking routes to enjoy the World Natural Heritage sites of the beautiful island as flights to Jeju island account for 81.5% of the domestic routes. The international air freight also posted a slight increase in performance supported by growing export of IT products and parts thanks to the recovery of manufacturing in overseas countries.

In 2013, the number of outbound Korean passengers (according to the Korea Tourism Organization's statistics) increased 8.1% YoY with inbound foreign passengers increasing 9.3%. The number of both inbound and outbound passengers went up 8.6% from the previous year. For 2013, Asiana Airlines' market share stood at 20.6% in domestic passenger (21.1% in 2012), 23.0% in international passenger (23.5% in 2012), and 26.5% in international cargo (25.6% in 2012).

Sales Offices & Branches



Economy

Passenger

External Environment

In 2013, Asiana's passenger flight service recorded all-time high performance following the previous year, carrying 50.99 million people on international flights(6.9% up YoY) and 22.35 million on domestic flights (3.5% up).

On the international passenger flights, the number of passengers to almost all destinations including China and Southeast Asia increased except for Japan which went down 5% from the previous year, adversely affected by a weaker Yen and the strained Korea-Japan relationship. Passengers on the Korea-China routes increased 16.6% YoY especially thanks to the increased popularity of Korean dramas and as a result, Korea emerging as attractive tourist destination, the visa-waiver policy for the Chinese visiting Jeju, and the expedited visa process. Passengers on the Korea-Southeast Asia flights also went up 9.5% buoyed by popularity of the Korean Wave and seasonal tourism.

Passengers on domestic flights to Jeju also recorded 6.5% YoY growth boosted by seasonal attractions of Jeju island(e.g. canola flowers in spring, autumnal leaves in fall), Olle trekking, and other trekking routes to enjoy the World Natural Heritage sites. However, the number of passengers at Yeosu, Pohang and Ulsan airports went down 7.9% compared to the previous year due to further development of alternative transport modes including KTX, bringing down the overall growth rate to just 3.5%.

In 2014, both domestic and international flights are expected to enjoy more demand due to introduction of the so-called 'alternative holiday' system and a stronger Won for outbound passengers combined with growing middle-income families in emerging economies and high popularity of Korean pop music and dramas for inbound passengers. High-profile international sport events such as the Sochi Winter Olympics (Feb. 7~23), FIFA World Cup Brazil(June 13~July 14) and the Incheon Asian Games(Sep. 19 ~ Oct. 4) are also expected to boost both domestic and international passenger markets. Asiana Airlines forecasts the demand for passenger flights will maintain its growth momentum in the mid-to long-term thanks to the economic growth of East Asian economies including China.

* Source : Reports by the Ministry of Land, Infrastructure, and Transport

Response

To effectively respond to the changing external environment, Asiana Airlines reinforced competitiveness for higher customer satisfaction by introducing five A321 jets, two A330s, one B777 First Suite in 2013. To offer more prompt and accurate booking and ticketing services to customers along with better tailored services based on destination and data management, Altea Customer Management Solution was deployed on November 17, 2013 as the next-generation passenger flight management system. Coupled with this, we added seven flights to Jakarta and two flights to Bali per week while developing flight routes for extra flights to Chinese destinations such as Yancheng, Lijiang and Xuzhou to strengthen its flight competitiveness.

We also added one flight per week on the route to Istanbul, Turkey starting from October 27, 2013 and four daytime flights per week to Hanoi on December 9, 2013. In parallel with such efforts, we at Asiana are also working hard to enhance our brand image to lead innovative marketing strategy leveraging the Korean Wave. We appointed Psy and Eru (Korean pop singers) as our brand ambassadors and sponsored K-pop concerts while forming partnership with KBS Philharmonic Orchestra and Korea National Ballet Company. In order to widen the potential customer base, we have also increased our presence on SNS and launched various marketing events like 'Dream Wings' that actively engages college students.

Despite vigorous efforts to enhance profitability and flight competitiveness, and flexible operation based on seasonal demand for flights to Americas, the sales revenue of the passenger flights declined by 3% to KRW 3 trillion 527.9 billion compared to 2012 due to adverse internal and external market conditions. In 2014 and onwards, we will make more agile moves such as introducing new jets including A380 and the next-generation passenger system in order to maximize sales revenue, increasing mid-to long-haul flights while at the same time enhancing profitability to effectively respond to external changes.

Economy

Cargo

External Environment

The year 2013 should be deemed meaningful for the air cargo market. The air cargo demand, which had been on steady decline since 2010, had a turnaround posting a slight increase. This led to an increase in shipment(including transshipment) volume departing from and arriving at Korea to upwards of 2.5 million, a 0.3% increase from 2012. In 2013, the shipment volume, which first went down 0.4% YoY in the first half, increased in the second half by 1.0% YoY backed by the revived demand for air transport.

We expect the year 2014 will witness gradual recovery of consumer confidence in key advanced countries as the uncertainty over the Euro economy eases and they crawl out of the recession. Trade volumes are also expected to go up with more FTAs(Korea-Canada) signed and market opening within an integrated economic bloc is accelerated. However, as more Korean companies increasingly choose to expand their semiconductor, automobile or cell phone production bases located in China, Vietnam and other countries, competition with major foreign airlines can get more severe, which, in turn, may erode profitability.

Response

As the cargo volume had a turnaround to an upward trend, Asiana Airlines' domestic market share increased 0.9%p handling more than 750,000 tons of cargo, which is about 2.9% growth compared to 2012. Despite the volume increase, however, revenue declined KRW 49.5 billion to KRW 1 trillion 337.4 billion (based on all cargo revenue) compared to 2012 due to oversupply, prolonged economic slowdown in the US and Europe and a stronger Won.

In 2014, Asiana Airlines wants to increase its sales revenue by operating flights more efficiently, and reinforcing the sales capability to beat the competition and overcome adverse effects coming from the sustained oversupply. We will go back to basics to make our fundamentals sound through effective and innovative operation. Flight routes showing weak performance will be replaced with high-revenue routes to boost both profitability and jet utilization. When it is necessary to increase supply to better meet the cargo demand, the belly space of a jet will be better utilized, which is the global trend among airlines.

Sales revenue will be also maximized by reinforcing sales capability. Charter flights will be employed before and after major global sport events such as the Brazil World Cup and the Incheon Asian Games, and efforts to increase high-profit specialty cargo will be waged on various fronts. In parallel with this, more global partnership agreements will be signed with global air freight forwarders to have stable demand.

In the mid-to long-term, lucrative short-to mid-haul flights will be added to destinations such as Japan, Vietnam and China to promote qualitative growth in the mid-to long term while enhancing profitability of the flight network by operating jets in a more efficient manner.

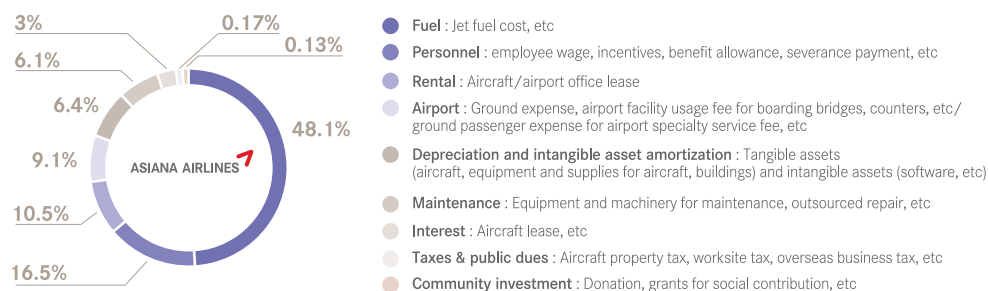
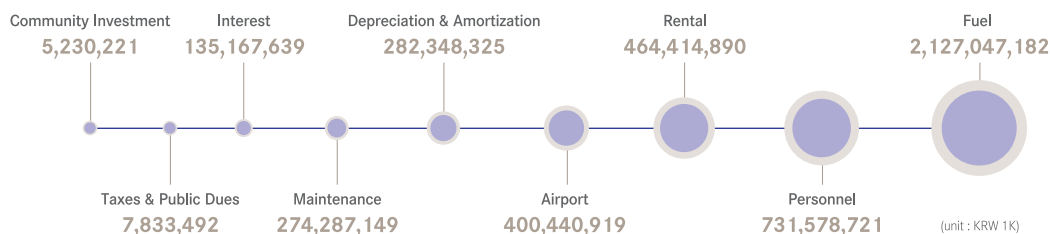


Economy

Value sharing with Stakeholders

We, Asiana Airlines, are faithfully fulfilling our responsibility by sharing the values with internal and external stakeholders. We are also working to achieve sustained growth and stability to enhance values for stakeholders

Category	Expense (unit: KRW 1K)	Share (unit : %)
Personnel (wage and fringe benefits)	731,578,721	16.5
Depreciation and intangible asset amortization	282,348,325	6.4
Fuel	2,127,047,182	48.1
Rental	464,414,890	10.5
Maintenance	274,287,149	6.1
Airport	400,440,919	9.1
Interest	135,167,639	3
Taxes, public dues	7,833,492	0.17
Community investment	5,230,221	0.13



Economy

Disclosure

Asiana Airlines gives all stakeholders an access to corporate information, business performance and other important issues, and enhances accounting transparency through disclosure. Starting from the 19th disclosure period in 2006, we introduced a certifying system to have each sector of periodic reports (business reports, semi-annual/quarterly reports) reviewed by the responsible 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, generating a checklist by sector to prevent omission or errors in the periodic reports and having it reviewed and approved by CEO and CFO to enhance credibility of the disclosed financial information.

Business Report

Category	Business Report	Semi-Annual/Quarterly Reports
Disclosure scope	Corporate overview, business performance, financial information, audit opinion at the end of the business year	Business performance, corporate overview, financial information, etc at the end of 1H/2H and every quarter
Disclosure period	In less than 90 days after the business year is over	In less than 45 days after the quarterly closing date
Disclosure in '13	1 time	3 times

Whenever there is any change that may impact business management, Asiana Airlines makes sure the change or news to be disclosed immediately. We also proactively disclose non-financial activities such as a voluntary compliance program for fair trade, green management information and etc. We will continue to fulfill our responsibility for transparent disclosure and exert our best as global market leader trusted by all stakeholders.

Internal Accounting Control System

Pursuant to Article 2, Section 2 and 3 of Act on External Audit of Stock Companies, which serves as the legal ground to obligate businesses to prevent any error or fraud in the financial statements and subject any non-compliance to disciplinary measures, Asiana Airlines has introduced an internal accounting control system to assure generation and disclosure of accurate accounting information and conduct on-going monitoring. The internal accounting control system holds an inspection in accordance with the corporate provisions and the business accounting standards, which closely examines accounting process, valuation of corporate assets and debts, compliance with the accounting standards regarding profits and expenses.

Economy

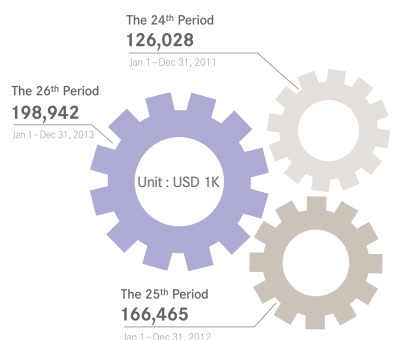
Risk Management

Major Risks

As the airline industry, heavily relying on jet fuel for business operation, is deeply affected by a rising exchange rate or oil price that expands corporate loss and erodes profit, Asiana Airlines has defined the exchange rate and the oil price as two major risk factors to be closely monitored all the time.

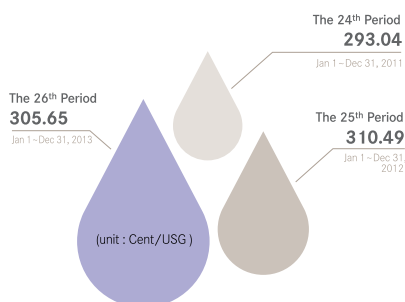
Price Trend of Major Materials

Aircraft Part Procurement for Maintenance



1. Estimated based on procurement spending for aircraft maintenance
2. Price is driven primarily by exchange rates and prices set by part suppliers.

Jet Fuel



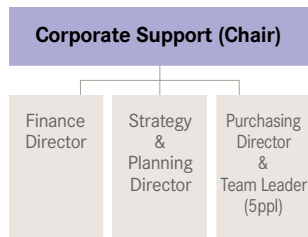
1. Estimated by dividing total annual fuel cost with total fuel amount
2. Price is largely driven by the global oil price trend

Risk Management

Asiana Airlines is fully committed to effectively responding to external factors such as exchange rates, oil prices and interest rates that are fully exposed to market risks. Responding to exchange rates and oil prices in structured and efficient manners is imperative for Asiana since airlines are bound to have more foreign currency-denominated debts and spending than assets and income with its continuing demand for air fuel. Keenly aware of this, Asiana Airlines has established and applied risk management policies for more structured and efficient risk management. A permanent risk management committee has been established to promptly respond to external risks such as fluctuations in exchange rates, oil price and interest rate, having Business Management Office Head as Committee Chair, and executives and team leaders from relevant departments as committee members.

Economy

Organization



Risk Management Committee

- **Objective** : Develop risk management strategy against external risks and define hedging tactics and the optimal hedging ratio
- **Meeting** : Periodic quarterly meetings complemented by ad-hoc meetings whenever needs arise
- **Agenda** : Exchange rates – currency exposure control, Oil price – program hedge strategy, interest rate – interest rate (fixed, variable) strategy
- **Activities in 2013** : 4 periodic meetings (quarterly), 1 ad-hoc meeting

*“Program Hedge” is a hedging technique to purchase the same amount of air transport oil and dollars needed for a defined period(e.g. 2 years) in installments at the futures market to average out the purchasing price of air transport oil or dollars during the specific period.

Fair Trade

Asiana Airlines has an internal fair trade compliance program in place to ensure voluntary compliance for fair trade and better competitiveness.

For more rigorous compliance, we provide information on relevant laws home and abroad, and case examples of law enforcement via the bulletin board.

In 2013, regular trainings on Fair Trading Act were provided to new hires, interns and overseas assignees working in relevant practices, and those working at high-risk departments attended a series of trainings on the anti-trust acts and fair trade acts.

The proactive work agreement system for fair trade has been also in place to preempt abuse of market dominance, unfair collusion and outsourcing, breach against contract terms, and advertisement agreement.

In addition to this, as part of the efforts to minimize or prevent breaches of Fair Trading Act, we have introduced ‘whistleblower’s window’ in 2013.



The highest value of Asiana Airlines to provide quick, comfortable service for customers at their desired time and place.



Asiana Airlines places the highest priority in passenger safety and superior services.

Asiana Airlines has set up company-wide measures to reinforce safety and built a safety management system and while dedicating itself to providing services one step ahead of the customers by anticipating their needs.

Customer Satisfaction

Customer Satisfaction

Safety Management

Asiana Airlines has been pursuing top safety and services since its establishment. In order to strengthen its standing as a global leading airline, Asiana Airlines has established company-wide safety measures from organization, talent, material level. The organization has been realigned and safety and security management office has been elevated to the ranks of Division while adding a new 'safety audit team' to strengthen safety inspection and investigation function. Also, flight safety committee has been installed to place priority in overseeing flight attendants and airport in general. The level of training for Cockpit crews and the quality of maintenance work have been upgraded and objective monitoring by outside experts from Safety Inspection Institutes have been added.

Safety Policy

Asiana Airlines, in partnership with its employees, conducts its business in a manner that ensures the health and safety of its employees, customers, associated companies and the general public while meeting its obligations as an air transport operator under all applicable regulations. Asiana Airlines shall accomplish this through a Safety Management System to ensure the highest level of safety and shall affirm that the following items are abided by and improved upon.

- Comply with the regulations and international standards
- Ensure sufficient skilled and qualified talents and materials to achieve safety objectives
- Monitor and measure safety performance of the company through safety KPI and notify the outcome within the Company
- Educate and train employees regularly to achieve safety during flight and on the ground.
- Operate 'Free of Restrictions' reporting system for in flight and ground safety. Refrain from penalizing employees who voluntarily discloses safety concern through hazard reporting system unless such disclosure indicates illegal action, gross negligence or violation of regulations or procedures.
- Identify fundamental causes of risks and take proactive action for hazard prevention.
- Take proactive action regarding safety and constantly manage to improve and ensure safety measures are effective and actionable.

The Company shall not compromise on 'Safety', the core of the management's philosophy. To achieve the highest level of safety, all members of Asiana Airlines shall do their utmost to fulfill their roles and responsibilities.

ASIANA AIRLINES 



Customer Satisfaction



Objective of Developing Safety Management System

Asiana Airlines has established and is operating safety management system in accordance with the ICAO(International Civil Aviation Organization) requirements. Using the system, Asiana Airlines aims to achieve integrated safety management system from every aspect of the organization and to reach safety objectives and safety performance goals set out by the Company.

Such safety management system is reinforced and solidified through a thorough monitoring across all aircraft operations for safer customer experiences.

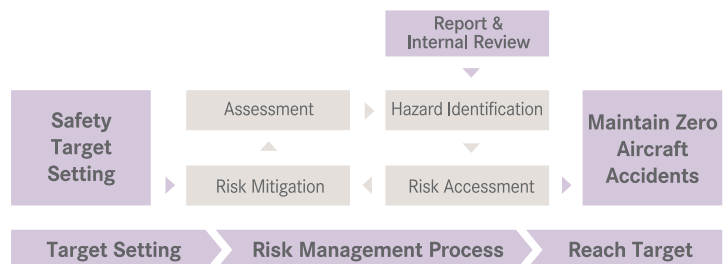
*SMS(Safety Management System) : First of its kind in Korea, the system opened in Jan. 2008 as a system structured to analyze various risk factors that impact flight operation in a comprehensive way to eliminate potential accidents and hazard elements.

Safety Management System

Customer satisfaction through
maximum safety and superior service



Flow Chart for Safety Management System



Customer Satisfaction



Strengthening Safety Organization



Efforts to Strengthen Safety

In order for Asiana Airlines to become a leading company in aviation industry, Safety takes top priority as the most important mission for the Company.

Since 2013, demand for safety has heightened both internally and externally while emphasis on the importance of Safety has also been highlighted. As such, overall safety awareness and safety capability has strengthened.

As part of such on-going effort, in December 2013, Asiana Airlines has appointed Yamamura Akiyoshi (picture), who oversaw Integrated Safety Planning Management Team (at ANA group, who is an experienced Safety Review Officer thanks to his time when he served at the International Air Transport Association (IATA)). With Yamamura Akiyoshi at the helm as Sr. EXE VP, Asiana Airlines is putting in place preventive measures by identifying risks that can occur in Aviation Industry while building optimal safety management system by combining safety management capability and proven Aviation Safety events. Even from organizational perspective, existing safety security part (lead by high-ranking officer) has been elevated to Safety Security Management to reinforce and solidify organization focused on Safety. In addition, Proactive Safety Team spun off Safety Audit Team to better manage internal affairs on safety review and risk management system.

Asiana Airlines also plans to conduct company-wide safety reinforcing activities by putting effort from organizational level as well as talent and material level in addition to identifying and managing potential risks within by holding various meetings with Safety & Security Committee, Safety Acting Group and Safety & Security Review Board headed by Executive officers.

Safety Training

Asiana Airlines is instilling all employees of Safety awareness and providing education on disaster prevention, while promoting awareness of safety through special education on training per area of expertise and constantly recognize the importance of safety.

Safety Training Actual ('09~'13)

Safety Management System Operators Training & Others	
Y 2009	5,505
Y 2010	5,527
Y 2011	5,736
Y 2012	6,479
Y 2013	7,698

(unit : persons)

Safety Training Plan ('14)

SMS Operator Training	Newly recruited (Frequently)
SMS Expert training	Safety Managers and Proactive Safety team members
SMS Manager training	Executives, managers
Training for the employees assigned to overseas location	Appointed employees (Half a year)
Maintenance training	all executives, managers, employees who have received SMS operation training and who currently are involved in aircraft operation (Once a year)

Asiana Airlines shall continue to invest in Safety and endeavor to achieve the highest level of safety. We at Asiana Airlines aim to provide the fastest and safest travel option to our customers in the most comfortable way from destination to destination every single time to become the world's safest carrier.

Customer Satisfaction

Safety Operation

Anchoring Safety Culture

Asiana Airlines has introduced CRM(Crew Resource Management) mechanism that ensures diversity in culture, background and gender among its pilots to build an atmosphere in the cockpit where roles and responsibilities assigned to each pilot are respected and hierarchy among captains and co-pilots do not get in the way of open communication for safe flights. Operation procedures have been standardized and introduced so that all the field workers have come to recognize roles and responsibilities of one another, and co-pilots never hesitate to voice second opinions if captains violate standard procedures. This openly communicative culture has been expanded further to now include and cover flight controller, maintenance engineers and cabin crew.

*CRM(Crew Resource Management) : Initially named as Cockpit Resource Management, CRM was used as a method to promote safety through organic collaboration between captains and co-pilots and later renamed as Crew Resource Management to extend the method across all human/talent elements related to flights from cabin crew to maintenance engineers to flight controllers.

Hours and Costs for Cockpit Crew Education and Training

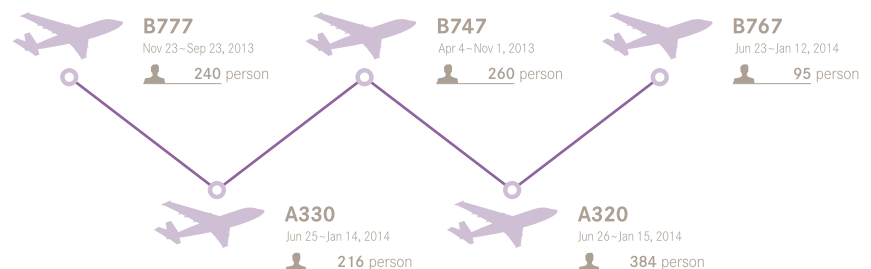
Category		2009	2010	2011	2012	2013	Average
Education Hours	Total (hr)	124,652	125,933	139,865	210,901	159,684	152,207
	Per person (hr)	112.3	108.8	114.2	160.4	115.3	122.2
Education Training Cost	Total (KRW 1Mil)	12,070	12,613	10,860	12,577	14,978	12,620
	Per person (KRW 1000won)	10,874	10,901	8,866	9,565	10,814	10,204

* 1. On/Off-line training of cockpit crew subject to Safe Flight Training
2. Education Training costs are included in the Simulator cost

Reinforcement of cockpit crew and Investment in training facilities

• Special training and evaluation using Simulator for all cockpit crew

All crew members were trained and evaluated to land aircraft at maximum wind velocity; guide and land aircraft at higher altitude and speed than planned(permitted) by providing only altitude information; approach and land guided only with naked eye to check runway; operate and maneuver auto pilot control system(Auto Pilot, Auto throttle) in case of non-functioning situation.



Customer Satisfaction

• Special Ground Training for All Cockpit Crew

From September 12, 2013 to June 30, 2014, Asiana Airlines conducted a series of trainings on CRM, abnormal flight and accident case studies, safety assurance and line audit analysis result and a total of 735 cockpit crew members completed the courses.

• Stronger Basic Training for New Pilots

At Asiana Airlines, we are sharing insights and raising safety awareness based on thorough analysis of flight accidents. The company has strengthened the training further to include the courses on radio communications between pilots and flight dispatchers during flight and on safety flight rules to be recognized through a standard check-up procedure among pilots.

• Reinforced Training Program(for Entry-level, Transition, and Promotion)

The pilot programs of Asiana Airlines are providing intensive training courses covering difference between the aircraft of Boeing and Airbus, airport approach, visual approach targeting the airports with high level of landing difficulty, manual take-off and landing in case of failure of autopilot mechanism, and maximum crosswind situation.

• Cockpit Crew Training Program Reinforced

Asiana's cockpit crew program includes CRM training for critical phases of flight, take-over procedure in case of un-stabilized app, non-precision approach for special airports and airports with safety risks and manual flight control from right-hand seat. The program trains pilots on how to cooperate during critical phases of flight to ensure more effective and safer operation, provides advanced courses on stick control and flight procedures and visual approach drill for special airports and the airports with safety risks.

• CRM Training and Quality Improvement

On April 10, 2013, the company held the 2nd OZ CRM/TEM Seminar to revitalize the training programs and to promote communications across departments. We are also strengthening the fundamentals of training through an external CRM instructors' session and increase in the number of specialized CRM instructors from 9 to 21. In addition, Family CRM program conducted for the family members of cockpit crew members from February 5 to August 7, 2013, was designed to communicate the knowledge about flight environment and to strengthen flight safety management.



CRM Training Attendees

Year	Initial CRM	CRM for Promotion	Instructor Appointment	Instructor Session	CRM Refresh	Joint CRM	Total
2011	124	35	45	111	96	389	800
2012	106	54	40	137	105	1,429	1,871
2013	115	60	68	136	130	1,467	1,976

• Investment in Training Facilities

In addition to aviation equipment and facilities, Asiana Airlines is also working to secure training efficiency by upgrading training equipment and programs e.g. B747-400 SIM Visual System upgrade for flight safety, demonstration of actual flight environment based on the real scene of destination airport and update of A320 and A330 CBT(Computer Based Training).

Customer Satisfaction

Aviation Safety Support

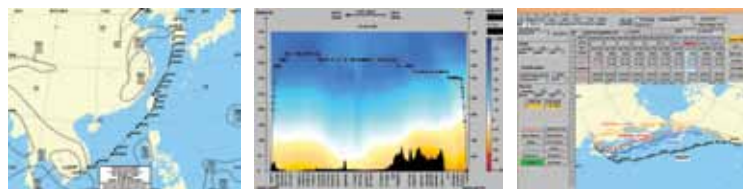


OCC(Operations Control Center)

OCC has a wide range of cutting edge systems designed for the safe operation of aircrafts. These systems include an aircraft scheduling system, real-time flight monitoring system, Asiana Flight Operations Control System(AFOCS), web-based voice communications system, spot management system and operational statistics analysis system. On a large wall screen made of twelve 50-inch LCD TV screens, these systems present real time flight operation monitoring data, so that we can ensure the flight safety and protect the flight from potential natural hazards such as a typhoon or volcanic ashes. In OCC, experts in varying fields - including flight dispatchers, cockpit crews, maintenance engineers, cabin crews, sales people and load controllers - are stationed at all times to track airplanes in operation across the globe on a real-time basis moreover, these experts instantaneously control any disruption based on real-time communications with the cabin crew through satellites or web-based communications, with the cockpit crews in order to provide best-in-class flight safety and customer services.

LIDO Flight Planning System

Lido is a flight planning system which contributes to the safe and economical operations of Asiana Airlines. It helps flight dispatchers make flight plans by checking weather conditions at departure, arrival and alternate airports and by identifying any operational restrictions. Furthermore, it ensure safer flight operation by offering cockpit crews graphic data indicating any severe weather conditions en route such as turbulence and icing. The graphic output also contains information about the altitude, the temperature and the airspace and therefore enables a clearer understanding about the air route. In addition, LIDO contributes greatly to an economical flight operation. It allows calculating parallel simulations for multiple routes at a time and helps selecting the optimum routes based on quantitative comparisons over fuel consumption, flight time and ATC (Air Traffic Control) charge. The system also makes possible to compose optimum air routes by analyzing data through simulating plan on new routes.



Asiana Crisis Management System

Asiana Airlines implemented Asiana Crisis Management System(ACMS) for integrated contingency management and crisis response. The system provides emergency contact capability based on SMS, communicating the emergency situation promptly and calling emergency gathering, which enables timely and accurate information sharing between site support center and HQ crisis management center. The system also manages the passenger calls, status of emergency situation, status of passenger and support for passengers' families.

Mobile Maintenance System

Asiana Airlines introduced a mobile maintenance system in June, 2012 and the system has been in operation ever since, giving maintenance engineers the access to functionalities such as material reservation, issue request, defect photo transmission, aircraft schedule check and maintenance manual view via mobile phone and tablet PC. The ability of real-time processing that transcends the time and space has enhanced the maintenance efficiency.

Customer Satisfaction

Service



Airport Service

My Flights

Asiana Airlines developed a mobile application named 'My Flights' in 2012 that provides various tips for traveling required on the run via centralized single channel. By simply registering a preferred flight in a My Flights menu of the application, the customer can get the necessary information specified by time range. The system sends off a push alarm for useful tips regarding automated service, passport and visa, and final boarding instructions while enabling the customer to easily find such information as luggage rate of the selected route, weather condition and exchange rate at the destination, and more information about flight and airport.

Internet/Mobile Check-in SVC

Asiana Airlines provides One-pass Service for domestic flight that allows the passengers to board the plane right away with the ticket printed at home. There's also an on-line and mobile check-in service available by which individual passengers can assign seats and complete the check-in via the Internet or smart phone, and later be fast serviced at a designated counter at the airport.

Self Check-in SVC

The Self Check-in Service of Asiana allows passengers to complete the check-in quickly and easily through the self check-in kiosks at airports both at home and abroad with no need for waiting.

Real Time Information for Waiting Customers

Asiana Airlines has put in place a reliable system for waiting passengers that informs domestic flight passengers waiting at the airport for ticketing without reservation, of their wait numbers real time.

Differentiated Service

Weihai Point Golf Express Service

Weihai Point Golf Express Service is Asiana's one-stop service provided in alignment with a golf club, launched at Weihai airport in 2012 and extended to Yantai airport now. Targeting the passengers that visit Weihai Point Hotel & Golf Resort run by Kumho Resort, this unique customized service expedites check-in and luggage process to minimize the waiting time and thus, enhance the convenience at the airport.

Service Catering to Corporate Needs

Asiana Airlines runs MICE Airport Support Center that provides an active support for the high value-added, next generation business services called MICE - i.e. Meeting, Incentives, Convention and Exhibition- in an effort to create synergy effects between its sales activities and services and to showcase its quality airport services to VIPs at home and abroad.

Service Catering to Women

Our Happy Mom service is for the moms traveling with their infants whereby they can receive various supports to minimize the discomfort they might feel during the long flight hours along with priority boarding services. Also, pregnant women can use our 'PreMom' service that cares for the expecting mothers from the departing airport to the destination with enhanced services and detailed attention to reduce any potential inconvenience.

Expanded Business Lounge at Incheon Airport

Asiana Airlines has opened a new business lounge at Incheon International Airport on October 24, 2013. The newly added lounge is 955m² and can accommodate 200 people at a time, on top of the existing one of 1,227m² area that accommodates 256 people, so the total area put together makes it the biggest lounge in Incheon International Airport. At the entrance of the lounge are an art wall and a video wall with a touch of Korea's traditional architecture, established by Kumho Asiana Cultural Foundation. The lounge has the rest zone that gives individual resting space for business passengers, couches, shower rooms, a business center, and a dining hall.



Customer Satisfaction



Care Service

Hansarang Lounge

Hansarang Lounge at Incheon International Airport is an exclusive lounge reserved for the passengers with disabilities, which provides not only the resting space but also the services and it is the first of its kind made available in the aviation industry. With the internal facilities designed with lower heights, and all instructions presented in Braille, the lounge has barrier-free interior for physically challenged passengers, so they can enjoy a variety of entertainment activities with ease.

Care Service for the Challenged

For the passengers with disabilities in need of active and careful help to enjoy comfortable travel with Asiana Airlines, we have conducted a set of trainings for our service employees on customized catering method for the challenged passengers, by inviting experts from the groups representing the people with disabilities. In addition, by applying a special wheel chair tag on their luggage, we're helping the challenged passengers collect their belongings quickly and correctly. We have also prepared the service infrastructure specifically designed for the challenged e.g. special vehicles – low floor bus, Hansarang service car, invalid car – to assist their movement about the airport complex.

Happy Mom Service for International flights

Mothers travelling with infants (younger than 3 years old) can use our Happy Mom service prepared to ensure pleasant travel by minimizing the inconveniences they may face in the check-in and boarding process at the airport and the long flight hours on board

PreMom Service

Pregnant passengers in need of special care can get the attentive service arranged to ensure comfortable and safe travel.

Service for Unaccompanied Minors

Children traveling without a guardian get the UM (Unaccompanied Minor) service of Asiana Airlines designed for their travel safety.

Customers in Need of Medical Assistance

Passengers with chronic diseases or in cautious health conditions can get the travel information helpful for healthy and safe trip.

Family Service

Asiana provides Family service for a woman passenger accompanying more than two children under the age of 7 or a senior passenger travelling without a guardian.

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.



Customer Satisfaction

In-Flight Food & Beverage Service

Thanks to the active research and studies in Korean dishes continued over the years, Asiana Airlines was able to add new cuisines - Kimchi Stew, Bean Sprout Rice, Tofu Skin Wrap and Chogyetang(cold ginseng chicken soup) - to the existing food choices - Nutritious Korean cuisine, 'Ssambap'(Rice and Bulgogi beef wrapped with leafy vegetables), Samgyetang (hot ginseng chicken soup) and Mookbap (rice with acorn jelly in cold broth). As part of our efforts to promote Korean culinary to domestic and overseas passengers, we added stories associated with the foods to the menu book based on the advice from the Institute of Korean Royal Cuisine. In the meantime, we have also developed new fusion menus such as Steak with White Kimchi, Kimchi Bacon Wrap and Kimchi Frittata to make Korean food more accessible and familiar to foreign passengers, letting Korean food known to the broader global community. Healthy and wholesome rice snacks have also been introduced to please the palate of passengers and contribute to farming communities by promoting consumption of Korean agricultural products. As part of unique Korean food service program of Asiana, we are serving 10 types of formal traditional Korean Royal cuisines to first class passengers in long-haul flights departing from Incheon through a pre-order process. In addition, premium wines carefully selected by Asiana wine consultant group of renowned sommeliers go very well with the dishes, making the air travel with Asiana all the more enjoyable. We are also serving a variety of western foods in collaboration with the leading Italian restaurant, La Cucina.

Asiana Airlines' in-flight service includes eco-friendly coffee for first and business class passengers, certified by the international NGO, 'RA(Rainforest Alliance)'. To improve customers' understanding of the nature of in-flight meal, and enhance communication with the customers, we launched 'Asiana Dining Experience Program' as a semi-annual event in 2012.



Aircraft Efficiency and Facility Improvement

• Efficient Operation of Aircraft and Improved Maintenance Capability

To make the air travel fresh and safe for customers through upgraded services, Asiana Airlines introduced a group of new aircraft - two A330-300, five A321-200, and one B777-200ER(with first suite). Also, to gain operational flexibility, we carried out the alternation of A320 MOLO CLS and are scheduled to additionally introduce two A380-800, one A330-300, and two A321-200 in 2014. By separating the heavy maintenance process from scheduled maintenance process, Asiana strengthened its maintenance capability while gradually upgrading internal repair capacity. Especially with the opening of the 2nd aircraft hangar in Incheon, the company now is equipped with stronger ability to perform heavy maintenance on its own.

Customer Satisfaction



• Opening of 2nd Aircraft Hangar in Incheon and Training Center

Asiana Airlines established the 2nd aircraft hangar (site area of 62,060m², total floor area of 40,604m²) in Incheon, in an attempt to accumulate safety technologies and engineering capacity, to expand the infrastructure, and to reinforce internal capacity for maintenance execution by gradually reducing outsourcing. The establishment now allows simultaneous maintenance and repair of two large aircraft and one small-to-medium aircraft in parallel. In the meantime, Asiana's training facilities – made up with the old Training Center in the east wing and the newly established Learning Center in the west wing – provide a creative and mature space as well as cutting-edge equipment that help cultivate the type of human resources desired by Asiana through on-site job training and expertise development.



• Next-gen Passenger System

In November 17, 2013, Asiana Airlines deployed a new passenger system – an IT product with the biggest market share in the global aviation industry – for the purpose of providing more prompt and accurate ticketing and airport services to customers. In preparation for planned increase of new aircraft and business expansion, approximately two years of system development and 200 experts were invested in implementing the system, 'Altea Customer Management Solution' of Amadeus as the next generation passenger system.

The newly-gained ability to view the seat reservation status of other carriers using Altea system real time allowed Asiana to arrange more ticket reservations for more routes quickly and easily. In addition, the improved processes under the new system enabled faster ticket refund and re-issuance while the expanded database storing and maintaining customer's itinerary and selection information made customer services more convenient. Especially at a time when 19 out of 26 member companies of Star Alliance – to which Asiana Airlines is also a member – are using the system, it is expected that further synergy effect among Star Alliance members will be created in the form of collaborative flight reservation check, expanded use of automatic kiosks, etc. At the first phase of the deployment, the reservation, ticketing, and seat management system was initially implemented, and the next generation system will be rolled out further to all destination airports of Asiana across the world gradually starting from LA International Airport in May, 2014.

Customer Satisfaction

In-Flight Environment



Entertainment

Passengers can enjoy all kinds of entertainment starting from music of different genres, a variety of computer games, recently released movies and documentaries, sports games 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. Especially a state-of-the-art IFE system is applied to A380 which became operational from June 2014, improving user friendliness and the entire classes are equipped with high-resolution displays, enabling passengers to enjoy more vivid images of in-flight movies on a larger screen.

Special Onboard Service

Asiana Airlines indulges its passengers with its unique and differentiated onboard services by running a total of 16 special onboard service teams. It is making efforts to provide personalized services which transcend the boundary of conventional services to entertain passengers during flight, and to give its passengers special memories they will cherish forever.

special onboard services are clearly differentiated from those of the world's premier airlines in terms of flight quality. The shift of strategic focus from offering conventional services to personalization of services based on passenger needs is expected to maximize customer satisfaction. Asiana Airlines is striving to increase cabin service quality so as to improve customer satisfaction and the corporate identity.



Customer Satisfaction

Marketing



K-Pop Marketing

Asiana Airlines started supporting K-Pop marketing from 2012 to help the zeal for Korean culture spread across the world with an aim to increase communication with customers. It entered into a business partnership with 'M-Live,' the global concert brand of CJ E&M in February 2012, and with YG Entertainment in January 2013. The partnerships offer various benefits such as reserved seats for artists on overseas tour concerts, discounts for relevant persons in their company, excess luggage, and convenient booking/ticketing/boarding services. Asiana Airlines appointed Psy, the world-famous singer as the publicity ambassador in April 2013 and Eru, a K-pop ballad singer as the ambassador for flights between Korea and Indonesia in December 2013, actively promoting the Korean stars on a global stage.

"Shop & Relax" in Asiana Flights from China

To respond to increase in Chinese travelers and change in the pattern of tourism, Asiana Airlines rolled out tourism products of a new paradigm. Focusing on shopping and relaxing, the products provide connected flights from Seoul to a third country, allowing travelers to stop at Seoul for shopping and tourism and leave for the next destination where they can enjoy water sports activities, romantic beaches, and relaxation in resort cities.

SNS Communication

Asiana Airlines built channels of communication with customers and is leveraging SNS-based interactive communication based on the media to socialize its key issues and promotional campaigns. With the most expansive networks of followers and friends in the SNS world among airlines of Korea, Asiana Airlines reaches out to customers by distributing media release, responding to inquiries on a real-time basis, communicating customer complaints or compliments, posting any flight exceptions (in Twitter), and rolling out promotional events via Twitter, Facebook and me2day.

Dream Wings(Student Sponsorship Program)

Asiana Dream Wings is a global talent raising program designed to sponsor overseas activities of college youths. Starting from the first recruitment in 2011 up until the third selection in 2013, the program drew attention of many with a total of 5,761 students in 2,778 teams applied for participation. Any college students can take part in Asiana Dream Wings if they apply for the program by submitting a plan for their 'Dream Travel' to any city Asiana Airlines flies, together with itineraries. Those selected are given opportunities to partake in the 2-day dream camp first, and then 'Travel of Dream' to visit the destinations Asiana Airlines flies to over the 6-day 'Dream Week' during their summer vacation. Three 'Best Dreamer' teams will be selected through 'Dream Festa,' an event to announce the result of the travel and given additional chance to enjoy 'Winter Vacation Dream Travel.' Preschoolers and primary/secondary students are also given an opportunity to participate in this program.

Innisfree 'Jeju Travel Guidebook'

It is a special service for domestic passengers who travel to Jeju Island during the summer peak season, associated with 'innisfree,' a naturalism-oriented cosmetics brand. The Jeju Travel Guidebook whose theme is nature and healing is available for free to the customers leaving for the island at Asiana check-in counters in the airport. This service illustrates the airliner's commitment to green-friendly culture, along with travel options in Jeju which are recommended by the World Conservation Congress.

Customer Satisfaction

Customer Satisfaction Management System

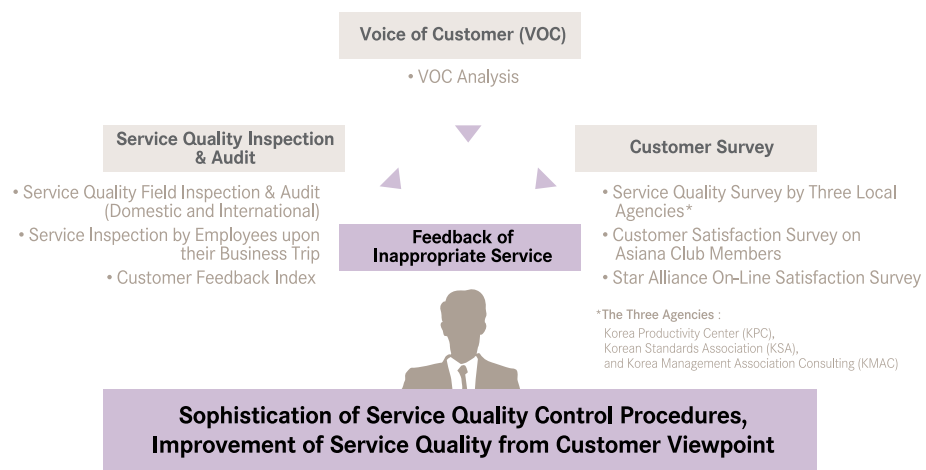
Asiana Airlines strives to improve service quality and innovation so as to achieve the management philosophy of 'customer satisfaction through the safest, superior service' while living up to expectations as the 'global airline that offers the best service.' Especially since 2007, Asiana Airlines has been rated with five stars by Skytrax, the UK airline service rating agency for eight consecutive years. The rating symbolizes the top ranking in the airline service evaluation. After being recognized as the Airline of the Year by Air Transport World in 2009, Asiana Airlines was honored with five Airlines of the Year awards from Air Transport World (ATW) in 2009, Skytrax in 2010, Global Traveler in 2011, Premier Traveler in 2012, and Business Traveler in 2012. Being recognized as five-time winner clearly proves that Asiana Airlines offers superb service that can truly satisfy its customers.

Customer Satisfaction Management System

Asiana Airlines' customer satisfaction management system is intended to identify issues requiring improvement through varied assessment and analyses of its service quality, and to increase the service quality and effectiveness of satisfaction management on an ongoing basis. Especially for issues for which corrective actions were taken, it continuously monitors the outcome and customer feedback so as to incorporate customer viewpoint into service quality improvement.

Service Quality Management System

Customer Satisfaction through Maximum Safest & Superior Service



Customer Satisfaction

VOC Management System

Asiana Airlines has introduced a new VOC system in 2013 to set a single platform to consolidate and utilize all VOCs raised during flights. Real-time VOC statistics automatically collected through the system, in particular, are being utilized to improve service quality as they help identify the reason behind recurrence of inappropriate service during flights more easily and precisely. Not only that, the data usage is being expanded to prevention of customer complaints.

Efforts to Improve Customer Satisfaction

Asiana Airlines has put in place a variety of 'service quality inspection systems' to efficiently capture and manage service quality. The end-to-end on-boarding process is inspected by service quality experts with abundant flight experience, and all employees are required to inspect flights upon their business trips. These are used as real-time service quality enhancement data. Especially, monitoring results of overseas airliners with best practices are used as major means when establishing our service differentiation strategy. Also Asiana Airlines regularly conducts customer satisfaction survey with Asiana Club to identify overall service quality level and customer needs. From this year, it will exert efforts to develop personalized service based on customer profiling by gender, by age group, and by route. Asiana Airlines set up the 'Customer Satisfaction Improvement Committee' consisting of the top management, relevant executives and department heads. The committee members meet on a periodic basis to work as the top decision-making body to establish and implement customer satisfaction policies, determine how to operate customer service teams, govern the organizations, and plan and take actions to prevent recurrence of customer complaints. Furthermore, when there are issues requiring coordination of different opinions between departments on customer service criteria/procedure or immediate development of policies, the committee holds a sub-committee meeting where the department heads promptly make decisions to create a momentum for service quality improvement.

Personal Information Protection Policy

Gathering of minimum personal information is necessary to provide services and for robust communication. Asiana Airlines is striving to set appropriate measures and implement them by complying with personal information protection regulations under relevant laws, so as to promote data privacy. Upon events that require deletion of personal information users previously consented to provide such as termination of and withdrawal from membership, the stakeholder team erases the user record from DB and shreds hard-copy documents to disable reproduction of the deleted data.

Customer Satisfaction

Records of External Awards

Asiana History of Airline of the Year



2009 Airline of the Year by
ATW of the US



2010 Airline of the Year by
Skytrax of the UK



2011 Airline of the Year by Global
Traveler of the US



2012 Airline of the Year by
Premier Traveler of the US



2012 Best Overall Airline in the
World by Business Traveler
of the US



5-Star Airline (for seven
consecutive years) by
Skytrax of the UK



Records of International Awards and Rating in 2014

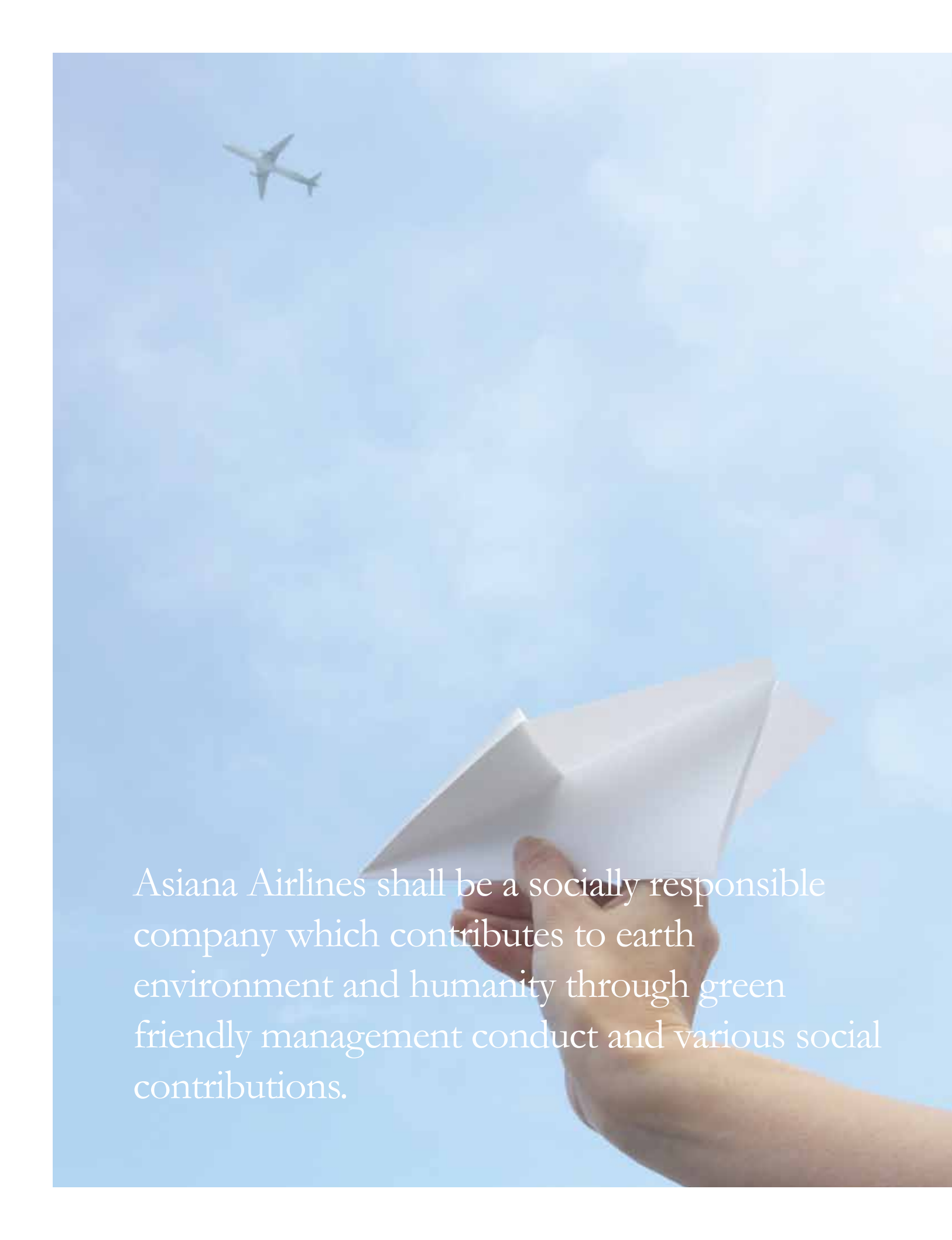
Name of Award	Date	By
The Best Services Airlines	2014.1.7	Shanghai Morning Post
The Best International Airline	2014.1.9	Oriental Morning Post
Best Overall Customer Service Airline – Ground/Call Center	2014.1.13	Business Traveler
5-Star Airline Rating for 8 consecutive years – World's Best Airline Economy Class – World's Best Aircraft Cabin Cleanliness	2014.7.15	Skytrax

Records of Local Awards in 2013-2014


Name of Award	Date	By
2013 Winner of National Customer Satisfaction Index (NCSI) in International Airline Service	2013.3.25	KPC
2013 Winner of NCSI in Domestic Airline Service		
2013 Winner of Korean Standard Service Quality Index (KS-SQI) in Airline Service	2013.6.27	KSA
2014 Winner of NCSI in Domestic Airline Service	2014.3.25	KPC
2014 Winner of KS-SQI in Airline Service	2014.6.26	KSA

Customer Satisfaction



A hand is shown from the bottom right, holding a white paper airplane. The background is a clear blue sky with a few wispy clouds. In the upper left, a real commercial airplane is visible, flying away from the viewer. The text is overlaid on the lower left portion of the image.

Asiana Airlines shall be a socially responsible company which contributes to earth environment and humanity through green friendly management conduct and various social contributions.



Asiana Airlines is carrying out a wide range of environmentally friendly activities across all business sectors as a socially responsible corporate citizen. Asiana Airlines endeavors to contribute to society together with its employees and customers.

Environment & Social Responsibility

Environment



하나밖에 없는 지구, 고객처럼 소중히
The one and only earth, As precious as our customers.

Asiana Airlines has introduced sustainable management into all areas of business in order to take into account economical environmental and social aspects when conducting business activities. Unlike in the past, when only financial performance had impact on a company's value, in this day and age non-financial factors such as environmentally sound and socially responsible behaviors can influence and impact a Company's valuation both directly and indirectly. Asiana Airlines recognizes such implications and importance and as such pursues various activities that contribute to the betterment of the society.

Aviation industry requires fully-furnished and well-equipped aircraft as well as steady supply of energy in order to be able to provide safe and comfortable flight to the passengers on board. Given how aviation engine fuel is the primary source of energy for airliners, it is especially crucial for airliners to increase fuel efficiency. Asiana Airlines is no exception to such rules and therefore all ranks and files of the Company is made aware of the importance of environmentally friendly management on all front, which is closely related to use of energy for flights from the preparation stage on the ground to actual flights in the air.

Asiana's Environment Management

Asiana Airlines has placed environment management as one of the core element for the Company's sustainable growth factor. In areas of basic category such as water and air which impacts the environment, the Company has set up and managing standards that are stricter and higher than the legal requirements. When it comes to responding to the various Climate Change related regulations and strengthening demands both at home and abroad regarding matters such as reduction of green house gas(GHG), Asiana Airlines is proactively making effort to reduce use of fuel in every stage of Aircraft operation and GHG.

Asiana Airlines aspires to become a green airline and is committed to preserving the environment without hampering the self-purification cycle. As such, the Company has defined key strategies to implement environment policies and initiatives to minimize carbon footprints in air and water and energy in its Environment Vision. In addition, by creating an Environment Emblem of 'The one and only Earth, as precious as our customers', Asiana Airlines promotes awareness about the environment to all stakeholders.

Vision				
Green-friendly Airline in Harmony with Nature				
Environment Policy	Minimize consumption of energy and resources	Continue to improve environmental impact	Proactive compliance	Win-Win management and information-sharing with stakeholders
Key Strategy	<ul style="list-style-type: none"> • Introduce high-efficiency aircraft and engines • On-going Fuel saving policy 	<ul style="list-style-type: none"> • On-going Green-friendly activities • Continue being a Green Company • Strengthen Environment Monitoring 	<ul style="list-style-type: none"> • Emission within 50 % of regulation standards • Means to reduce GHG 	<ul style="list-style-type: none"> • Publish Sustainability Report • Green Campaign by engaging Customers and Employees

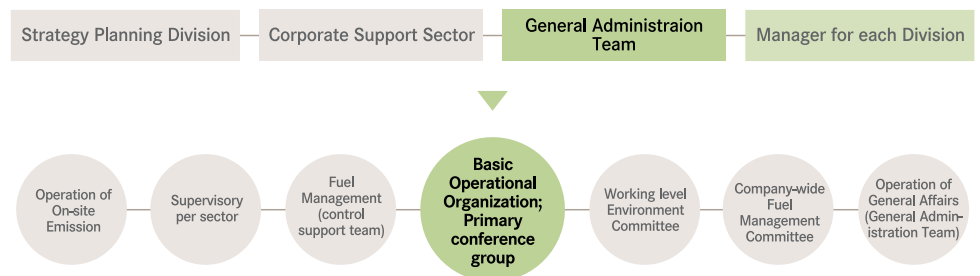
Asiana Airlines has established core strategies for basic elements that impact environment such as water, air, waste, etc. to set up environment policy and activities details to execute environment vision of the Company. The Company aims to minimize environmental impact and furthermore, plans to build systematic management activities to conduct Green-friendly business activities to optimize energy usage and to involve customers in an array of environment campaigns.

Environment



Environment Management Organization

Environment management, Asiana Airlines has reorganized the environment management organization to be directly under the Strategy Planning Division. By appointing Environment managers per Division and per Sector, any and all environment related business are monitored frequently on-site, and in case of any emergency or unusual activities, immediate action is taken and reported to General Administration team to facilitate the report and response as well as fast information sharing.



Environment Management System Operation

Asiana Airlines has established company-side environment standards in order to consistently pursue targeted direction, using ISO14001 (Environment Management System, '96.9.1) accredited to an airliner for the first time. Every year, environment impact potentials and outcome are evaluated to control and minimize impact on environment, and on a yearly basis plan and actual of environment impact are compared. In addition, the Company is conducting internal review on overall environment management and furthermore, it is receiving evaluation from an accredited institute outside of the Company at least once a year to identify and receive appropriate consultation for further improvement.

Environment Education

Asiana Airlines is conducting environment related education and training as a mandatory course for its incumbents as well as new recruits. The course focuses on environment management system and vision, mid to long term plans of Asiana Airlines as well as on past endeavors. In 2013, 330 newly recruited (general, sales, airport, maintenance, etc) and 50 incumbents were given lectures on environment related courses.

Environment

Climate Change Response

Response to Regulation

• EU ETS(European Union Emission Trading Scheme)

Since 2012, global commercial/non-commercial airlines operation 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. On November 9, 2012, the ICAO(International Civil Aviation Organization) general assembly concluded to set up International standards on GHG emission and as such the system was to be applicable only for intra-European flights. As of April 3rd, 2014, upon the voting result of EU Commission, the system is to be extended to 2016. However, regardless of the suspension, Asiana Airlines manages GHG data on all of its flight routes in order for consistent and accurate management of GHG emissions.

• 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, Domestic airport 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. Asiana Airlines has conducted multiple fuel-reduction activities which takes up more than 90% of total GHG emission and through such effort was able to satisfy all requirements set by Target Management system for 2013.

• Voluntary Agreement for GHG Reduction

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. In 2013, Asian exceeded its target yet again. And for 2014, Asiana has set its target to improve its fuel efficiency by 2.0% against the baseline year.



Target fulfillment rate and attainment rate

Category	Year	Base Year	Base Year vs. Target fulfillment rate	whether attained
1st round	2010. 8 ~ 2011. 7	2007 ~ 2009	2%	Reached
2nd round	2012	2007 ~ 2010	2%	Reached
3rd round	2013	2007 ~ 2011	2%	Reached

Environment

GHG Emission & Reduction Activities

• GHG Emission Control

Asiana Airlines' annual GHG emission is based on the volume of fuel used in both domestic and international flights and Data of overall emission has been verified by external auditing bodies for Data credibility.

• Trend

Category	2009	2010	2011	2012	2013
Aircraft Emission(tco2)	4,687,567	5,020,748	5,378,575	5,612,093	6,002,975
Fuel Consumption (ton)	1,488,831	1,595,122	1,705,500	1,779,346	1,903,214
consumption per unit (L/100RTK)	33.7	31.8	31.3	31.6	31.7

Note) 1. RTK(Revenue Ton Kilometer) : Indicates volume load of ton per km, in other words the total transport volume of passengers and cargos are translated In other words, an indicator of comprehensive sales volume of an airliner
2. EU-ETS standards applied from 2011, for basic unit calculation

• GHG Reduction Activities

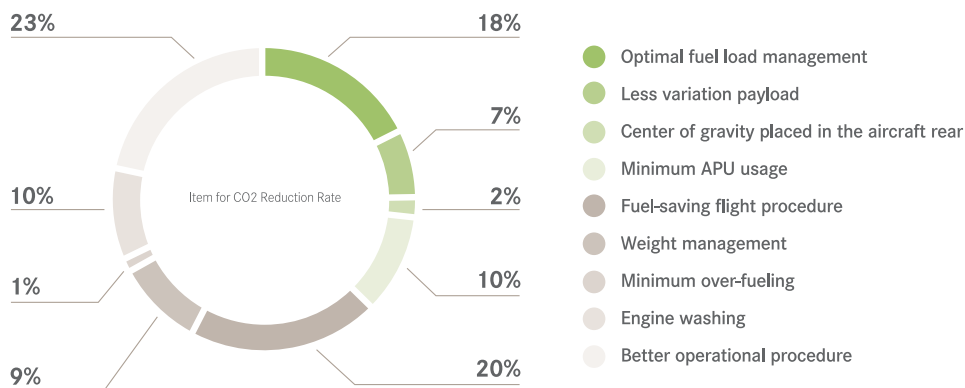
GHG reduction activities are in line with efficient management and use of energy and therefore crucial for air transport industry. Naturally, optimized fuel management is not only relevant to climate change but also closely related to airliner's competitiveness. Asiana Airlines has set up 'Corporate Fuel Management Committee' as a way to concentrate its fuel-managing capability and to coordinate and promote inter-team opinions and information exchange to optimize communication for better business decisions. In addition, Asiana Airlines has newly established a dedicated team to develop economy route in February 2012 to regularly devise route improvement procedure and route Short-cut during flight information-sharing effort on all routes. Also, to invigorate fuel-reducing endeavors of cockpit crew, Asiana has conducted Green Taxi Campaign (March 15~June 30, '13) - running only one engine during taxing after landing. Furthermore, the Company has selected and awarded outstanding pilots of fuel-saving campaigns. Asiana has also carried out APU Green Campaign (April~July, '13) in which the use of auxiliary power unit(APU) is minimized on the ground and airport ground facilities are used.



Environment

In order to minimize payload variation, Asiana Airlines reconfirms and factors in the flight planning the passenger and cargo reservation status 2 hours prior to departure. Also, we make sure the engines are free of micro dust through engine washing, as part of our engine performance enhancement efforts.

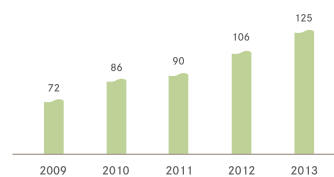
Activities for CO2 Reduction in 2013



CO2 Reduction per Activity in 2013 (tonCO2)



CO2 Reduction Result (1 thousand tCO2)



We are implementing a series of fuel conservation activities such as optimized flight planning and operation procedure for fuel saving & economical flight. Optimal flight planning includes reasonable fuel load based on statistical analysis of flight history data, and selection of most economical route from various possible routes in the planning phase. Flight procedures for fuel saving and economical operations refer to keeping economical altitude, and short-cut flight whereby the shortest airways are taken as a route depending on flight conditions.

• Engine Water Wash

Asiana Airlines has started a regular engine water wash in 2005 and to the effect, in October 2013, it introduced a state-of-the-art engine washing equipment manufactured by Lufthansa. Engine cleaning increases the engine compressor efficiency, improves air flow, reduces green house gas (GHG) emissions, and enhances fuel efficiency. Engine water wash is being conducted in consideration of the aircraft operation plans and it was performed 407 times in 2013 and 415 times are planned in 2014.

Environment



Year	2009	2010	2011	2012	2013
Number of washing events	243	270	355	356	407
Reduction amount (unit: KRW 1 million)	2,800	3,600	4,260	4,400	4,470

• Weight Management

Weight management activities to improve fuel efficiency include application of lightweight carts, center of gravity placed in the aircraft rear, and usage of lightweight containers. Application of lightweight carts was extended to include the flights to Southeast Asian destinations in 2011 and the plan is to cover all flights both domestic and international in the future. Also, optimal weight management is being conducted by placing the center of gravity in the rear part of the aircraft, in a way that reduces fuel consumption and ensures flight safety.

• Efficient Utilization of System

Asiana Airlines operates AFOCS (Asiana Flight Operations and Control System) that enables real-time control and coordination of flight operation status on all serviced routes based on the economical and safe flight statistics data, so that it can constantly monitor the flight conditions, the route taken and the arriving airport to make sure the operation is managed efficiently. In addition, a monthly committee overseeing the company-wide fuel management discusses how to gain higher fuel efficiency so that the ideas can be reflected in the business operation.

• Electric Car Operation

To reduce the amount of GHG generated in the process of support operations such as ground aircraft maintenance, Asiana Airlines has introduced electric vehicles for maintenance support in the airport area and as of April, 2014, a total of 10 electric cars are in service.

Vehicle model	Number of units in service	Operat
Change (Introduced in Oct. 2011)	7	6 at Incheon Airport : 1 MC, 1 MA, 3 MOs, 1 MH 1 at Gimpo Airport : 1 MD
Renault Samsung Electric car (Introduced in Jan. 2014)	3	1 MO, 1 MD, 1 at Incheon cargo service area ※ Charger : 3 units installed in total (Incheon passenger terminal, Gimpo passenger terminal, Incheon cargo terminal)

Environment

Green-friendly Flight

• Green Taxi Campaign

Asiana's campaign that recommends pilots to taxi with less than all engines operating after landing, under the condition that there's no safety threat

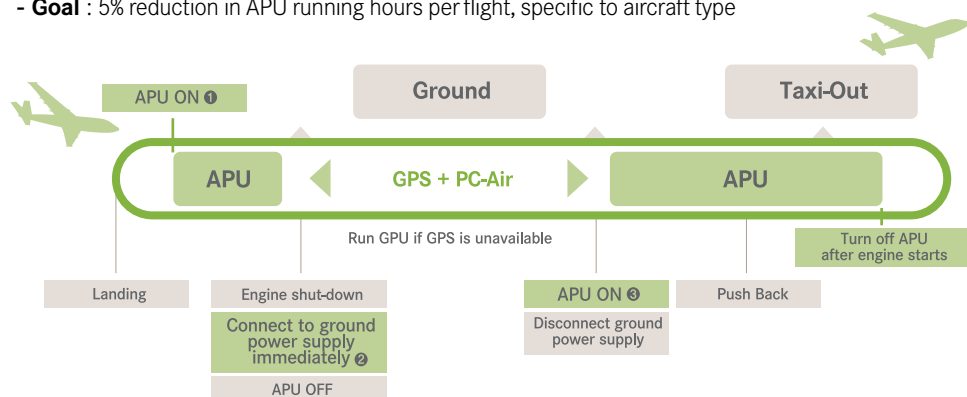
- **Goal** : Increased observation rate of Green Taxi
- **Effect** : Green Taxi Campaign raised awareness about fuel conservation among cockpit crew and helped make the practice part of day-to-day operation



• APU Green Campaign

It is a campaign which encourages active use of ground power supply in the place of APU (Auxiliary Power Unit). Pilots would suspend running APU to the greatest extent in consideration of the time it takes to the rated APU output after landing, while maintenance engineers would connect the aircraft to the ground power supply and inform the connection to the pilot so that APU can be turned off earlier. Also, pilots are advised against running APU before departure, except for onboard heating/cooling to the extent that it does not undermine customer service.

- **Goal** : 5% reduction in APU running hours per flight, specific to aircraft type



- **Upon landing (stage 1 in the figure above)** : Suspend APU run as long as possible based on the lead-time to the rated APU output (by cockpit crew)
 - ▶ Not applicable in case of running APU for engine shut-down taxi
- **From landing to aircraft stand at apron (stage 2 in the figure)** : Connect ground power supply and notify the cockpit crew for their APU cut-off (by maintenance engineer)
 - ▶ (Even if there's no engineer's notice), cut off APU once 'GRD Power Available' light is on (by cockpit crew)
- **Before departure (stage 3 in the figure)** : Limitedly run APU based on following criteria for onboard heating/cooling to the extent that customer (including internal customer) service is not hampered.
 - ▶ Run APU for minimum hours for onboard heating and cooling
 - ▶ Suspend APU running to the maximum (rule: 20 minutes)

Applicable airports in campaign scope :
Incheon, and Gimpo airports

Applicable aircraft types :
All types

Environment

• Green Flight 3

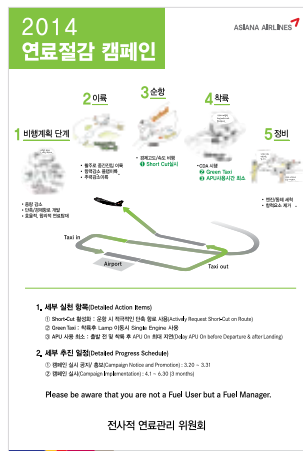
Asiana Airlines plans to launch a campaign, “Green Flight 3” that encourages intensive implementation of three distinctly selected fuel reduction activities from April to June, 2014, aiming to motivate broader range of employees to share the value, and thus participate in the campaign more actively.

1. Principle : Fuel reduction activities should be implemented under the condition that flight safety is completely secured.

2. Detailed Action Items

- ① Short-cut : Actively take short-cut route during flight
- ② Green Taxi : Leave only a single engine on for taxi after landing
- ③ Minimum APU : Delay APU operation to the maximum before departure and after landing

3. Goal : Reduction of fuel consumption and flight cost across the entire phases of flight operation



Detailed Action Items

- Short-cut : Actively take short-cut route during flight
- Green Taxi : Leave only a single engine on for taxi after landing
- Minimum APU : Delay APU operation to the maximum before departure and after landing

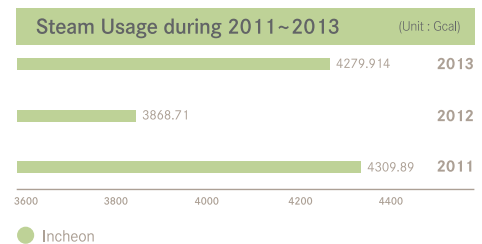
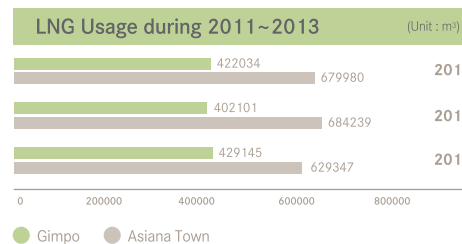
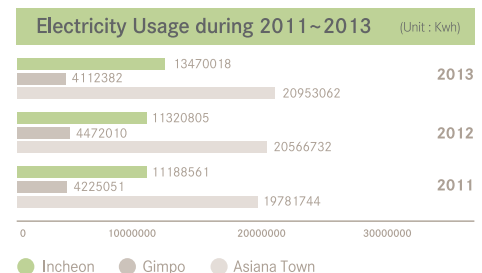
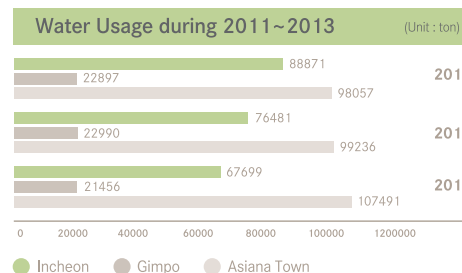
Environment

Environment Control

To minimize environmental impact unavoidably arising out of its business operation, Asiana Airlines has set the target of keeping its pollutant emissions within 50% of the legal limit. To meet 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 pursuit of green management including minimization of impact on environment through efforts to improve environment, Asiana Airlines has been designated as 'green company' by the Ministry of Environment. To fulfill its social responsibility as green company, Asiana Airlines strives to prevent any control deficiency by conducting continuous monitoring while putting in place more stringent standards of its own, apart from regulatory requirements. Thanks to the efforts, Asiana Airlines has had no environment accidents for 14 years in a row from 2000 to 2013.

Energy Consumption Control

Asiana Airlines' energy consumption slightly rose year-on-year in 2013 due to the growing demand for air transportation. The total consumption modestly increased year-on-year but the usage of electricity and LNG decreased while it is not the case for water consumption. LNG is primarily used for heating and cooling but it is also consumed for boilers and cooking. The Incheon worksite purchases steam from Incheon Airport Energy, a combined heat and power generation plant nearby because of geographical proximity and the initial design of operation which is based on steam.



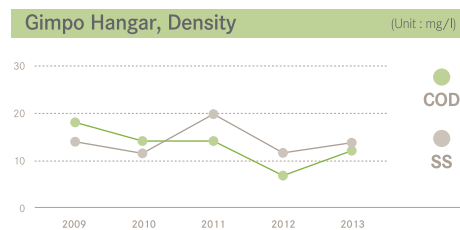
Environment

Environment Control

Water

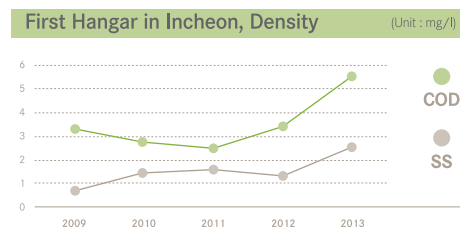
Wastewater generated from washing aircraft and components contains highly concentrated suspended materials and surfactants. Asiana Airlines applies a water treatment technology optimal for its wastewater to improve the efficiency of wastewater treatment. As it fully understands the pollution load of high-concentration slurry can go higher if it is treated within the company, it outsources the task to a third-party service provider. Treated water is checked every day to ensure optimal utilization of its wastewater treatment facilities, and water quality is frequently measured for monitoring purposes.

Water Pollutants Density Trend



Category	Legal Limit	2009	2010	2011	2012	2013
COD	130	18.68	13.61	13.46	8.57	12.73
SS	120	14.74	11.57	20.06	11.55	13.80
Water Flow (m³)		1093	1052	1324	1270	959

Note) Criteria for the 'B' region are applied to Gimpo Hangar



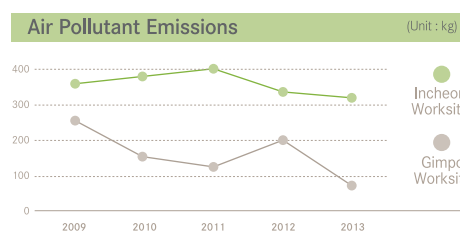
Category	Legal Limit	2009	2010	2011	2012	2013
COD	90	3.11	2.78	2.55	3.38	2.17
SS	80	0.72	1.46	1.59	1.29	1.49
Water Flow (m³)		1490	1566	1203	1028	807

Note 1) Criteria for the 'A' region are applied to Incheon Hangar

Note 2) Excluding data on the second hangar in Incheon constructed in August 2013

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. Pollutant density in the worksite control facilities and employees' exposure to pollutants are measured to track exceptions, and actions are taken to enhance the worksite environment if workers report any discomforts at work or rise in pollutant density is observed. As pollutant density can change depending on the materials and the work process at the maintenance worksite, the company regularly conducts thorough inspections. If hazardous materials that require further observation are found through the inspection, Asiana Airlines proactively studies feasibility to replace the materials with Green-friendly alternatives.



Category	2009	2010	2011	2012	2013
Gimpo Hangar	251.07	161.76	127.31	202.78	81.40
The Second Hangar in Incheon	368.95	389.05	408.1	355.10	307.73

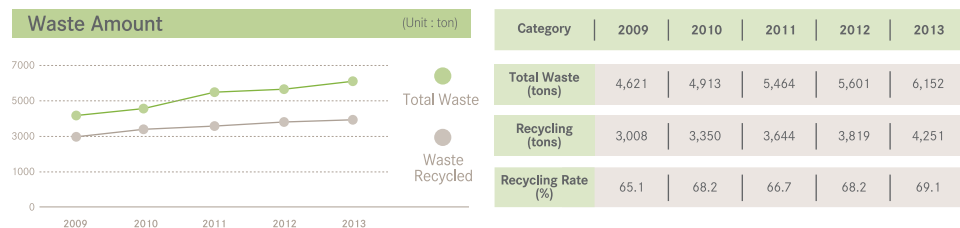
Note) Construction of the second hangar in Incheon led to partial decrease in emissions at Gimpo Hangar and the first hangar in Incheon. Data on the second hangar in Incheon are not included

Environment

Waste

Wastes disposed in the worksites are sorted based on the shape by the waste management related team. From the planning stage, the waste team takes care to reduce any unnecessary operation or raw materials that may generate wastes. Other teams have to comply with the corporate procedure set forth to give clear guidelines to tight waste control. To this end, daily and weekly monitoring activities are conducted to remove risk factors in advance and enable a prompt response to any disruptions. Inspection and training sessions are given to raise employee awareness of reuse and recycling with an aim to reduce wastes.

Waste Amount & Recycling Rate (%)



Noise

To minimize aircraft noise, ICAO established international standards and recommendations and provides related information (ICAO Annex 16. Environmental Protection). The fleet of aircrafts owned by the company is all manufactured by Airbus and Boeing in compliance with the standards stipulated in the ICAO Annex 16. The relevant information is included in the Airplane Flight Manual (AFM) of the maker, and the aircraft operator is reflecting the information on an ongoing basis with reference to AIP issued by individual countries and the Jeppesen Manual that consolidated them.

Chemical Materials

In Asiana Airlines, chemicals handled at worksites are monitored primarily by frontline departments throughout the whole process from their receipt to disposal. Workers who directly handle chemicals have to receive regular trainings and inspections for circulation of accurate information on them and prevention of potential accidents. Inflammable and explosive chemicals are replaced with less risky alternatives as long as the replacement does not hamper aircraft maintenance process, and risks arising from the chemicals handled on site are managed through an annual environmental impact assessment.

As Asiana Airlines uses a variety of chemicals in small amounts, the history and movement of the chemicals are closely tracked through the system (AMIDAS). Chemicals whose usage came to an end or suspension, or residual chemicals are identified in advance to increase preparedness against environmental or safety accidents. Regular fire drills are conducted, and anti-disaster fixture and portable equipment are readily available at the worksites.

MSDS Retrieval System



Environment

Asiana Airlines conducted intensive inspection of use, storage, and disposal of chemicals which are frequently put into the maintenance process. It took immediate actions for a gap detected. It will continue to increase the level of control to prevent safety accidents.



1. Chemical Substances Warehouse



2. Chemical Substance Storage Cabinet



3. Cabinet Storage Condition



4. On site stocked MSDS



Green Purchase

Asiana Airlines has established the green purchase guideline which promotes purchase of Green-friendly products. As long as compliance with the guideline does not adversely affect aviation safety and the guideline is compatible with aircraft operation and maintenance process, it strongly recommends use of the green products based on compliance with the environmental standards. It also reviews environmental practices of its business partners and oversees their compliance through AVEPS every year. The result of vendor evaluation is listed up and classified as required item upon renewal of the contract with a vendor.

Category	2011		2012		2013	
	Item	Spend	Item	Spend	Item	Spend
Green-Friendly & Others	23 items	2,133 million won	32 items	3,152 Million won	31 items	3,539 million won

Green-Friendly Initiatives



Green Campaigns

Asiana Airlines runs a range of programs to engage customers as well as its employees in Green-Friendly Campaigns. The company waged a campaign at an airport to promote green travel, produced public interest advertisement, and conducted Asiana Green campaigns on line to appeal to the general public.

• Participation in Creation of Eco-Park

Since 2012, Asiana Airlines has participated in tree planting at an eco-park built on a reclaimed land near metropolitan areas which takes place when Arbor Day approaches every year. Following 2012, its employees took part in the event organized by Sudokwon Landfill Site Management Corporation in 2013. It will endorse creation of the eco-park as well as environmental preservation based on ongoing participation.

• Greenhouse Gas Reduction and Carbon Labeling

All employees in Asiana Airlines should identify the volume of carbon offset as a way to offset greenhouse gas generated by Asiana flights for their business trip. In 2013, 3,113 tons of greenhouse

Environment

gases were offset and a total of 14,891 tons of the gas has been offset from May 2008 through the end of 2013. Based on its commitment to greenhouse gas reduction and building of greenhouse gas database, the company started to disclose information on emissions of greenhouse gas generated in its production process, earning carbon labeling on flight routes from credible outside agencies. The Gimpo-Haneda route was the first to be accredited in 2009 and up until 2013, a number of routes including the Incheon-Los Angeles route have been accredited.

• History of Award and Accreditation

Having attained BS7750, the British specification for an environmental management system in December 15, 1995, Asiana Airlines switched to ISO 14001 (environmental management systems) in 1996. It was designated as green company (the Gimpo worksite and the hangar in Incheon) by the Korean government, and has been dedicated to carbon labeling and validation of greenhouse gas emissions, demonstrating environmental leadership in the corporate world. Asiana Airlines has been nominated as the Sustainability Leader in air transport by Dow Jones Sustainability Index (DJSI) which takes into account environmental and social achievement as well as economic performance for comprehensive assessment, for five consecutive years since 2009.

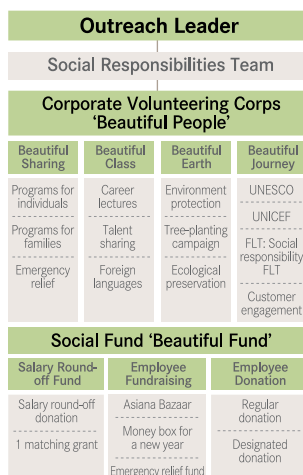


Social Responsibility

Vision

Under the vision 'Fly Together in this Beautiful World', Asiana Airlines aspires to fulfill its social responsibility engaging customers and employees to create a beautiful world where all of us across the globe can lead a happy and fulfilling life.

Organization

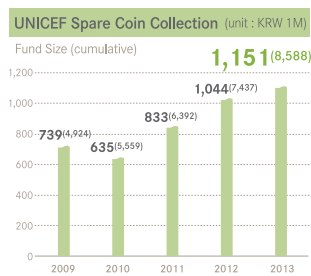


• Social Responsibilities Team

Asiana Airlines is deeply committed to corporate social responsibility undertaking a range of initiatives in a structured and professional manner by establishing Social Responsibilities Team that manages 'Beautiful People', the corporate volunteering club and 'Beautiful Fund', the employee philanthropic fund as two effective platforms.

Social Responsibility

Major Initiatives



Beautiful Sharing

Asiana Airlines is reaching out to our neighbors in need with compassionate 'Beautiful Love' through a range of social responsibility initiatives such as Asiana Bazaar, Kimchi making at the end of every year, 1 Company 1 Village, moneyboxes of love, breakfast for underprivileged children and salary round-off donation in combination with overseas campaigns such as support for the Aeta tribe of the Philippines, Love House project in Vietnamese communities suffering from extreme poverty.

• 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 travelers throw out spare notes and coins in foreign currencies at the end of their journey and therefore, it would be good to collect the money and spend it for a good cause. The campaign was started on international flights in 1994 and has grown into the most representative social campaign waged by Asiana Airlines recognized for facilitating donation from travelers with its fund gradually growing each year.

• 1 Company 1 Village

The senior executives and employees of Asiana Airlines have been visiting Sanchoeul village in Hongcheon, Gangwon Province, the sister village of Asiana Airlines, twice a year with their family members for volunteering works since 2006. Asiana has also signed an agreement with the village to buy germinated brown rice for the first-class in-flight meals, promoting the specialty product of the community and developing its economy, and to grant scholarship to students from troubled families in Hongcheon. Thanks to Asiana Airlines bringing much benefit to Sanchoeul village, the 1 Company 1 Village campaign has been named as the best practice receiving the 'Gangwon 1 Company 1 Village' award from National Agricultural Cooperative Foundation.

• Asiana Bazaar

Every May, Asiana Airlines holds a bazaar where all employees donate one item per person and participate by selling food and goods collected during the campaign. The bazaar has grown beyond a corporate event to become an inclusive community festival that invites the underprivileged and entertains participants to help them enjoy their time together.

In 2013, the cumulative fund raised at the bazaar which marked its 9th anniversary exceeded KRW 300 million. The money was spent to support children in troubled families, the physically or mentally challenged, and the campaign to preserve the world's cultural heritages.

• Meal of Love(愛)

Since 2007, Asiana people have donated a portion of their salary to support a campaign that provides lunch for low-income family children living in Gangseo district. After the government mandated every primary school to provide free lunch to students in 2011, Asiana Airlines changed the campaign name to Meal of Love and delivered breakfast instead of lunch to these children in need. 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 is actively making a contribution to this drive as the one and only corporate sponsor.

Social Responsibility

• Moneybox of Love

The Moneybox of Love campaign was launched in 2008 distributing moneyboxes to the airport staff of Asiana Airlines and spending the collected money for various social outreach activities. Starting from 2011, the campaign has grown to an enterprise-wide scale that encompasses all of Asiana offices both home and abroad.

• Salary round-off donation

Employees of Asiana Airlines have participated in the donation campaign called 'Salary Round-off' since 2006. They set aside money less than KRW 1,000 (about \$1) from their salaries and donated the money to the fund for neighbors in needs. Asiana also provides 100% matching grants to support the employees' charity efforts. In 2013, the fund was spent for Meal of Love, which provides breakfasts to low-income family children in Gangseo district and scholarship for the grandparent-grandchildren families. In 2014 and onwards, Asiana will work to further increase the fund size in order to help out more disadvantaged people in our communities.

• Social work volunteering in relay

To make more contribution to communities, Asiana people participate in social volunteering campaigns three times per month in relay. In 2013, Asiana people visit Pinetree Home, Gangseo Children's Center (afterschool classes for low-income family children), Boocheon Hyerimwon and Yangcheon Migrant Workers' Center to spread the culture of 'Beautiful Sharing' across our communities.



• Onboard outreach initiative

In 2012, Asiana Airlines formed Onboard Outreach Team in charge of designing onboard social contribution programs to invite long-haul passengers to a good cause. Starting with Save the Children's 'Knit One, Save One' campaign that had been well received by passengers in 2011, Asiana Airlines has launched a series of monthly campaigns to involve more customers.



• Support for minority tribe in the Philippines

As part of the 1 Company 1 Village campaign, Asiana Airlines established partnership in 2011 with the Aeta village near Pinatubo Volcano of the Philippines suffering from poverty and disease. Joining forces with KOICA, Asiana people visited the village to build water pumping facilities, community bathrooms and playground for children, and supported the project to remodel 70 houses.

• Love House in Vietnam

The corporate volunteering club for flight attendants, OZ-UNICEF, has built houses for extremely poor families in Bén Tre Province under the partnership that goes back to 2004. In 2013, the 42nd Love House was successfully completed and donated to the community with money raised by club members. To show Asiana fully backs the good cause, it offers monetary support and also flight tickets to Vietnam once a year to let club members see the impact they've created for the community in person.



Social Responsibility

Beautiful Classroom

Asiana Airlines is working hard to open a brighter future for our youths. 'Saekdong-narae Class' has been opened with the company club 'Asiana Dream Catchers' (education donation) visiting schools and giving lectures on career in the aviation industry. 'Dream Festival' is the largest educational event in Korea that combines cultural performances with career lectures. Asiana has also designed other educational programs to find the right career path for students interested in the aviation industry. Nowadays, the drive goes beyond Korea, launching 'Beautiful Class' across China. For the campaign, Asiana formed partnership with schools located in flight destinations and donated educational supplies to these schools in an effort to improve their learning environment. 'Beautiful Class' of Asiana Airlines is an initiative to help youths home and abroad unlock their potential and achieve their dreams.



• Saekdong-narae class

Asiana people has formed 'Asiana Dream Catchers' (education donation) to visit schools and give career lectures to students interested in aviation professions. Club members include cabin crew, pilots, and maintenance engineers currently working at Asiana Airlines to give more up-to-date information to students. Passion and dedication of participating employees have made the program highly successful. The program was even named as 'Good Education Program Organized by Businesses' by the Ministry of Education. In 2014, Asiana plans to scale up Saekdong-narae Class to meet more students.

• Dream Festival

'Dream Festival' is the largest educational event in Korea that combines culture and art performances with a career class to help relieve stress of students pressured to maintain good academic performance all the time, and fulfill their curiosity about their potential careers. Sponsored by Seoul Foundation for Arts and Culture, 'Dream Festival' first took place in the Yeongdongpo Art Hall in February 2013, followed by two concerts in Kuro Art Valley in December attended by upwards of 1,200 students in total.



• Beautiful Class for China

Asiana Airlines, as the airline that has the widest Korea-China flight network, set off to establish a sister network of schools to implement the 'Beautiful Class' initiative across China in 2012. The initiative is about forming partnership with Chinese schools in need to donate necessary educational materials and supplies. Raising the fund with KOICA, Asiana Airlines donated computers, pianos and other learning equipment to schools in seven Chinese cities including Tianjin, Harbin, Shenzhen, Chengdu and Guilin, and gave lectures when flight attendants of Asiana visited the schools themselves in 2013. So far, Asiana gave support to 14 Chinese schools. The campaign will be continued in 2014 to cover more students in China.



Social Responsibility

1. The 5th junior high school in Tumen city(圖們), Yanji(延吉)

- 40 computers, 1,000 books, 1 piano, 1 beam projector, etc

2. Ethnic Korean school in Jiutai city(九台市), Changchun(長春)

- 40 computers, 1,000 books, 1 piano, 1 beam projector, etc

3. 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

4. Laotunhuyzhen central primary school(老屯虎鎮中心小學) in Dalian(大連)

- 42 educational computers, 1,000 books, 1 piano, 1 beam projector, 1 photocopier

5. 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

6. Yongfeng primary school(永豐小學校) in Pukouqu(浦口區), Nanjing city(南京市)

- 36 educational computers, 1,000 books, 1 piano, 15 Guzhangs(古箏, Chinese Zither)

7. Fengdong Xincheng Cheliang primary school(潼東新城車輪小學) in Xishensinqu(西咸新區), Shaanxi province(陝西省)

- 61 computers, 1,000 books, 1 piano, etc

8. Yueyahe(月牙河) primary school in Hebei(河北區), Tianjin city(天津市)

- 5 multimedia sets, 12 computers, 1 piano, 1,000 books and soccer team uniforms

9. Xiangganglu(香港路) primary school, Qingdao city(青島市)

- 49 computers, 1 piano, 1,000 books

10. Dahu(大湖) secondary school, Changsha city(長沙市)

- 63 computers, 1 piano, 1 beam projector, basketball team uniforms

11. Ethnic Korean primary school, Wuhan city(五常市), Harbin

- 30 computers, 1 LED display, 120 desk-chair sets, 1 educational entertainment set

12. Ruixing(陸興) primary school in Shenzhen city

- 50 computers, 20 electronic organs, 1,000 books

Beautiful Classroom Project in China



13. Shiyang(石羊) primary school, Dujiangyan(都江堰市), Chengdu city

- Construction of 3 volleyball courts, 1 basketball court, nets, goal posts, 1 piano, 500 books, 20 volleyballs, 43 volleyball uniforms

14. Yucai(育才) primary school, Qixing district(七星), Guilin city

- 11 computers, 2 pianos, 4 multimedia sets, 500 books



• Flight attendant class & global manner school

Asiana Airlines offers a flight attendant class to high school students who wish to become flight attendants in the future. Participating students can experience what it's like to be a flight attendant in the Asiana Training Center. For high school students wishing to get a job instead of going to college after graduation, Global Manner School has been opened to teach good manners for job interviews and image making.



• Airport DoDream School

Airport DoDream School is another education donation program of Asiana Airlines designed for primary school students to learn about documents and check-in necessary for air travel. The class is offered in the airport with a tour around aircraft hangars to let children see air jets up close giving them interesting hands-on experience.

Social Responsibility

Beautiful Earth

Asiana people, both home and abroad, engage themselves in a wide range of environment improvement initiatives such as installing eco-friendly solar street lamps (the most representative initiative of Asiana), cleaning river and riverbeds across the country ('Forriver Forever') and etc. In addition to this, Asiana designates the last week of every April as 'Asiana Green Week' to preserve ecological wetlands near destination airports across the country.



• Eco Solar Light

One solar energy street lamp installed by Asiana Airlines can reduce 203kg of CO₂ per year compared to an incandescent light bulb. The impact is equivalent to planting 82 pine trees.

In partnership with KOICA, Asiana has installed 51 and 41 solar-powered street lamps in Cambodia and Vietnam respectively, and plans to build eco-friendly street lamps in Jakarta starting from 2014. Asiana builds solar-powered street lamps near the world's cultural heritage sites of these countries to safeguard both invaluable culture and environment.



• Forriver Forever

Asiana Airlines clean the areas along major rivers (Han River, Keum River, Yeongsan River, Kumho River, Nakdong River) and riverbeds of Korea. Championed by Asiana people working at domestic offices and airports, the green initiative organizes activities such as picking up garbage, pulling out weeds and planting flower to make our rivers cleaner.



• Airport wetland preservation

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

• Green initiatives in Korea

Asiana people working in Incheon Int'l Airport carry out environment campaigns at Samock and Jangbong piers, and along the coastline of Jangbong island. Employees working at the service office of Busan Int'l Airport visit Haeundae, Taejongdae, Nakdong river on a regular basis and clean the areas as part of the campaigns.

*Green initiatives Overseas

Japan: Asiana people working at the Osaka airport branch clean the areas around the Nishikinohama Beach Park. Nagoya airport employees clean around the Tokoname area, and Fukuoka airport employees clean Higashi Hirao park and Sanno park.

China : Asiana people working in Changsha and Yantai periodically carry out green campaigns around Nanhu park and Zishan park respectively.

Social Responsibility

Beautiful Culture

• AISFF

Asiana Airlines has organized AISFF(Asiana International Short Film Festival) since 2003, which marks its 11th anniversary in 2013. The festival was launched to encourage production of short films and independent films, and give more chance to talented movie directors who get relatively less attention from the public. Asiana started to include movies awarded at the festival in the in-flight movie lists starting from 2006 to support the short film industry.

• Guardian of cultural heritage

Asiana people and their families visit four royal palaces of Korea(Deoksugung, Gyeongbokgung, Changdeokgung, Changgyeonggung) and Jongmyo(a Confucian shrine for the Joseon Dynasty) on a regular basis having a tour guided by cultural heritage experts and cleaning the areas to better the environment.

• Nurturing music prodigies

Asiana Airlines sponsors a musical instrument bank which rents out instruments to music talents to find and develop prodigies of Korea.

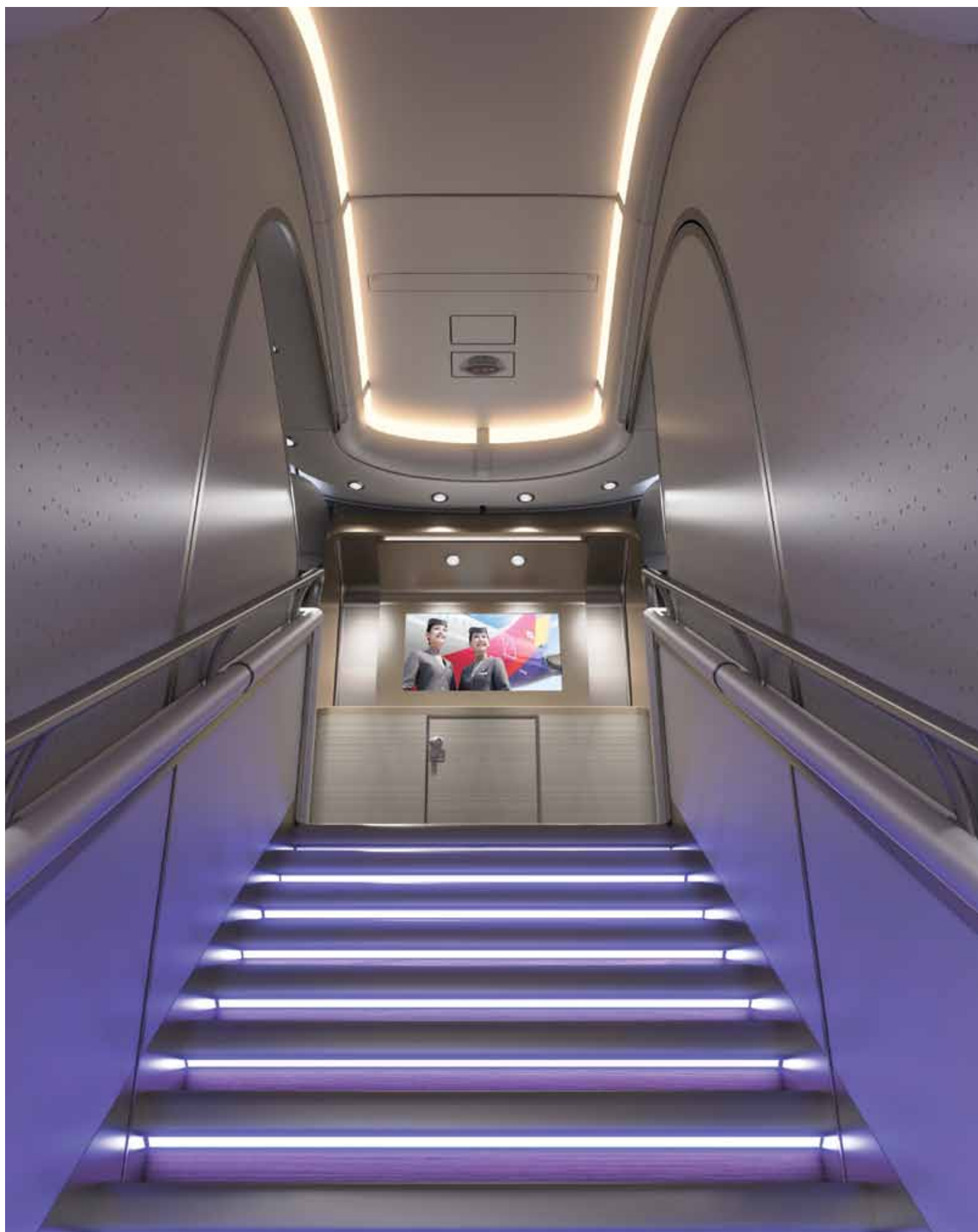
• Culture & art sponsorship

Asiana Airlines offers sponsorship to those who have made great contribution to development of culture, art and sports of Korea and raise the country's standing on the global stage.



Social Responsibility







2014 Asiana
Airlines
Sustainability
Report

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
Organization Chart
GRI G3.1 Index & Alignment with ISO 26000
Third-Party Assurance Report



Appendix

Consolidated Financial Statement

The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012
The 24th Business Period: as of Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Assets			
Current assets	1,466,671,685,608	1,064,537,579,653	1,094,986,290,810
Cash and cash equivalents	498,919,161,282	162,787,126,531	197,773,237,915
Short-term financial instruments	204,166,780,000	73,633,960,000	36,206,122,083
Trade receivable	383,522,272,645	424,959,115,021	494,212,594,713
Other receivables	32,299,738,477	27,609,992,058	34,613,681,545
Accrued income	20,582,520,140	23,036,290,392	20,614,744,251
Short-term loans receivable	23,637,085,863	22,407,504,350	17,188,483,126
Advance payments	58,387,141,441	106,317,989,043	75,336,739,695
Prepaid expenses	30,673,529,501	28,256,149,107	26,261,307,447
Prepaid taxes	3,821,022,468	2,704,401,096	2,600,438,947
Inventories	178,755,248,735	161,225,835,022	158,412,920,813
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	1,102,246,111	794,278,088	961,081,330
Non-current assets	5,545,335,886,411	5,021,824,272,891	4,652,445,154,755
Long-term financial instruments	34,500,000	34,500,000	34,500,000
Available-for-sale financial assets	278,234,247,559	254,256,905,361	233,762,144,509
Investments in jointly controlled entities and associates	396,926,308,229	141,855,755,959	143,443,691,630
Long-term loans receivable	39,980,000	53,850,079,443	48,605,442,704
Guarantee deposits	452,593,085,830	420,005,795,046	354,984,556,626
Deferred loss on disposal of property, aircraft and equipment	190,972,115,072	221,777,052,133	252,666,386,280
Deferred income tax assets	129,557,247,022	45,750,633,145	64,606,821,817
Property, aircraft and equipment	3,757,361,448,117	3,554,271,658,779	3,241,886,897,651
Investment property	128,225,842,074	130,481,669,012	108,816,520,757
Intangible assets	209,881,151,625	197,786,708,327	201,548,507,165
Other non-current assets	1,509,960,883	1,753,515,686	2,089,685,616
Total assets	7,012,007,572,019	6,086,361,852,544	5,747,431,445,565

(Unit : KRW)

	26th Period	25th Period	24th Period
Liabilities			
Current liabilities	2,048,713,145,130	2,028,486,896,102	2,895,267,425,210
Trade accounts payable	167,170,456,482	267,036,272,591	248,163,625,550
Short-term borrowings	50,000,000,000	1,000,000,000	3,320,148,383
Advance receipts	255,122,301,435	265,260,956,577	299,688,461,794
Unearned income	12,951,703,332	2,287,731,407	3,707,368,920
Withholdings	33,461,769,488	29,603,442,295	31,082,331,967
Other payables	287,448,769,278	308,589,373,905	385,363,711,013
Accrued expenses	85,915,169,929	96,348,713,964	86,818,129,907
Income taxes payable	6,041,173,684	5,179,618,718	17,836,568,873
Taxes withheld	130,447,617,012	118,187,311,175	112,298,201,547
Current portion of debentures issued	493,469,791,406	526,379,839,295	636,295,649,278
Current portion of long-term borrowings	405,859,012,947	286,064,859,052	868,092,204,469
Current portion of obligations under financing leases	116,666,455,209	122,548,777,123	108,854,870,473
Current portion of financial derivative liabilities	4,158,924,928		93,746,153,036
Non-current liabilities	4,059,982,949,503	3,052,984,973,500	1,990,876,607,115
Debentures issued	1,410,970,336,764	923,550,579,485	629,281,850,129
Long-term borrowings	672,759,157,271	795,916,828,448	136,114,106,838
Obligations under financing leases	623,504,749,965	608,287,244,705	601,192,395,590
Defined benefit liability	215,695,408,667	202,035,941,066	135,303,201,952
Long-term advance receipts	432,833,708,208	385,656,940,586	355,872,846,608
Long-term unearned income	255,482,811,552	3,728,487,038	8,906,864,471
Long-term other payables	9,686,343,182	18,815,340,587	33,521,103,702
Deferred income tax credits	53,293,721,386		
Provisions	104,744,100,576	63,484,898,907	44,787,946,028
Other long-term liabilities	281,012,611,932	51,508,712,678	45,896,291,797
Total liabilities	6,108,696,094,633	5,081,471,869,602	4,886,144,032,325
Equity attributable to owners of the Parent Company			
Capital stock	975,506,825,000	975,506,825,000	916,536,240,000
Capital surplus	1,148,869,102	1,148,869,102	1,119,928,066
Accumulated other comprehensive income (loss)	17,672,942,979	22,917,028,208	(21,560,623,107)
Other components of equity	(28,488,270,487)	(28,488,270,487)	(28,488,270,487)
Retained earnings(Accumulated deficit)	(65,905,628,767)	29,449,881,616	(9,806,103,131)
Non-controlling interest	3,376,739,559	4,355,649,503	3,486,241,899
Total equity	903,311,477,386	1,004,889,982,942	861,287,413,240
Total liabilities and equity	7,012,007,572,019	6,086,361,852,544	5,747,431,445,565

Consolidated Comprehensive Income Statement

The 26th Business Period: Jan. 01 to Dec. 31, 2013
The 25th Business Period: Jan. 01 to Dec. 31, 2012
The 24th Business Period: Jan. 01 to Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Sales	5,723,506,384,082	5,887,872,743,115	5,609,398,419,744
Cost of sales	5,159,649,585,880	5,109,055,196,392	4,624,659,881,944
Gross profit	563,856,798,202	778,817,546,723	984,738,537,800
Selling, general and administrative expenses	575,091,840,092	599,449,801,304	626,481,026,317
Operating (loss) income	(11,235,041,890)	179,367,745,419	358,257,511,483
Other operating income	359,169,751,542	229,230,561,023	285,068,985,741
Other operating expenses	380,574,222,674	197,053,459,542	519,474,218,114
Financial income	22,640,762,295	27,129,457,329	15,625,236,175
Financial expenses	149,284,939,847	161,600,313,360	186,036,018,314
Profit of associates accounted for using the equity method	26,291,720,460	14,004,879,773	13,440,410,787
Loss of associates accounted for using the equity method	7,569,996,987	4,545,648,302	3,643,745,283
Profit (loss) before income tax	(140,561,967,101)	86,533,222,340	(36,761,837,525)
Income tax expense (income)	(25,897,062,002)	24,059,906,513	(6,839,630,003)
Profit (loss) for the year	(114,664,905,099)	62,473,315,827	(29,922,207,522)
Equity holders of the Parent Company	(115,658,055,999)	61,382,051,563	(30,864,455,575)
Non-controlling interest	993,150,900	1,091,264,264	942,248,053
Other comprehensive income (loss) for the year	15,106,259,743	22,349,627,839	(47,129,092,068)
Other comprehensive profit/loss after tax that will not be reclassified to profit/loss			
Remeasurements of net defined benefit liabilities	20,753,165,890	(21,961,516,810)	(13,820,900,231)
Equity stake in remeasurements of net defined benefit liabilities of associates	(402,820,918)	(166,506,666)	(371,766,222)
Profit/loss on overseas operation	(10,525,146)	(176,858,915)	100,304,288
Gain(Loss) on valuation of investments in associates	(6,904,089,675)	(752,555,095)	2,236,205,476
Loss on valuation of available-for-sale financial assets	1,670,529,592	45,407,065,325	(35,272,935,379)
Total comprehensive income (loss) for the year	(99,558,645,356)	84,822,943,666	(77,051,299,590)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	(100,599,595,612)	83,733,636,062	(77,988,407,503)
Non-controlling interest	1,040,950,256	1,089,307,604	937,107,913
Per share data			
Basic earnings (loss) per share	(593)	317	(171)
Diluted earnings (loss) per share	(593)	316	(171)

Consolidated Statement of Changes in Shareholders' Equity

The 26th Business Period: Jan. 01 to Dec. 31, 2013
The 25th Business Period: Jan. 01 to Dec. 31, 2012
The 24th Business Period: Jan. 01 to Dec. 31, 2011

(Unit : KRW)

			Equity							
			Shareholders of Parent Company					Non-controlling Interest	Total Equity	
			Capital Stock	Capital Surplus	Accumulated Other Comprehensive Income (loss)	Other Components of Equity	Retained Earnings (Accumulated Deficit)			Total
Balance at January 1, 2011			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
Changes in Equity	Comprehensive income (loss)	Profit (loss) for the year				(30,864,455,575)	(30,864,455,575)	942,248,053	(29,922,207,522)	
		Profit/loss on overseas operation		100,304,288			100,304,288		100,304,288	
		Gain(Loss) on valuation of investments in associates		2,236,205,476			2,236,205,476		2,236,205,476	
		Loss on valuation of available-for-sale financial assets		(35,272,935,379)			(35,272,935,379)		(35,272,935,379)	
		Remeasurements of net defined benefit liabilities				(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)	
Transactions with equity holders	Bond with warrants exercised		24,423,345,000	1,945,279			24,425,290,279		24,425,290,279	
	Changes in consolidated subsidiaries							(9,950,000)	(9,950,000)	
	Dividends							(200,000,000)	(200,000,000)	
Balance at December 31, 2011			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
Balance at January 1, 2012			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
Changes in Equity	Comprehensive income (loss)	Profit (loss) for the year				61,382,051,563	61,382,051,563	1,091,264,264	62,473,315,827	
		Profit/loss on overseas operation		(176,858,915)			(176,858,915)		(176,858,915)	
		Gain(Loss) on valuation of investments in associates		(752,555,095)			(752,555,095)		(752,555,095)	
		Loss on valuation of available-for-sale financial assets		45,407,065,325			45,407,065,325		45,407,065,325	
		Remeasurements of net defined benefit liabilities				(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)	
Transactions with equity holders	Bond with warrants exercised		58,970,585,000	28,941,036			58,999,526,036		58,999,526,036	
	Changes in consolidated subsidiaries							(19,900,000)	(19,900,000)	
	Dividends							(200,000,000)	(200,000,000)	
Balance at December 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
Balance at January 1, 2013			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
Changes in Equity	Comprehensive income (loss)	Profit (loss) for the year				(115,658,055,999)	(115,658,055,999)	993,150,900	(114,664,905,099)	
		Profit/loss on overseas operation		(10,525,146)			(10,525,146)		(10,525,146)	
		Gain(Loss) on valuation of investments in associates		(6,904,089,675)			(6,904,089,675)		(6,904,089,675)	
		Loss on valuation of available-for-sale financial assets		1,670,529,592			1,670,529,592		1,670,529,592	
		Remeasurements of net defined benefit liabilities				20,705,366,534	20,705,366,534	47,799,356	20,753,165,890	
		Actuarial losses of associates				(402,820,918)	(402,820,918)		(402,820,918)	
Transactions with equity holders	Bond with warrants exercised									
	Changes in consolidated subsidiaries							(19,860,200)	(19,860,200)	
	Dividends							(2,000,000,000)	(2,000,000,000)	
Balance at December 31, 2013			975,506,825,000	1,148,869,102	17,672,942,979	(28,488,270,487)	(65,905,628,767)	899,934,737,827	3,376,739,559	903,311,477,386

Consolidated Cash Flow Statement

The 26th Business Period: Jan. 01 to Dec. 31, 2013
The 25th Business Period: Jan. 01 to Dec. 31, 2012
The 24th Business Period: Jan. 01 to Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Net cash generated from operating activities	739,045,604,566	345,691,616,180	641,002,502,704
Cash generated from operations	852,099,170,430	470,390,483,903	798,406,835,403
Interest received	20,474,135,554	16,074,932,653	8,244,197,154
Interest paid	(130,905,295,678)	(125,042,358,459)	(154,796,771,987)
Dividends received	9,746,989,571	10,201,019,094	9,664,399,264
Income tax paid	(12,369,395,311)	(25,932,461,011)	(20,516,157,130)
Net cash provided by (used in) investing activities	(811,294,584,935)	(620,770,739,639)	208,019,395,719
Decrease (increase) in short-term financial instruments, net	(130,440,000,000)	(37,503,883,117)	(6,114,450,141)
Net increase/decrease of long-term financial instruments			3,000,000
Acquisition of available-for-sale financial assets		(41,975,677,201)	(20,207,126)
Disposal of available-for-sale financial assets		51,223,008,000	10,000,000
Acquisition of investments in jointly controlled entities and associates	(260,602,084,600)		
Disposition of investments in jointly controlled entities and associates	15,684,509,156	109,440,000	50,000
Short-term loans granted		(9,200,000,000)	(2,332,000,000)
Collection of short-term loans		3,842,532,976	2,001,000,000
Long-term loans granted	(15,885,860)	(14,945,000)	
Collection of long-term loans	17,400		
Disposal of property, aircraft and equipment	7,442,932,320	6,629,447,639	38,199,494,847
Purchases of property, aircraft and equipment	(384,960,330,858)	(388,126,708,986)	(258,633,299,029)
Disposal of intangible assets		576,000	129,760,237
Purchases of intangible assets	(18,779,742,108)	(1,952,818,380)	(683,249,346)
Decrease in guarantee deposits	74,322,409,706	41,653,279,576	122,337,825,676
Increase in guarantee deposits	(113,392,083,259)	(152,929,346,182)	(124,909,256,667)
Acquisition of other investment assets	(15,000,000)		
Others (derivatives)		(92,505,744,964)	(22,169,460,771)
Changes in consolidated entity	(19,860,100)	(19,900,000)	
Increase in restricted cash deposits	(519,466,732)		(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	409,172,098,439	242,828,052,606	(862,402,473,286)
Net increase/decrease of short-term borrowings	49,000,000,000	(2,294,336,365)	(33,454,859,705)
Proceeds from long-term borrowings	104,215,212,578	172,684,530,329	187,507,810,368
Repayment of long-term borrowings	(81,818,242,392)	(68,417,037,809)	(267,600,000,000)
Redemption of debentures	(301,399,409,350)	(1,012,926,504,069)	(835,927,689,808)
Corporate bond borrowing	820,854,279,022	1,208,110,063,760	398,373,200,000
Repayment of obligations under financing leases	(179,679,741,419)	(112,807,448,240)	(335,479,679,141)
Payment of dividends	(2,000,000,000)	(200,000,000)	(200,000,000)
Bond with warrants exercised		58,678,785,000	24,378,745,000
Net increase/decrease of cash and cash equivalents	336,923,118,070	(32,251,070,853)	(13,380,574,863)
Cash and cash equivalents at the beginning of year	162,629,355,167	197,606,795,175	210,525,180,776
Exchange gains on cash and cash equivalents	(1,315,006,051)	(2,726,369,155)	462,189,262
Cash and cash equivalents at the end of year	498,237,467,186	162,629,355,167	197,606,795,175

Statement of Financial Position

The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012
The 24th Business Period: as of Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Assets			
Current assets	944,905,100,720	841,188,516,318	830,832,935,515
Cash and cash equivalents	245,511,127,872	109,144,616,284	113,562,499,488
Short-term financial instruments	7,311,780,000	7,218,960,000	
Trade receivables	325,176,822,953	339,130,767,888	360,138,716,659
Other receivables	31,980,961,404	27,410,620,350	34,264,363,915
Accrued income	19,598,351,949	21,726,616,727	16,554,442,409
Short-term loans receivable	13,171,660,000	13,206,420,000	13,387,260,000
Advance payments	55,966,524,754	100,765,455,093	74,606,841,496
Prepaid expenses	34,075,549,162	29,039,299,668	27,237,828,077
Prepaid taxes	3,402,771,322	2,408,099,735	2,600,438,947
Inventories	177,904,612,359	160,332,721,628	157,675,605,579
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	5,109,325,947,265	4,828,299,119,140	4,440,415,685,535
Long-term financial instruments	22,000,000	22,000,000	22,000,000
Available-for-sale financial assets	269,898,378,439	244,958,956,611	225,899,013,249
Investments in subsidiaries, associates and jointly controlled entities	603,924,258,556	531,824,358,356	531,545,102,455
Long-term loans receivable		51,628,975,739	46,468,994,862
Guarantee deposits	469,518,555,156	439,338,248,873	363,067,526,000
Deferred loss on disposal of property, aircraft and equipment	190,972,115,072	221,777,052,133	252,666,386,280
Deferred income tax assets	150,188,761,540	120,229,955,238	141,886,064,950
Property, aircraft and equipment	3,355,718,973,565	3,153,414,132,054	2,838,706,951,037
Investment property	43,168,055,134	43,938,781,210	20,788,532,093
Intangible assets	24,669,053,691	19,486,145,842	17,323,130,015
Other non-current assets	1,245,796,112	1,680,513,084	2,041,984,594
Total assets	6,054,231,047,985	5,669,487,635,458	5,271,248,621,050

Statement of Financial Position

The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012
The 24th Business Period: as of Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Liabilities			
Current liabilities	1,747,810,460,513	1,806,649,135,018	2,535,948,640,532
Trade accounts payable	128,937,173,414	190,478,439,584	134,523,085,438
Short-term borrowings	50,000,000,000		1,320,148,383
Advance receipts	250,658,851,799	260,801,136,613	298,993,005,720
Unearned income	1,692,942,049	2,150,394,649	2,375,910,709
Withholdings	31,274,267,556	27,490,974,773	28,748,650,107
Other payables	301,228,407,648	318,397,817,136	392,740,508,673
Accrued expenses	76,546,011,948	85,265,123,725	80,620,949,261
Income taxes payable			13,445,411,038
Taxes withheld	126,774,052,300	114,571,773,068	109,290,149,823
Current portion of debentures issued	199,867,158,513	376,575,253,388	406,936,819,605
Current portion of long-term borrowings	233,514,012,947	158,564,859,052	688,592,204,469
Current portion of obligations under financing leases	116,666,455,209	122,548,777,123	108,854,870,473
Current portion of long-term borrowings with asset-backed securitization	226,492,202,202	149,804,585,907	175,760,773,797
Current portion of financial derivative liabilities	4,158,924,928		93,746,153,036
Non-current liabilities	3,491,025,963,051	2,927,209,724,912	1,924,792,707,986
Debentures issued	693,269,985,898	685,764,564,123	554,540,965,184
Long-term borrowings	670,384,157,271	740,291,828,448	123,989,106,838
Obligations under financing leases	623,504,749,965	608,287,244,705	601,192,395,590
Long-term borrowings with asset-backed securitization	755,312,115,021	231,363,799,335	74,740,884,945
Other long-term employee benefits	195,612,615,214	186,168,182,369	126,786,063,384
Long-term advance receipts	432,833,708,208	385,656,940,586	355,872,846,608
Long-term unearned income	2,040,023,367	2,342,630,269	2,645,237,171
Long-term other payables	9,659,759,878	18,777,747,174	33,476,348,405
Provisions	104,470,727,224	63,228,523,258	44,547,516,982
Other long-term liabilities	3,938,121,005	5,328,264,645	7,001,342,879
Total liabilities	5,238,836,423,564	4,733,858,859,930	4,460,741,348,518
Equity			
Capital stock	975,506,825,000	975,506,825,000	916,536,240,000
Capital surplus	1,148,869,102	1,148,869,102	1,119,928,066
Accumulated other comprehensive income (loss)	21,180,210,078	17,455,256,732	(15,790,417,927)
Other components of equity	(28,488,270,487)	(28,488,270,487)	(28,488,270,487)
Accumulated deficit	(153,953,009,272)	(29,993,904,819)	(62,870,207,120)
Total equity	815,394,624,421	935,628,775,528	810,507,272,532
Total liabilities and equity	6,054,231,047,985	5,669,487,635,458	5,271,248,621,050

Comprehensive Income Statement

The 26th Business Period: Jan. 01 to Dec. 31, 2013
The 25th Business Period: Jan. 01 to Dec. 31, 2012
The 24th Business Period: Jan. 01 to Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Sales	5,463,294,738,859	5,638,068,843,903	5,331,003,265,542
Cost of sales	4,999,098,214,281	4,963,954,409,845	4,422,544,527,389
Gross profit	464,196,524,578	674,114,434,058	908,458,738,153
Selling, general and administrative expenses	525,785,560,145	541,577,919,938	565,087,419,540
Operating (loss) income	(61,589,035,567)	132,536,514,120	343,371,318,613
Other operating income	364,009,913,004	238,662,962,787	417,217,513,100
Other operating expenses	361,801,055,071	175,809,287,287	567,653,082,504
Financial income	14,269,522,521	24,165,002,126	14,601,642,964
Financial expenses	135,167,639,018	149,524,390,346	192,002,800,500
Profit before income tax (benefit)	(180,278,294,131)	70,030,801,400	15,534,591,673
Income tax expense (benefit)	(37,179,287,115)	19,418,551,583	(887,379,166)
Profit(loss) for the year	(143,099,007,016)	50,612,249,817	16,421,970,839
Other comprehensive income (loss) for the year, net of tax	22,864,855,909	15,509,727,143	(37,994,055,751)
Other comprehensive profit/loss after tax that will not be reclassified to profit/loss			
Remeasurements of net defined benefit liabilities	19,139,902,563	(17,735,947,516)	(14,996,732,896)
Other comprehensive profit/loss after tax that will be reclassified to profit/loss			
Valuation income (profit/loss) on available-for-sale financial assets	3,724,953,346	33,245,674,659	(22,997,322,855)
Total comprehensive income (loss) for the year	(120,234,151,107)	66,121,976,960	(21,572,084,912)
Per share data			
Basic earnings per share	(733)	261	91
Diluted earnings per share	(733)	261	88

The 26th Business Period: Jan. 01 to Dec. 31, 2013
The 25th Business Period: Jan. 01 to Dec. 31, 2012
The 24th Business Period: Jan. 01 to Dec. 31, 2011

Statement of Changes in Shareholders' Equity

(Unit : KRW)

			Equity					
			Capital Stock	Capital Surplus	Accumulated Other Comprehensive Income (loss)	Other Components of Equity	Accumulated Deficit	Total Equity
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
Changes in Equity	Comprehensive income (loss)	Profit for the year					16,421,970,839	16,421,970,839
		Remeasurements of net defined benefit liabilities					(14,996,732,896)	(14,996,732,896)
		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 at December 31, 2011			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 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
Changes in Equity	Comprehensive income (loss)	Profit for the year					50,612,249,817	50,612,249,817
		Remeasurements of net defined benefit liabilities					(17,735,947,516)	(17,735,947,516)
		Gain 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 at December 31, 2012			975,506,825,000	1,148,869,102	17,455,256,732	(28,488,270,487)	(29,993,904,819)	935,628,775,528
Balance at January 1, 2013			975,506,825,000	1,148,869,102	17,455,256,732	(28,488,270,487)	(29,993,904,819)	935,628,775,528
Changes in Equity	Comprehensive income (loss)	Loss for the year					(143,099,007,016)	(143,099,007,016)
		Remeasurements of net defined benefit liabilities					19,139,902,563	19,139,902,563
		Gain on valuation of available-for-sale financial assets			3,724,953,346			3,724,953,346
	Transactions with equity holders	Bond with warrants exercised						
Balance at December 31, 2013			975,506,825,000	1,148,869,102	21,180,210,078	(28,488,270,487)	(153,953,009,272)	815,394,624,421

Cash Flow Statement

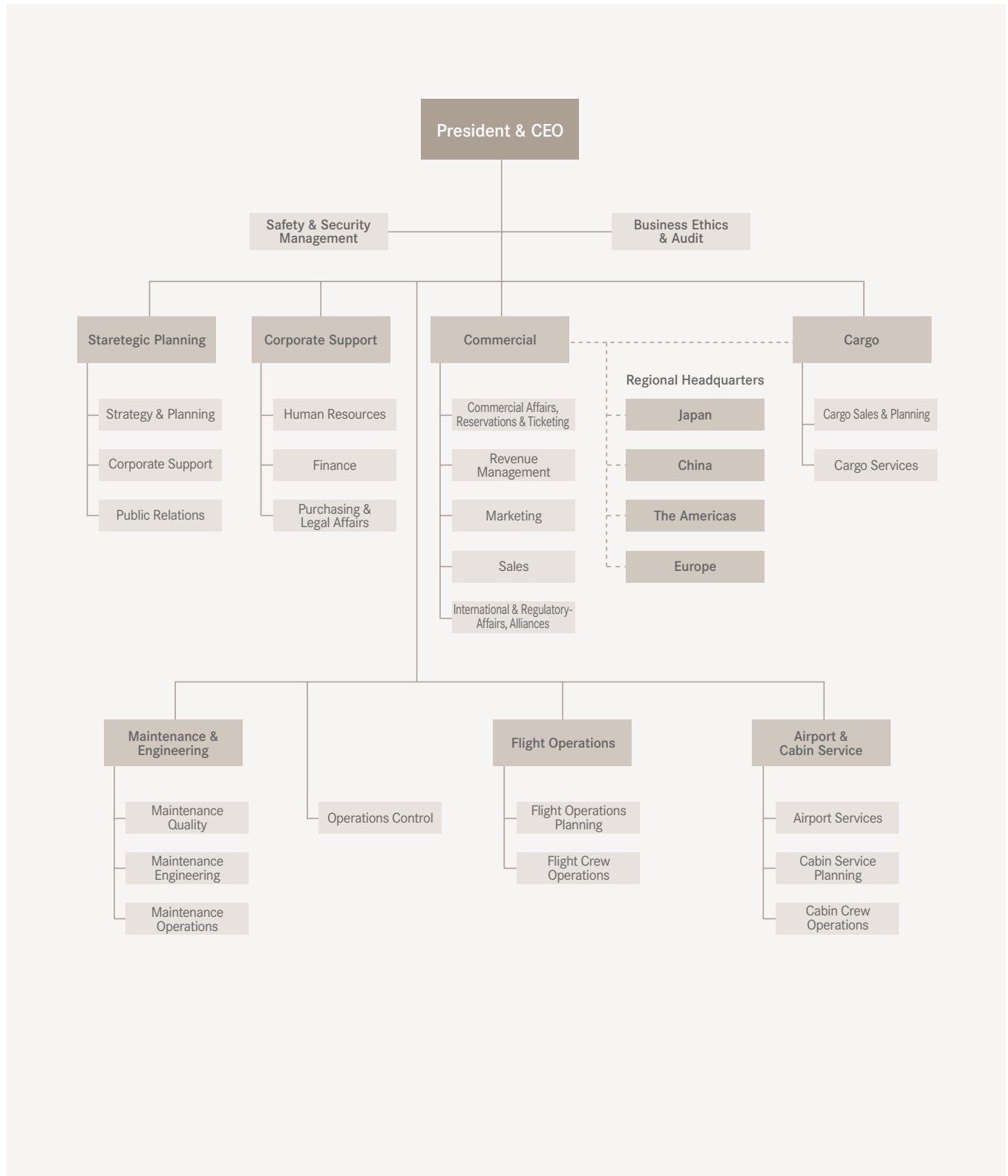
The 26th Business Period: Jan. 01 to Dec. 31, 2013
The 25th Business Period: Jan. 01 to Dec. 31, 2012
The 24th Business Period: Jan. 01 to Dec. 31, 2011

(Unit : KRW)

	26th Period	25th Period	24th Period
Net cash generated from operating activities	222,827,653,721	287,104,452,490	629,368,993,964
Cash generated from operations	303,906,206,169	390,612,775,602	775,371,716,762
Interest received	11,901,069,566	13,826,612,796	7,367,848,976
Interest paid	(122,322,804,185)	(114,905,884,364)	(154,779,123,610)
Dividends received	30,796,677,761	14,207,619,094	10,713,699,264
Income tax paid	(1,453,495,590)	(16,636,670,638)	(9,305,147,428)
Net cash provided by (used in) investing activities	(483,259,114,971)	(588,667,037,494)	192,908,849,455
Decrease (increase) in short-term financial instruments, net		(7,295,005,200)	1,500,000,000
Acquisition of available-for-sale financial assets		(41,885,677,200)	(207,126)
Disposal of available-for-sale financial assets		51,223,008,000	10,000,000
Acquisition of investments in jointly controlled entities and associates	(82,402,084,700)	(383,357,771)	(370,556,755,499)
Disposition of investments in jointly controlled entities and associates	15,684,609,156	109,590,000	50,000
Decrease in long-term loans	17,400		
Short-term loans granted			(2,332,000,000)
Disposal of property, aircraft and equipment	606,756,874	6,059,690,747	38,194,332,246
Purchases of property, aircraft and equipment	(374,764,751,285)	(379,655,691,308)	(258,090,319,223)
Disposal of intangible assets			11,760,237
Purchases of intangible assets	(5,215,164,137)	(1,860,281,260)	(61,133,971)
Decrease in guarantee deposits	74,259,769,702	52,680,006,161	111,197,154,091
Increase in guarantee deposits	(110,908,801,249)	(175,153,574,699)	(124,886,256,667)
Increase in restricted cash deposits	(519,466,732)		(166,442,740)
Disposal of financial derivative trade		(92,505,744,964)	(22,169,460,771)
Disposal of non-current asset held for sale			820,258,128,878
Net cash provided by (used in) financing activities	397,500,647,930	299,703,892,454	(833,973,131,626)
Net increase/decrease of short-term borrowings	50,000,000,000	(1,294,336,365)	(29,454,859,705)
Proceeds from long-term borrowings	104,215,212,578	172,684,530,329	187,507,810,368
Repayment of long-term borrowings	(73,413,242,392)	(59,917,037,809)	(267,600,000,000)
Issuance of debentures	233,594,902,022	493,692,791,348	398,373,200,000
Redemption of debentures	(381,382,659,949)	(408,227,790,794)	(460,881,873,582)
Repayment of obligations under financing leases	(179,679,741,419)	(112,807,448,240)	(335,479,679,141)
Proceeds from long-term borrowings with assets-backed securitization	895,559,377,000	400,163,906,733	
Repayment of long-term borrowings with assets-backed securitization	(251,393,199,910)	(243,269,507,748)	(350,816,474,566)
Bond with warrants exercised		58,678,785,000	24,378,745,000
Net increase/decrease of cash and cash equivalents	137,069,186,680	(1,858,692,550)	(11,695,288,207)
Cash and cash equivalents at the beginning of year	108,986,844,920	113,396,056,748	124,690,885,927
Exchange gains on cash and cash equivalents	(1,226,597,824)	(2,550,519,278)	400,459,028
Cash and cash equivalents at the end of year	244,829,433,776	108,986,844,920	113,396,056,748

Organization Chart

* As of July. 1, 2014



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	●	18, 19, 23
	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	●	5, 16~19, 41~43, 46, 47
Organizational Profile			
2.1	Name of the organization	●	front cover, 5, 8
2.2	Primary brands, products, and/or services	●	8, 10~17
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	24, 25, 69, 99
2.4	Location of organization's headquarters	●	front cover, 8
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	●	11, 12, 14, 15, 83~85
2.6	Nature of ownership and legal form	●	25
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	10, 11, 40~43
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)	●	8, 10, 11, 13, 16, 33, Appendix, 99
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	8, 12~15, 25, 40, 41, 99
2.10	Awards received in the reporting period	●	14, 24, 64, 70, 76, 80
Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	●	front cover
3.2	Date of most recent previous report (if any)	●	front cover
3.3	Reporting cycle (annual, biennial, etc.)	●	front cover
3.4	Contact point for questions regarding the report or its contents	●	front cover
3.5	Process for defining report content	●	18, 19
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures)	●	front cover
3.7	Any specific limitations on the scope or boundary of the report	●	front cover
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	○	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	●	13, 40, 71
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	—	
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, 45
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)	●	front cover, 104
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)	●	25, 26
4.2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	25
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	●	25
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	25, 26

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)	●	25
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	25, 26
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)	●	25
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	22, 23, 27, 28, 50, 68, 80
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	●	22~24, 27, 28, 50, 68, 80
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	25, 26
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	24~26
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	24, 26, 52, 76, 81
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	●	11, 15, 52
4.14	List of stakeholder groups engaged by the organization	●	23~26
4.15	Basis for identification and selection of stakeholders with whom to engage	●	23~26
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	18, 19, 23, 24, 26, 62, 63, 81~85
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	●	18, 19, 23, 24
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)	●	8, 13, 40, 44, Appendix
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	70~75
EC3	Coverage of the organization's defined benefit plan obligations	●	36
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	○	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	28, 29, 40~43
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	33
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	15, 58, 59, 79~85
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	12~17, 40~43
EN1	Materials used by weight or volume	●	71, 76
EN2	Percentage of materials used that are recycled input materials	●	78
EN3	Direct energy consumption by primary energy source	●	71, 76
EN4	Indirect energy consumption by primary source	●	76
EN5	Energy saved due to conservation and efficiency improvements	●	71~75
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	71~75
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	71~75
EN8	Total water withdrawal by source	●	76
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	●	85
EN13	Habitats protected or restored	●	79, 85
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	●	79, 85
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	●	71, 72
EN17	Other relevant indirect greenhouse gas emissions by weight	●	72, 76
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	70 ~ 75
EN19	Emissions of ozone-depleting substances by weight	—	
EN20	NO, SO, and other significant air emissions by type and weight	○	
EN21	Total water discharge by quality and destination	●	77
EN22	Total weight of waste by type and disposal method	●	78
EN23	Total number and volume of significant spills	●	78
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	—	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	○	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	70 ~ 75, 79, 80
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	○	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for 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	●	68, 70 ~ 75
EN30	Total environmental protection expenditures and investments by type	○	

Social : Labor Practices & Decent Work

LA1	Total workforce by employment type, employment contract, and region, broken down by gender	●	33
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	33
LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	●	31 ~ 37
LA4	Percentage of employees covered by collective bargaining agreements	●	33, 36
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	○	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	●	33, 36
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	○	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	36, 37
LA9	Health and safety topics covered in formal agreements with trade unions	●	36, 37, 50 ~ 54
LA10	Average hours of training per year per employee by gender, and by employee category	●	32, 52 ~ 54
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	30 ~ 32
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	33
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	●	25, 33
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	○	33 ~ 35
LA15	Return to work and retention rates after parental leave, by gender	●	35

GRI Index	Description	Reporting Level	Reporting Section
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	●	34, 35
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	●	28, 29
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, 32
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	●	36
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	○	
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	○	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	●	35, 62, 63
Society			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	79~85
SO2	Percentage and total number of business units analyzed for risks related to corruption	—	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●	27
SO4	Actions taken in response to incidents of corruption	●	27
SO5	Public policy positions and participation in public policy development and lobbying	—	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	—	
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	○	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	○	
SO9	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	●	80~85
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	●	51, 53, 54, 64, 80
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	●	10~15, 40~43, 62, 63
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	—	No violations
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	18, 19, 62~63
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	26, 61
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	●	No violations
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	62, 63
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	—	No violations

Third-party Assurance Statement

Dear Asiana Airlines Management and Stakeholders

Asiana Airlines has commissioned Korean Standards Association (hereinafter "KSA") to provide external assurance on the 2013 Sustainability Report (hereinafter "the report") of Asiana Airlines. KSA has verified evidence and feasibility of data, performance results, and relevant systems described in the report to offer an independent third-party assurance.

■ Responsibility & Independence

KSA does not have any kinds of commercial interest in any businesses of Asiana Airlines apart from offering an external assurance on the sustainability report. Responsibility for collecting, analyzing, compiling information and claims found in the report fully rests on Asiana Airlines.

■ Assurance Standards Level

KSA has validated the report mainly based on the AA1000AS 2008 assurance standards also referring to the GRI G3.1 guideline and ISO 26000, and confirmed information reliability and the areas subjected to the principles of inclusivity, materiality and responsiveness in accordance with the AA1000AS (2008) assurance requirements. Information reliability of the Sustainability Report has been verified with a moderate-level assurance.

■ Assurance Type & Scope

KSA, the assurer, has performed a validation 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 information included in the report according to the principle of reporting responsibility described in AA 1000 AS 2008.

The scope of assurance is limited to the system and activities of Asiana Airlines inclusive of the sustainability management policy, objectives, business, standards, and performances during the reporting period described in the report. Environmental and social data and economic financial data have also been validated. Concerning the stakeholder engagement, only the materiality test process has been assured.

■ Assurance Methodology

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

- media research and analysis on Asiana Airlines sustainability management
- review of stakeholder interests and sustainability issues
- interviews with performance data manager by aspects and an inspection toward the collection system
- review of the internal documents backing key arguments of the report and raw data sampling
- checking the consistency between financial performance data and the audit report for 2013 financial statements and disclosed information

■ Assurance Results & Opinion [Principles/Process]

KSA had reviewed the draft report and expressed its opinion on it. The report has been modified accordingly when necessary. KSA assures that it did not find any significant error, or any incorrect or inappropriate description in this report. KSA sets forth its opinion on this report as follows:

- **Inclusivity** Has Asiana Airlines engaged stakeholders in the process of developing and introducing strategic responses to sustainability? KSA believes Asiana Airlines has identified major stakeholders and is working to engage

them. Asiana Airlines has classified stakeholders into customers, shareholders, employees, partners, communities and environment and established a formal channel to communicate with each and every stakeholder group. However, the report does not describe expectations and interest of stakeholders that have been communicated to Asiana Airlines through the engagement channel. KSA recommends, therefore, that Asiana Airlines should define and report in detail the stakeholder identification and engagement process and activities in the future reports.

- **Materiality** Has Asiana Airlines included material information in the report to help stakeholders make decision-making activities? KSA hereby

believes Asiana Airlines is reporting sustainability issues through its material issue identification process. It is especially noteworthy that Asiana Airlines has prioritized its sustainability issues based on the external assessment and survey results. However, KSA recommends Asiana Airlines should make its materiality assessment process more comprehensive to include more detailed quantitative and qualitative analysis results to depict materiality and influence of internal/external stakeholders more accurately. KSA also advises Asiana Airlines report more in detail on high-priority issues such as the safety accident occurred during the reporting year in a more proactive, distinctive and structured manner.

- **Responsiveness** Has Asiana Airlines made appropriate responses to the concerns and demands of stakeholders in the report? KSA believes Asiana

Airlines is working to respond to requests and concerns of stakeholders through various initiatives for green management, safe operation, social responsibility and better customer service. Asiana Airlines engages in various collaborations and partnerships with employees, customers and suppliers to improve its sustainability management. While Asiana has been very proactive in driving sustainability management, however, it did not give sufficient description about meaning, objective and impact of its initiatives for sustainability management. KSA advises Asiana Airlines report vision, objective and policy for sustainability management in full and clear details to help stakeholders better understand how sustainability management is being implemented across the company.

- **Opinion & Recommendation by Category [Performance/Issue]**

KSA recommends Asiana Airlines review the followings to enhance its sustainability performance and contribute to sustainable development.

- **Economy** Asiana Airlines discloses its strategic responses (e.g. reinforcing network competitiveness, introducing new aircrafts, etc) to internal and external changes such as growing overseas tourism driven by rapid increase of middle-income families in emerging countries, more FTAs being signed and an expected increase in cargo volume. KSA recommends Asiana Airlines to analyze and disclose specifically how the company is impacting and contributing to sustainable growth and value sharing with its financial profit made by expanding networks, fleet modernization and etc.

- **Environment** Defining green management as one of the key drivers of sustainable growth for the company, Asiana Airlines has done an excellent performance in reducing GHG emissions and extending the principles of green management beyond the company to include customers. Going forward, Asiana is well advised to take one step further by setting quantitative targets and fashioning detailed implementation plans for actual improvement, and on-going control of green management.

- **Society** Customer data protection is a really significant sustainability issue for Asiana Airlines as the company provides customer service and management by holding and utilizing massive customer data. Therefore, Asiana Airlines is recommended to report multi-pronged strategy to manage and protect personal information by designating data managers, providing data education and developing data protection system.



AA1000
Licensed Assurance Provider
000-70

July 23, 2014
Acting KSA Chairman & CEO
Kim, Moo-hong