

Strengthen Self without Stopping



ASIANA AIRLINES SUSTAINABILITY REPORT 2015

ASIANA AIRLINES

SUSTAINABILITY
REPORT
2015

ASIANA AIRLINES SUSTAINABILITY REPORT 2015

CONTENT

04 CEO MESSAGE

06 Major Achievements In 2014

Company Overview

12 Introduction

14 GLOBAL NETWORK

Sustainability Management

18 Material Issue Identification

20 Sustainability Management
Structure

22 Sustainability Management
Organization

23 Win-Win Management

25 Ethics Management

26 Corporate Governance

28 Stakeholder Communication

28 Employee

29 Fostering Human Resources

32 Safety and Health In Workplace

Economic Value

36 Domestic and Foreign Market
Conditions

36 Passenger

39 Cargo

41 Value Sharing of Stakeholders

42 Risk Management

42 Fair Trade

43 Disclosure

Customer Satisfaction

46 Safety Management

49 Aviation Safety Support

52 Service

54 Marketing

55 Customer Satisfaction
Management System

57 Awards

Environment & Social Responsibility

60 Environment Management

61 Climate Change Response

66 Environment Control

69 Environmentally-Friendly Activities

70 Social Responsibility

APPENDIX

77 Financial statements

86 GRI G3.1 Index & Alignment with
ISO 26000

90 Organization Chart

91 Third-Party Assurance Report

All of us will do our best without stopping for sustainable growth and development



First of all, I would like to convey my sincere appreciation to our stakeholders for continued affection and trust. In the last year, we were able to reinforce our core competency and competitiveness under the motto of 'New Kumho Asiana'. These achievements were made possible because of the passion and unwavering focus which we learned in our early years. We chose 'Flawless Operational Safety' and 'Regaining Customer Trust' as our top priorities because safety and service are Asiana Airlines' highest goals. We've made improvements in flight training system and maintenance quality system to reinforce our general safety systems. Asiana Airlines has introduced A380, the next generation cutting-edge aircraft, to provide convenience for customers and put them into LA flights. In order to reinforce the competitiveness of long-haul flights, we expanded Paris and Istanbul flights. Furthermore, we added more flights to Guangzhou, Yanji and Shenzhen to take the dominance as a leading carrier in the Chinese market.

Asiana Airlines has laid the groundwork for sustainability with the revitalization of organizational culture. 'Smile Brings Blessings' campaign, the meeting between executives and staffers which leads to frank exchanges of opinions, has given us the sense of belonging and strong bond by tearing down the walls between positions.

Asiana Airlines is going to fulfill the management policy of the last year, New Kumho Asiana, in 2015 and will try its best to be a reliable and beautiful company under the new motto "Strengthen Self without Stopping". That means we are ready to stand as one and work tirelessly for the steady development and growth of the company. In addition to the safety and service items we have already promoted, an integrated safety information system will be built and bold investment for hi-tech operation equipment will be made to continuously strengthen the infrastructure for safety. This will also enhance the foundation for bringing about the awareness of safety issues.

In order to reinforce our competitiveness through the latest aircraft, we confirmed the plan to introduce A350XWB and A321 NEO. We hope this will help build up the foundation for future growth. This year, we will put additional A380s into New York flights and will start a new flight to Rome to reinforce our competitiveness in long-haul flight. Also, we will speed up the plan to add our strategic air routes in China and other Asian countries.

Asiana Airlines hopes to become a company that contributes to the nation and society by social and environmental activities. We are going to take responsibility for social and environmental issues with persistence and sincerity. One of such efforts is the 'UNICEF Spare Coin Collection' which we have been working with the Korean Committee for UNICEF (United Nations Children's Fund). In the last year, the accumulated amount of money has exceeded 10 billion won. This fundraising campaign will be continued for the benefit of underprivileged children. There are also other activities and campaigns to promote corporate responsibility such as 'Social Work Volunteering In Relay', 'Beautiful Classroom' in China, tree planting events on the reclaimed lands near metropolitan areas and various environmental activities to reduce greenhouse gases.

In retrospect, Asiana Airlines has grown and evolved thanks to our stakeholders' continuous affection and support. We will make utmost efforts to raise the corporate value to the best in the business and to be a 'Beautiful Company' who is willing to take the social responsibilities by raising awareness of safety issues and differentiating the services with distinct ideas. We hope all our stakeholders will favor us with supports and expectations.

Thank you.

Soo Cheon, Kim
President & CEO

A handwritten signature in black ink, consisting of the letters 'SC' followed by a stylized 'Kim'.

Main Achievements In 2014

Strategic Network Management

● Creating Competitiveness

- Reinforce the competitiveness for large aircraft and premium service by introducing A380
- Increase the efficiency of small aircraft → Reinforce the competitiveness for short-haul flights
- Preparations for the changeover to a new fleet(with new types of airplanes) from 2017 on

● Network Reinforcement

- Passenger
 - New Flights : Jinan(2 times per week), Barcelona(between May and June), Irregular Flights to Venice(between July and September)
 - Increased Flights : Guangzhou(10 times per week → 14 times per week), Shenzhen(4 times per week → 7 times per week), Yanji(5 times per week → 7 times per week), Shenyang(3 times per week → 4 times per week), Paris(4 times per week → 5 times per week), Istanbul(4 times per week → 5 times per week), Hanoi (11 times per week → 14 times per week)
- Cargo
 - Expanded Flights : Hanoi(6 times per week → 7 times per week), Narita (2 times per week → 3 times per week)
 - Extended Flight Networks : Interline(2 more companies)
 - Flexible Flight Operations : Hanoi(7 times per week ↔ 5 times per week)



Responsiveness to the Market & IT Based Management

● Creating Competitiveness

- Build the integrated management system for seats and fares
- Build the integrated management system for seats and fares Reinforcement of profitability management (expertise, effectiveness)
- Increase profits by wet leasing U.S. lines during the peak seasons for cargo transportation
- Make contracts with more GPA(Global Partnership Agreement) partners : 12 companies in 2013 → 13 companies in 2014
- Detailed classification of cargo RM(Revenue Management) Class

● Diversification of Marketing

- Expand the foundation of foreign market
- K-POP Marketing : Increase our brand recognition to the fans of the Korean Wave (Sponsoring for the Korean Wave concerts)
- Expanded Participations for Younger Generation

Dream Wings	(College Students) Back up the dreams and passion → Elevate the corporate image
	(Elementary, middle and high school students) Running hands-on programs by age → Increase friendliness and preference
Flying Marketer	(Customers in their 20s) Produce and spread online promotion contents

- Increased supply of E-Commerce : An increase of 40% from 2013
- Increased amount of mail order retailing supply (Germany, China, Singapore, Belgium)

● Reinforcement of IT Sales Fundamentals

- Open Altea customer management system and build an airport system
Improvement of airport automation service(Self check-in automatic ticketing system[KIOSK] usage rate : 17%(2013) → 25%(2014))
- Build overseas online infrastructures (China, Europe, Southeast Asia, Oceania, CIS → Real-time ticketing on the internet)
- CRM(Customer Relationship Management) system construction
 - Establishing the integrated management and analysis system for customer information

Safety and Service Reinforcement

● Safety Reinforcement

- Reinforcement of flight training system
 - Special Simulator training for all the flight crews (Evaluation and special education included)
 - Increase instructor's turnout during flight training
 - Develop and introduce a new training system(EBT : Evidence Based Training)
- Improvement of Maintenance Reliability
 - Reinforce the technical support for foreign airports (Build real-time wired and wireless communication system)
 - Develop techniques to repair core parts of airplanes and engines
 - Acquiring a certification of international standard for maintenance system(EASA[Europe])
- Reinforcement of cargo safety
 - Reinforce the transport process of lithium batteries (Not allowed in any aircraft and routes)
 - Reinforce the transport process of animals(Rodents are not allowed in any aircraft and routes)
 - Reinforce loading checkup steps (loading machine operators → load controllers → cockpit crews)



● Service Reinforcement

- Differentiate and stabilize the A380 services
 - Develop in-flight fast menus, Specialty services (barista, sommelier)
 - Improve Service process and facilities, Supply new items (Improve comfort wears and Slippers etc.)
- Improve service by service quality monitoring and coaching
 - Run cabin service monitoring committee and auditor
 - Carry out overseas airport service coaching : 10 branch offices in Southeast Asia
- Reinforce customer guidance services(Utilize SNSs etc.)
 - Offer the information about A380, Improve in flight meals, Offer Mobile check in

Reinforcement of Sustainability Management

● Nurture and recruitment of power

- Foster A380 flight crews and confirmation mechanic
- Provide engine maintenance experts

● Activation of Organizations

- Fortune comes to a merry home(28 times of unreserved meetings with Executives)
- All for One Program(Build trust and understanding between departments and levels. 8 times a year)
- Positive Communication Process, Culture Travel of OZ

● Financial Structure Improvement

- Raise manpower efficiency through process improvement
- Maintenance engineering activities → Switch over to self repairing system
- Secure natural hedge and long-term liquidity through diversification of currency borrowing

● Introduction of Aircraft

- Two A380-800s, an A330-300 and two A321-200s

● Reinforcement of Advertisement and Promotion

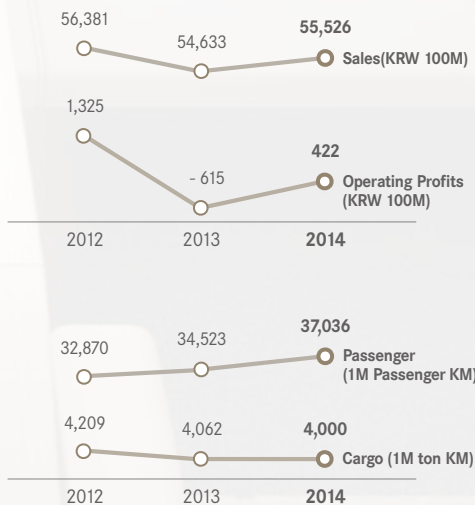
- Promote and advertise the A380 by steps
- Customer participation(Two-Way) promotion : 'Fly to' campaign
- Raise preference for the company by inserting PPLs in major variety programs, dramas, education programs on TV





● Improvement of Corporate Image

- Environmentally-Friendly Activities
 - Tree planting activities on the world's largest landfill
 - Chosen as the best airline company by DJSI for six consecutive years
 - Raise Environmentally-friendly image : Incheon-LA flight was selected as a Green product of the year for five consecutive years
- Social Contribution in Overseas
 - Installation of 26 Environmentally-friendly solar-powered streetlights (Istiqlal Mosque in Jakarta)
 - Beautiful Class Project has been completed in China (21 schools in 3 years)
- Operating a talent donation group
 - Service group (114 persons), Attendees(45,000 persons in 420 classes)
- Safety equipments trial
 - Hands-on experience of safety equipments with customers
 - Safety training experience programs for overseas councils
- Coin collection in the airplane for the UNICEF
 - The collection for charity has reached to over 10 billion KRW since 1994



Sales and Transport Performance

● Sales and Operating Profits

Classification	2012	2013	2014
Sales(KRW 100M)	56,381	54,633	55,526
Operating Profits(KRW 100M)	1,325	-615	422

● Transport Performance

Classification	2012	2013	2014
Passenger(1M Passenger KM)	32,870	34,523	37,036
Cargo (1M ton KM)	4,209	4,062	4,000

INTRODUCTION

- 12 Introduction
- 14 Global Network



Asiana Airlines will fly up
into the beautiful future
with our customers with
the spirit of “Strengthen
self without stopping.”

* Strengthen self without stopping: strive for oneself with unceasing effort



Company Overview

Management Philosophy and Business Credo

Asiana Airlines actually fulfilled the management policy of the year, New Kumho Asiana, in 2014. In 2015, we are trying our best to be a strong and beautiful company under the new motto, "Strengthen Self without Stopping."

Business Credo

Customer satisfaction
through maximum safety
and the best service



Company philosophy

The safest, fastest and most
comfortable flight to the
destination on time

Management Philosophy

Job creation for communities and
rationality-based management

Company Name	Asiana Airlines Inc.
Date of Establishment	Feb. 17, 1988
Address	Asiana Town, 443-83, Ojeong-ro, Gangseo-gu, Seoul, Korea (headquarters) Gonghang-ro 94-1 Gangseo-gut, Seoul, Korea (Gimpo Hangar) 272, Gonghang-ro, Jung-gu, Incheon, Korea (Incheon Hangar)
President & CEO	Soo Cheon, Kim(金秀天)
Business	Air Transport
Revenue	KRW 5 trillion 552 billion 678 million
EBIT	KRW 42 billion 228 million
Employees	10,380 persons (as of April 30, 2015)



Aircraft Fleet

A total of 5 aircrafts(two A380-800s, an A330-300 and two A321-200s) have been newly introduced in 2014. The aircraft fleet operated by Asiana Airlines at the end of 2014 consisted of 84 aircrafts(73 Passenger Aircrafts and 11 Cargo Aircrafts) in total. In 2015, we are planning to introduce four aircrafts (two A380-800s and two A321-200s). Under a medium and long-term perspective, we have a plan to introduce 30 A350XWBs(from 2017 to 2025) and 25 A321NEOs(from 2019 to 2025).

Aircraft Type		The Numbers of Aircrafts	Aircraft Type		The Numbers of Aircrafts
Passenger Aircrafts	A320-200	8	Cargo Aircrafts	B767-300F	1
	A321-100	2		B747-400F	4
	A321-200	23		B747-400SF	6
	A330-300	15			
	A380-800	2			
	B767-300	7			
	B777-200ER	12			
	B747-400C	2			
	B747-400P	2			
	Subtotal	73		Subtotal	11
Total			84		



Global Network

(as of September 1, 2015)

- 355 Domestic flights per week on 11 routes to 11 cities
- 656 international passenger flights per week on 91 routes to 77 cities in 25 countries
- 70 international cargo flights per week on 25 routes to 28 cities in 12 countries



Star Alliance

The Star Alliance is the largest global airline alliance (28 Airlines) that connects 1,330 airports in 192 countries and operates 18,500 flights a day as of September 1, 2015.

Star Alliance members offer a range of high-quality customer services such as priority booking and standby, exclusive check-in counter, the frequent flier program, the rights to use about 1,000 airport lounges across the globe, one-stop check-in service and priority baggage check.



SUSTAINABILITY DEVELOPMENT

18	Material Issue Identification
20	Sustainability Management Structure
22	Sustainability Management Organization
23	Win-Win Management
25	Ethics Management
26	Corporate Governance
28	Stakeholder Communication
28	Employee
29	Fostering Human Resources
32	Safety and Health In Workplace



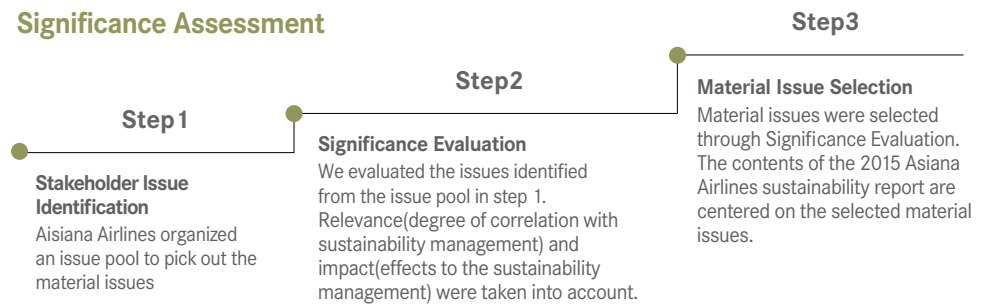
Asiana Airlines will enhance the company's prestige to THE WORLD BEST by creating premium corporate value.

Material Issue Identification

Material Issue Identification Process

Through the following process, Asiana Airlines has conducted analysis to identify material issues to be included in 2015 Sustainability Report. Especially, we have induced the material issues which have a influences on Asiana Airlines' sustainability management and put them into the report.

Significance Assessment



○ Identification Methods of the Material Issue Pool

• Media Analysis

Asiana Airlines has analyzed a total of 1,270 articles and press reports published from January 2014 to May 2015 to identify relevant issues that help us find out the public's perception of the company and material sustainability issues.

• International Standards Analysis

GRI G3.1, ISO26000, etc.

• Relevant Company Analysis

Asiana Airlines has analyzed sustainability management strategies, reported issues and success cases based on the reports published by relevant companies home and abroad.

• Internal Policy and Document Analysis

Confirmation and analysis of Asiana Airlines' strategy, policy, major activities and performance in 2014

• The Survey of Stakeholders

① External Stakeholders

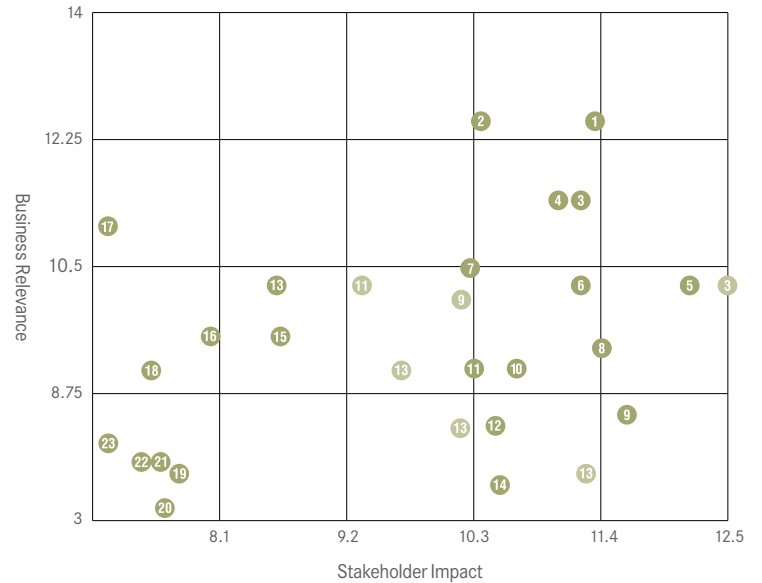
Asiana Airlines conducted the survey to understand external stakeholder interest per issue and to pick out sustainability issues. A total of 150 respondents participated in the survey and the results were studied to derive 38 issues of relevance.

② Internal Stakeholders

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



○ Significance Assessment Matrix



No.	Issues	Significance
1	Perfect Safety Operation	11.9
2	Improvement of service quality for customer satisfaction (ex. Enhancement of the entertainment function, Differentiated service)	11.5
3	Corporate reputation management (ex. Advanced brand promotion and marketing)	11.3
3	Social contribution that reflect the characteristic of business (ex. Education donation - Field trip to observe an airplane, Lectures on the principle of flying, maintenance engineer's lecture on the job)	11.3
4	Promotion of the communication with customers (Utilization of SNS, Resolving customer complaints and disputes)	11.2
5	Interactive corporate culture (Grievance Redress Committee, Joint mountaineering)	11.0
6	Health care for the employees	10.6
7	Disclosure of management activities for corporate transparency	10.4
8	Investment for aircrafts and facilities	10.2
8	Inspection for safety management, sophistication of the system	10.2
9	Securing the work-life balance of the employees(ex. Family-friendly management)	10.1
9	Climate change response	10.1
10	Global social contribution that meets the local needs	9.9
11	Employment creation, Talent recruitment	9.7
11	Fairness in partner company selection, Transparency in partner company evaluation	9.7
12	Increase the use of eco-friendly aircrafts and equipments	9.5
13	Sophistication of ethics management practice system	9.3
13	Fairness in achievement evaluation, Reasonable reward	9.3
13	Global network expansion (ex. MOU, strategic partnership)	9.3
13	Supporting the capacity building of partner companies	9.3
14	Observance of environmental laws, Taking measures against restriction (ex. Carbon emission trading)	9.1
15	Fair and balanced competition (ex. prohibition of price rigging and monopolization)	9.0
16	Educations for the employees' capacity building	8.8
17	Advanced risk control for financial and non-financial management	7.9
18	Reinforcing the soundness of corporate governance	7.8
19	Activation of the employees' social contribution (ex. Donation and Voluntary service)	7.4
20	continuous communications with partner companies	6.1
21	Securing the new growth engines (Preparing for the budget airlines)	5.8
22	Educations for accident prevention and simulation drill reinforcement	5.6
23	Reinforcement of the protection for the customer's personal data	5.0

Sustainability Management Structure

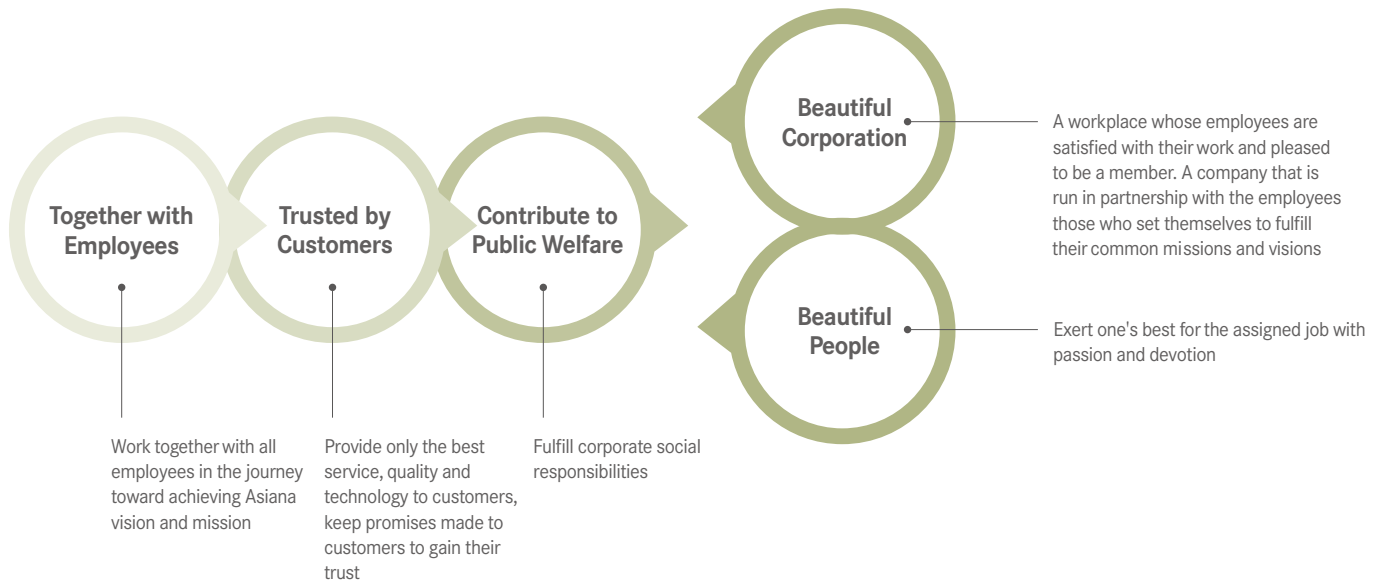


Asiana Airlines' sustainability management structure is organized on the basis of the New Values of Kumho Asiana Group.

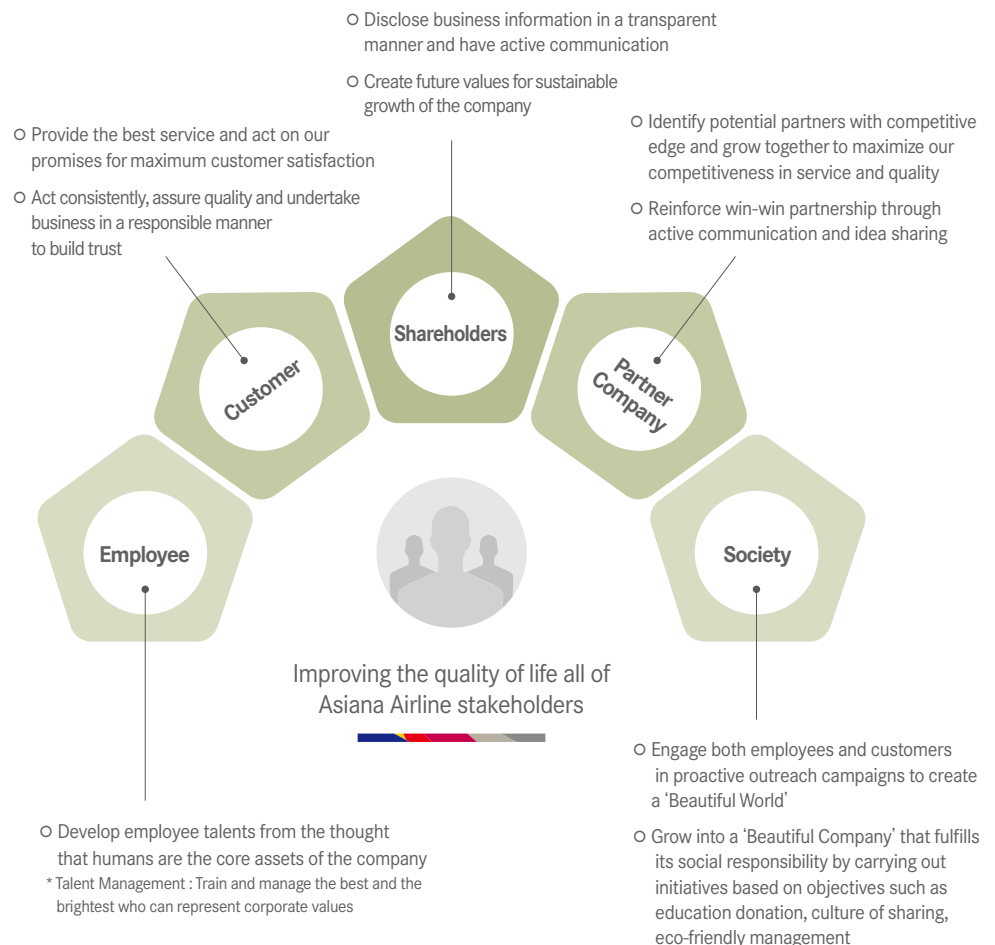
Mission	▶ Improving the quality of life all of Asiana Airline stakeholders
Vision	▶ A beautiful corporation creating the highest corporate value in each related industry
Strategy	▶ Four core management principles - Strategic Management, Human Resources Management, Ethical Management, Quality Management
Spirit	▶ Passion and Tenacity
Right People	▶ Sincere and Diligent, Studious and Earnest and Driven
Leadership	▶ Taking the Initiative and Leading by Example, Judgment, Decisiveness, Drive
Culture	▶ An open community where order freedom co-exist in harmony



Vision - A beautiful corporation that creates the best values in the industry

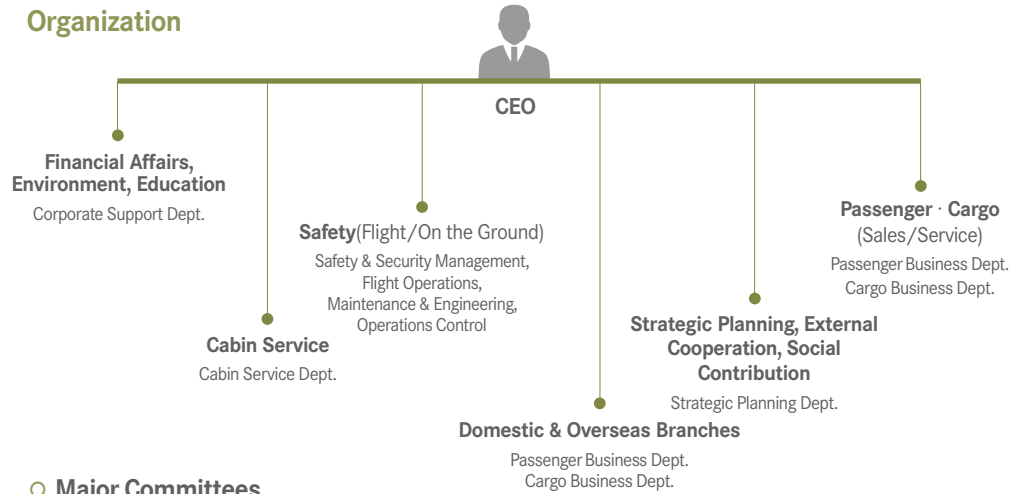


Mission - Enhance life quality of stakeholders



Sustainability Management Organization

Organization



Major Committees

Name	Meeting Frequency	Major Tasks
Labor Management Council	Quarterly	• Discuss how to induce collaboration and improvement for working conditions, benefits, health, welfare
Safety & Security Review Board	Monthly	• Review the company's safety functions from a strategic perspective, and verify whether sufficient resources are adequately allocated • Monitor safety performance of the safety policy, safety objectives and the effectiveness of Safety Management System(SMS)
Customer Satisfaction Improvement Committee	Semi-annual, ad hoc	• Share service quality issues and the present actual conditions. Discuss the controversial customer service issues and draw the improvements
Internal Council for Joint Growth	Monthly	• Prevent unfair business deals and establish a self-regulated monitoring system · Check the details on the joint growth promotion and discuss the direction of progress
Fuel Management Committee	Monthly	• Review results of energy-saving initiatives and generate plans • Develop new ways for energy saving, analyze statistics
Occupational Safety & Health Committee	Quarterly	• Develop plans to improve safety and health and prevent occupational accidents • Analyze the cause of industrial accidents and take measures against recurrence
Environment Committee	Annual	• Define targets in environment aspect and set specific goals • Discuss material issues and define plans to enhance the environment

Sustainability Management Activities

2012	2013	2014
<ul style="list-style-type: none"> • Signed an MOU with UNESCO Korea for world heritage preservation • Raised KRW 7 billion for its spare coin collection initiative • Accredited to offer educational outreach initiatives • Airline of the Year(Premier Traveler) • No. 1 in KCSI aviation service for 2012 • No. 1 Airline in 2012 KS-SQI • Named the leader of air transport industry 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 8.5 billion • 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 prevent blackout • No. 1 in 2013 KS-SQI • Completed the construction of the 2nd hangar in Incheon • Introduced the next generation passenger system • Named the leader of air transport industry by DJSI Korea (5 consecutive years) 	<ul style="list-style-type: none"> • Introduced A380 Special Edition(for the second time) • Fund raised by collecting spare coins exceeded KRW 10 billion • Named No. 1 in Customer Satisfaction by KCSI, NCSI and KS-SQI • Awarded as the world best customer service and in-flight service (Business Traveler) • Awarded as the best in-flight service and the best flight attendants (Global Traveler) • Grand Award for Marketing(2014 Travel Business Awards in China) • Named the leader of air transport industry by DJSI Korea (6 consecutive years) • Named Green Product of the Year (Incheon - LA flight) • Built a world standard systems for reservation, ticketing and transport

Win-Win Management

Vision

“Marching toward a Beautiful future with Partners” is the win-win management vision that Asiana Airlines has established. We have been trying to maximize service and quality competitiveness by identifying and developing partners with competitive edge. The results have been shared fairly through partnership. Building an infrastructure for win-win management, cultivating good partners, interactive communications, supporting for partner companies are some of our efforts to reinforce the partnership.

Operation Program

Division	Program
Win-Win Infrastructure Building	• Operate AVEPS(Asiana Value Enhancement Purchasing System)
	• Agreement for fair trade and joint growth (Fair Trade Commission)
	• Establish and spread the ethical principle for purchase
Cultivating Good Partners	• Partner assessment
	• Good partner grading system(Compensation based on evaluation grades, Support for events and education)
Interactive Communications	• Win-win meeting with partners
	• Day for partner communication
	• Grievance redress and suggestion for good practices, Surveys for partners on Ethics Management satisfaction
Support for Partners	• 100% cash payment, Cyber foreign language course, Membership to use culture center contents

Partner Management System

○ Partner Selection

The purchase system of Asiana Airlines consists of Requisition Department(Request and review the procurement), Budget Management Department(Review and approve the budget) and Procurement Department(Conduct real procurement and payment). When selecting partners, we observe the procurement guideline to ensure the detailed information on transparent and fair procurement process.



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 and Good Partner Program

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.

Fair Transaction and Win-Win Growth Agreement

On July 10, 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. Afterwards, we have been establishing an autonomous fair transaction system by setting up a contract guideline and a partner selection & application guideline. We also established an internal deliberation committee and introduced a standard contract document following the guideline of the FairTrade Commission.

Internal Deliberation Committee for Joint Growth

Internal Deliberation Committee for Joint Growth has been established to prevent unfair trade practices and introduce a voluntary monitoring system. The committee reviews implementation and progress of joint growth plans and discuss how to drive it further. Internal Deliberation Committee consists of a chairman(a procurement executive) and a secretary(a win-win cooperation team leader), two standing committee members and two temporary committee members.



Ethics Management

Organization

Asiana Airlines is running an Ethics Audit Office(Ethics Audit Team) under the direct control of the CEO to fully implement ethical management.

Implementation Plan



Practice Program

○ Ethics Management Education

We are inspiring employees to aware the Ethics Management by providing various ethics management educations(cyber ethics management education, ethics management education on duty educations or promotion educations) Especially, we are providing intensive ethics management educations for new employees and executives.

Ethics Management Education Results

Division	General Sales Airport Maintenance	Cabin	Procurement	Operation (Pilot etc)
Educated Persons	312	208	105	73

Ethics Management Campaign

Asiana Airlines has waged a self regulating campaign that bans employees from receiving money or gifts offered by business partners to establish the Ethics Management. We have held a total of 25 campaigns until 2015. During the campaign period, we regularly invite partner companies to relay our messages and hold a rally to promote ethics management. Starting from 2013, Asiana Airlines has launched campaigns that bans employees from receiving money for their lifecycle events (e.g. a funeral, a wedding, giving birth to a child, etc) from business partners.

Ethics Management Homepage

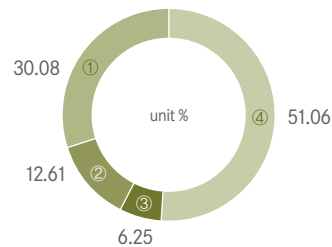
Ethics Management Homepage, which has been created for real time monitoring on whether the employees are following the ethics management(social contribution activities included) regulations, consists of three sections(Ethics Management, Social Contribution, Cyber Ethics Managements center).

We improved the accessibility by placing the banners, made from stakeholders' opinions and tip-offs, onto the top of the page.



Corporate Governance

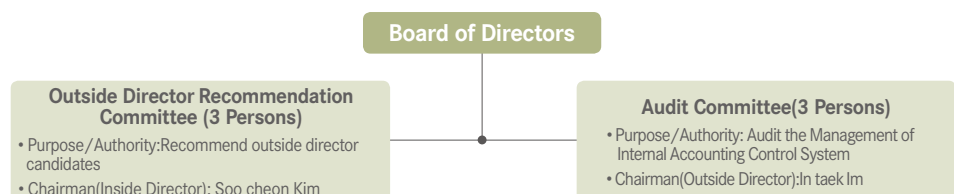
Shareholder Status



Name	Equity Stake(%)	Owned Shares
① Kumho Industry	30.08	58,688,063
② Kumho Petrochemical	12.61	24,593,400
③ Korea Development Bank	6.25	12,200,000
④ Others	51.06	99,619,902

The Composition of Board of Directors

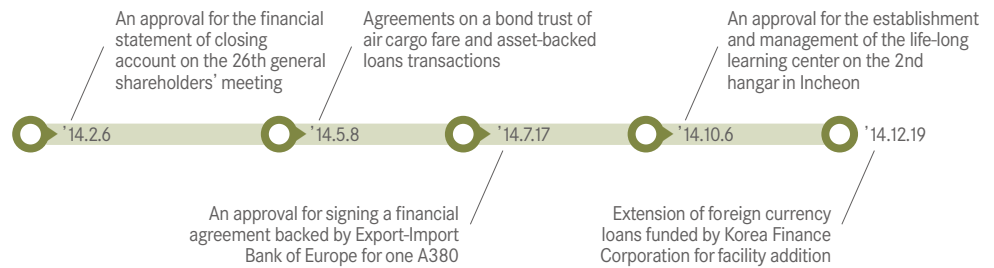
Type	Name	Role	Work Scope	Recommended by	Note
Inside Director	Park Sam-Koo	Supervise business management	Overall business management	Board of Directors	CEO(appointed on March 27 ' 14)
	Kim Soo-Cheon				
	Seo Jae-Hwan	Supervise external affairs	External affairs		Appointed on March 29 ' 13
	Han Chang-Soo	Supervise business management and external affairs	Finance, etc		Overall business management
Outside Director	Im In-Taek	Aviation & transport expert	Aviation industry advisor	Outside Director Recommendation Committee	Reappointed on March 31 ' 15
	Jeong Chang-Young	Economy expert	Economic advisor		Reappointed on March 27 ' 14
	Lee Seong-Geun	Legal expert	Legal advisor		Reappointed on March 29 ' 13
	Jeong Gun-Yong	Financial expert	Financial advisor		Reappointed on March 27 ' 14
	Kim Jong-Chang				Appointed on March 29 ' 13



Independence of Directors

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.

○ Major Agendas in 2014 : A total of 18 board of director meetings



Executive Compensation

Status of the Compensations for Directors and Auditors

< unit: KRW 1K >

Type	Persons	Total Compensations	Average Compensation per Director
Registered Directors	4	1,291,550	321,887
Outside Directors	5	252,000	48,000
Members of the Audit Committee or Auditors	3	156,000	48,000
Total	9	1,543,550	171,506

note) 1. Only the inside directors were marked as registered directors. All the three members of the Audit Committee are outside directors. The 'Total' above is a total of the registered directors(inside directors + outside directors).

2. The 'Total Compensations' is an accumulated payment until the end of that quarter. The average payment per registered director has been calculated simply by dividing the total payment with the number of registered directors.

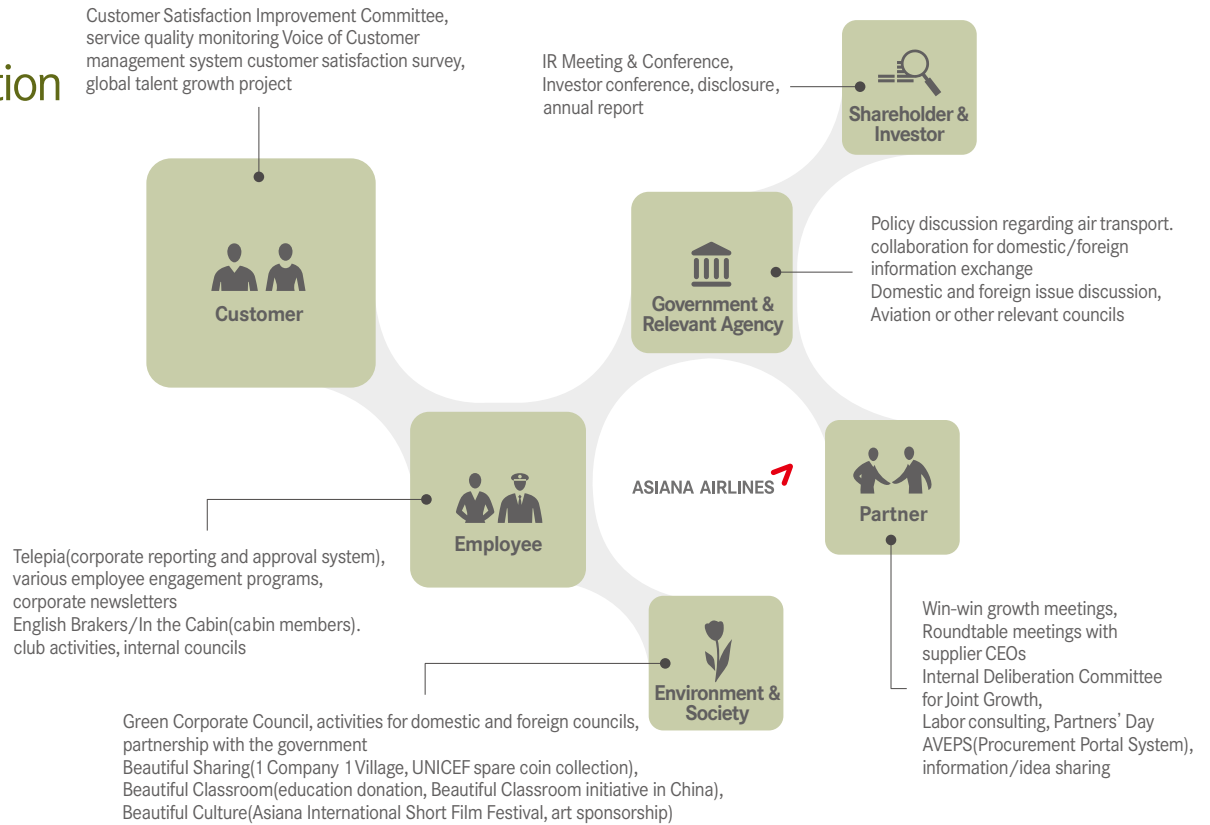
3. The average payment per outside director or member of the Audit Committee or Auditor has been calculated in consideration of the numbers of retired/newly appointed directors during the disclosed period.

4. No stock option

Committees under the Board of Directors

Division	Purpose of Establishment	Composition	Note
Outside Director Recommendation Committee	Recommend outside directors	2 outside directors 1 inside director	1 chairman 2 members
Audit Committee	Audit the inside account management etc.	3 outside directors	1 chairman 2 members

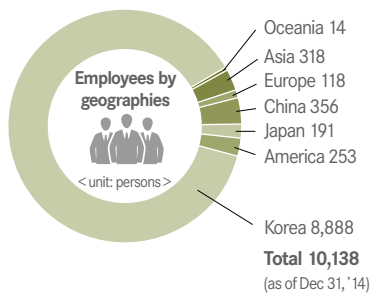
Stakeholder Communication



Employees

Employees Status

The total number of employees is 10,138 and the ratio of female employees is 54.8%.



< unit: persons >

Employee Composition	2010	2011	2012	2013	2014
Male	3,910	4,112	4,356	4,485	4,583
Female	4,670	4,961	5,239	5,461	5,555
Total	8,580	9,073	9,595	9,946	10,138
Female Share	54.4%	54.7%	54.6%	54.9%	54.8%

note) 1. 10,380 persons (Male: 4,649 / Female: 5,731 / as of April 30, '15)
2. the average length of service: about 10 years

Manpower Index(New Hiring, Career Change etc.)

New Hiring	Retirement & Discharge	Physically Challenged
New Hires : 829 people	637 people(those leaving for other companies after resignation:6.3%)	72 people

Manpower Index(Female Managers, Temporary Staffs)

Female Managers				Temporary Staffs			
2 Executives	5 Team Leader	26 Part Leader	2 Executives	153 Office	122 Flight Operation	267 Cabin	82 Maintenance
148 Group Leader	180 Cabin Manager						
Total : 361				Total : 598			

Talent Growth

Vision and Strategy

Fostering global leaders for creating future values and outcomes



Vision

Enhance global and creative capability,
Foster an organizational culture of
communication and fusion,
Create learning environment
in the workplace

Strategy

**Purpose of
Education**

Initiatives

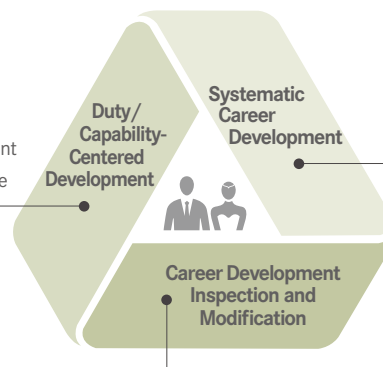
Stronger global capability, Innovative
corporate culture, Performance
improvement

Establish leadership education system
Reinforce communication program,
Smart Learning Grow key talents and experts,
Introduce more family program
Foster Infrastructure and culture,
Improved global capability

Career Development Program

When hiring and positioning the employees, Asiana Airlines secures adaptability, expertise and stability by reflecting their wills. We are running a Career Development Program to recruit talented people.

- Duty-centered career development
- Judge the conformity between the capability needed from the duty and personal capability, develop necessary capability



- Develop the career by configured career path
- Provide opportunities based on the career development system

- Update the career plan annually after testing
- Manage the progress of practice issues

Talent Growth System

Asiana Airlines is reinforcing the global capability education by hierarchical education (centers on the leadership pipeline of the job hierarchy), the nurture of key talents and the cultivation of the next generation leaders. Basic education by position consists of essential hierarchy education, duty expertise education and organization activation education. Advanced education consists of Capability Development Class and Key Talent Class.





The status of Employee Education

Training Expense

Classification	Unit	2012	2013	2014
Total Expense	KRW 100 million	128	138	138
Per Capita Expense(Full-Time Worker)	KRW 1,000	1,498	1,501	1,563
Education Expense to Sales Ratio	%	0.23%	0.25%	0.25%

Major Specialized Programs

Course	Description
CS Consulting	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 and Culture Class	Foreign language and culture classes for self-development of employees

Remuneration and Counseling

Asiana Airlines has given salary raises for high performers by their positions or duties through the annual personnel evaluation based on achievements in order to motivate employees. Through the 'Extra Promotion Point Program', we give graded promotion points to talented employees to offer a faster track for promotion.

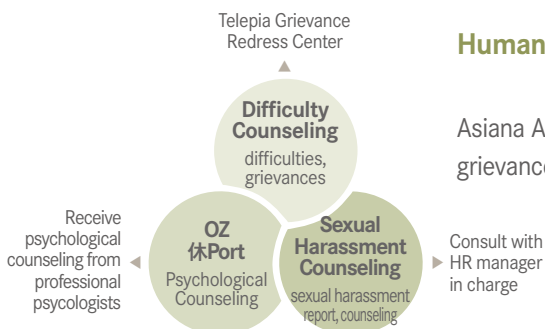
We also offer the opportunity for promotion to those who have received good grades in the Asiana MBA course. Exemplary employees and those who have made great contributions to the company are rewarded on a monthly basis or on the company foundation day(Employee Reward, Long Service Reward).

For Performance evaluation, we set concrete targets and offer interim assessment for feedbacks to help improve performance in the process. Asiana Airlines evaluates work performance of an employee by the annual achievements. The result of evaluation is used as reference for career development plan and rewards.

Evaluation Results are also utilized as capacity development tools for an employee or the organization. Employees share the results with evaluators so as to use the evaluations as tools for determining their self-development fields.

Human Rights

Asiana Airlines is running a counseling center for rapid and easy settlement of difficulties and grievances.





Maternity Protection

Asia Airlines has been making efforts to fulfill the responsibilities and roles as a family-friendly company that leads gender equality in employment. Some of those efforts include the expansion of female employment, fostering women with professional careers, supporting the coexistence of career and family life and creating a sound corporate culture.

Maternity Protection Programs

Programs	Contents
Prenatal leave	<ul style="list-style-type: none"> • From the diagnosis to the day before the maternity leave • Up to 2 years for childbirth and childcare
Maternity leave	<ul style="list-style-type: none"> • 90 days in total + 30 days upon employee request • 120 days of maternity leave for multifetal pregnancy
parental leave	<ul style="list-style-type: none"> • Institutionalized for all the applicable employees to use
Lessen the workload for the pregnant employees	<ul style="list-style-type: none"> • Pregnant employees placed at posts with less workload upon their request • Shorter work hours for female employees (less than 12 weeks of pregnancy or more than 30 weeks of pregnancy)
A leave before childbirth	<ul style="list-style-type: none"> • Female employees suffering from morning sickness, at risk of miscarriage or premature delivery are given the prenatal leave
Fertility leave	<ul style="list-style-type: none"> • Reproductively challenged employees can take a leave for fertility treatment
Miscarriage & stillborn leave	<ul style="list-style-type: none"> • up to 30 days of leave given in addition to the legally mandatory leave considering the health condition of pregnant employees
Fetus checkup	<ul style="list-style-type: none"> • Paid 4-hour leave assured for fetus checkup
Gift for childbirth & leaves for lifecycle events	<ul style="list-style-type: none"> • KRW 500,000 granted per childbirth • 3-day paid leave have been implemented before the legislation
Childcare expense support	<ul style="list-style-type: none"> • KRW 203,000 granted per child aged 6 or lower • All employees are entitled

Labor-Management Communication

Classification	Aviation		Office/Cabin/Maintenance	
Title	Asiana Pilot Union (APU)	Asiana Airlines Human Pilot Union (AHPU)	Corporate Labor Union	Cabin Union
Date of Establishment	June 7, 2000	August 27, 2014	April 30, 1999	September 23, 2013
Occupational Category	Flight Crew	Flight Crew	Office, Cabin Crew, Maintenance	Cabin Crew
Negotiations in 2014	Collective agreement renewal negotiation, Wage negotiation	-	Wage negotiation	-
Note	Head of the negotiations	-	Head of the negotiations	-

○ Labor-Management Council

Labor-Management Council was established to enhance common benefits of both the labor and the management alike by enlisting more proactive engagement and cooperation of corporate labor union and the pilot union.

* Periodic labor-management council meetings are held on a quarterly basis.

○ Occupational Safety Health Committee

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 Asiana Airlines' operational provisions for the Occupational Safety Health Committee.

○ Grievance Redress Committee

The Grievance Redress Committee is evenly split between the labor and the management with five people coming from each front, following Article 26 of the Worker's Participation and Cooperation Promotion Act. Operation of the committee is subject to the Asiana Airlines' operational provisions for the Grievance Redress Committee. Asiana Airlines also runs a grievance and counseling center(OZ Hueport) with a professional psychology counselor in the company along with a counseling page on in-company intranet.

Safety and Health in Workplaces

Health Care System

Asiana Airlines has been carrying out the health tests specifically designed for the cockpit crew to help maintain flight safety by managing their physical conditions to the optimum level. We also adopted specialized aviation medical examination and one to one customized health care.

We offer year-round one to one customized health care to the employees with potential health issues identified in the health exam. Each employee's health care continuity is maintained by the Integrated Medical Information System which contributes greatly to the prevention of disease and the promotion of health. Especially, we are concentrating on the treatment of cerebrovascular and cardiovascular disease which are caused by unbalanced eating habits and the change of living habits. We are running the year-round health care program in an effort to prevent Dyslipidemia, high blood pressure and diabetes. Employees are able to access to their health information at any time and use them for health care through the Integrated Medical Information System. The system has security measures for information protection in accordance with the related laws.

Asiana Airlines offers primary care and counseling to employees for any health issues or emergencies at work. We have introduced a collaborative network with external medical institutions for consistent and seamless health care.

Routine medical checkup, special checkups prior to and after new job assignment, health exams before overseas assignment or returning to job have been underway following article of the Occupational Safety and Health Act. Asiana Airlines provides comprehensive health checkup system for workers to boost employee productivity and satisfaction with better health and welfare services.

We have adopted proactive measures and are monitoring the disease outbreak information of health authorities and international organizations to prevent infectious disease. We offer vaccinations preferentially for the workers at the points of contact with customers and field workers. Recently, we have expanded the scope of vaccinations to employees' families.

Medical Support for Customers

To take sick and infirm passengers to their destinations safely and comfortably, Asiana Airlines offers medical recommendations and supports based on aviation medicine. Flight crews should be educated about first aid to prepare for the emergency conditions. Each aircraft should be provided with medical supplies. We also operates a 24-hour hot line call to cope with emergencies.



Medical Support for the Families

Asiana Airlines offers medical supports for employees' families by mutual aid organization activities when employees' family members need expensive treatments(e.g. serious injuries, tumors).

Work Environment Control

Danger Evaluation, which has been practiced annually from since 2013, is a series of activities to reduce the dangerousness by priority. Field Supervisors and workers can also participate to evaluate harmful factors in workplaces.

We sort out risk materials that might cause reproductive harm and replace them with alternative ones by negotiations with aircraft makers. Hearing Preservation Program is underway to prevent noise-induced hearing loss. We are aiming for the identification of the cause of noise emissions and are pursuing fundamental improvements to create safe and comfortable working conditions.

ECONOMY



36	Domestic and Foreign Market Conditions
36	Passenger
39	Cargo
41	Value Sharing of Stakeholders
42	Risk Management
42	Fair Trade
43	Disclosure

Asiana Airlines will
raise the corporate
value through the
reinforcement of Aircraft
Competitiveness.



Aviation Industry Overview

In 2014, the overall number of passengers increased 11.4% for international flights and 10.3% for domestic flights YoY with the international cargo volume also increasing 3.7% from the previous year.

International flights carried 56.78 million passengers throughout the year, which marked the highest-ever performance, buoyed by the combination of factors such as an influx of foreign visitors from China and East Asia to Korea, increment of passenger traffic by low-cost airlines, a stronger won, reduction of fuel surcharge and introduction of the 'alternative holiday'. Domestic flights also maintained the upward trend carrying 24.65 million thanks to the factor of increase in demand such as the introduction of the alternative holiday, expansion of LCC domestic flights and increased demand for the flights to Jeju(Gimpo-Jeju flights). The international air freight marked 3.41 million tons supported by the expanded cargo flights of airlines and increased transport volume caused by export and import surge thanks to economic recovery in advanced countries.

In 2014, the number of outbound Korean passengers(according to the Korea Tourism Organization's statistics) increased 8.8% YoY with inbound foreign passengers increasing 16.8%. The number of both inbound and outbound passengers went up 12.2% from the previous year. For 2014, Asiana Airlines' market share stood at 21.4% in domestic passenger(20.6% in 2013), 21.9% in international passenger (23% in 2013), and 24.1% in international cargo.

Passenger

External Environment

In 2014, the number of passengers increased 11 percent by the factors, such as increased number of seats by the introduction of new aircrafts, increasing number of Koreans who trip to overseas because of a stronger won, an influx of foreign visitors from China and East Asia to Korea by the Korean Wave and increased number of tourists who visit Jeju island.

International passengers increased 11.4 percent(56.78 million people) in a year which is an all-time high performance. The Driving factors for the performance are the introduction of new aircrafts by airlines, expansion of routes, increase of flights, increased number of foreign visitors from China and East Asia by the popularity of Korean dramas, the Sochi Winter Olympics, the 2014 Brazil World Cup, the Incheon Asian Games, APEC in China and introduction of the 'alternative holiday'.

Domestic passengers were increased 10.3 percent(24.65 million people) in a year. The driving factors are expansion of domestic routes by low-cost airlines, introduction of the 'alternative holiday', increased number of tourists who visit Jeju island and the increased demands for air travel by marketing campaigns of airlines.

In 2015, aviation industry's cost burden is expected to be reduced by stabilized oil price. International flights' competition with foreign airlines and low-cost airlines is likely to be aggravated, but the increased demand in China and Southeast Asia will be more pronounced. Domestic flight is likely to be reduced by the KTX Honam Line, but the number of passengers on Jeju line are constantly increasing.

Response

Asiana Airlines reinforced competitiveness by introducing two A380s, two A330s, an A330

and two A321s in 2014. Altea system has been deployed on November 2014 to create the passenger-airport integrated management system. Altea will contribute to the enhancement of productivity and customer service.

As for long-haul flights, we expanded Istanbul flights (since March 30) and Paris flights (since May 24) to five flights per week, by adding an extra flight per week for each line, to extend long distance networks.

As for short-haul flights, we added a new route to Jinan (two flights per week) in May and two new unscheduled route to Wuxi and Wenzhou. Furthermore, we expanded some routes to China (Guangzhou, Guilin, Chongqing, Yancheng, and Busan-Hangzhou) to sharpen the competitive edge in Korea-China routes.

In consideration of profit and loss, Asiana Airlines expanded Gimpo-Jeju route following the changes to customer preferences and reduced some routes to Japan. Passenger sales increased by 2.8 percent (totaled 3,652.9 billion in KRW) compared to 2013 by the reinforcement of route competitiveness, introduction of new unscheduled routes and flexible supply policy.

We have supported various culture and sports events such as K-Pop concerts and the Gwangju Universiade to reinforce our brand image as a leading company of the Korean Wave. We promoted a marketing that lived up to customers' expectations by 'Dream Wings' program (an international marketing event for college students) and the introduction of CRM system (a system that manages customer-related works such as systemization of information and reflection of information to optimize the information about customer satisfaction).

In 2015, Asiana Airlines will reinforce the competitiveness by the introduction of additional A380s, the expansion of mid-to long-haul flights and profitable nonscheduled routes. Especially, we are planning to obtain the competitive edge in Chinese routes. Also, we will organize a friendly response system for customers through the diversification of sales channels and customer value-centered marketing. Accordingly, we will cope with the complex change of external environment strategically with the growth of the company and profit-oriented substantiality.



Major Indexes(Passenger)

Market Share

< unit : % >

Classification	2012	2013	2014
International Passenger	23.5	23.0	21.9
Domestic Passenger	21.1	20.6	21.4

Performances

Classification	2012		2013		2014	
	The number of People(KM)	Amount(KRW 1 million)	The number of People(KM)	Amount(KRW 1 million)	The number of People(KM)	Amount(KRW 1 million)
Passenger	32,870	3,671,076	34,523	3,552,094	37,036	3,652,889
Domestic Flights	1,664	307,469	1,706	314,499	1,965	347,259
International Flights	31,206	3,363,607	32,817	3,237,595	35,071	3,305,630

Revenue share by Flight Route

< unit : % >

Classification	2012	2013	2014
Japan	20.9	18.9	16.6
China	19.6	21.0	22.4
Southeast Asia	17.8	18.3	18.5
CIS	1.2	1.4	1.5
America	6.6	6.5	6.2
Europe	2.9	3.0	3.3
Oceania	3.4	3.7	3.2
Domestic	27.6	27.1	28.4



Cargo

External Environment

In 2014, major sporting events such as the Sochi Winter Olympics, the 2014 Brazil World Cup and the Incheon Asian Games were held one after another. Thus, the increased demand of UHD TVs and new smart phones lead to a boom in air cargo business. In the fourth quarter, the demand of air cargo increased rapidly by the influence of the west coast port strikes in America and the amount of freight cargos increased 3.8 percent year on year.

The slide of oil price from the fourth quarter of 2014 to the first quarter of 2015 influenced the reduction of oil expenses in aviation industry. Oil price has been creeping up since the second quarter. Exchange rate shows the sign of the weakened won against the dollar with the rate increase in America just ahead. But Yen and Euro is expected to be weakened. FTA with New Zealand, China and Vietnam will have an impact on the increase of air cargo. But the profitability can be worsened by fierce competitions with Middle East and Chinese airlines those which are penetrating into Korean Market.



Response

In 2014, Asiana Airlines' international cargo volume has decreased by 4.0 percent year on year (72.9 kilo tons). Accordingly, the domestic market share decreased 2.4 percent. Most of the decrement led to the increased market share of foreign airlines. Our capacity of supply has been reduced by the deterioration of aircrafts which led to increased maintenance time. Middle East and Chinese airlines' supply has been increased relatively. But the Yield, which represent the sales price of Asiana Airlines increased by 2.5 percent in dollar terms and this helps improve the profitability. Thus, the revenue from routes marked KRW 1,306 billion (only 2.4 percent decreased year on year). As for the changes in surroundings of air freight in 2015, our predictions are decline of oil price, expansion of cargo plane operations, growth in trade between countries by the economic recovery in America and increase in trade of the equipments related with smart phones and semiconductors. In the long term, air freight will show a modest increase by the decline of oil price and the recovery of the world economy with the advanced countries at the center. Considering those external factors, we selected e-commerce and temperature control goods, which represent the increase in demand, as our next generation growth engines and will expand the supply. In addition to that, we will reinforce the manpower to expand the sales of Belly using the aircraft networks.

To enhance business operation efficiency, we will computerize export cargo works at the airport by introducing PDAs and will introduce next generation cargo system to increase the revenue from routes through demand prediction. We will monitor the real time operation status by linking the cargo operation system and cargo homepage to improve customer service quality. The demand for cargo is influenced by global economic downturn from the financial crisis in Europe because of its sensitiveness to the changes in global economy and fluctuations in volume of freight cargos. According to a press release from the Ministry of Land, Infrastructure and Transport, in 2015, cargo transport maintained an increase by the decline of oil price, expansion of cargo plane operations, growth in trade between countries by the economic recovery in America and increase in trade of the equipments related with smart phones and

semiconductors. In the long term, air freight will show a modest increase by the decline of oil price and the recovery of the world economy with the advanced countries at the center.

To respond to the cargo business, which is sensitive to the changes in market, in a flexible manner, Asiana Airlines will do the best to increase sales by strategic marketing and effective operations of aircrafts. At the same time, we will apply practical route patterns and freight operations to reinforce cost competitiveness.

Major Indexes(Cargo)

Market Share

<unit : %>

Classification	2012	2013	2014
International Cargo	25.6	26.5	24.1

Performances

Classification	2012		2013		2014	
	The number of People (million tons KM)	Amount (KRW 1 million)	The number of People (million tons KM)	Amount (KRW 1 million)	The number of People (million tons KM)	Amount (KRW 1 million)
cargo	4,209	1,450,584	4,062	1,401,365	4,000	1,373,670
Domestic Flights	16	6,094	18	7,618	20	9,078
International Flights	4,194	1,444,490	4,044	1,393,747	3,980	1,364,592

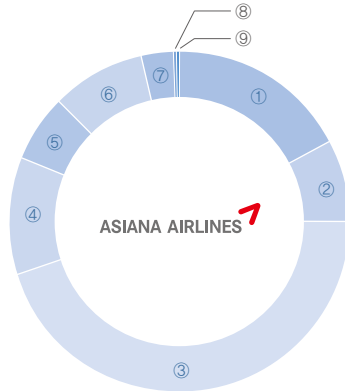
Revenue share by Flight Route

<unit : %>

Classification	2012	2013	2014
Japan	6.1	4.8	4.0
Southeast Asia	15.4	17.3	16.2
Northeast Asia	8.9	9.6	8.9
America	46.2	44.2	46.9
Europe	22.2	22.8	22.6
Oceania	0.8	0.7	0.7
Domestic	0.4	0.5	0.7



Value sharing with Stakeholders



We Asiana Airlines will accomplish a consistent growth by sharing the values with internal and external stakeholders.

Classification	Cost(KRW 1,000)	Share(%)	note
① Personnel expenses	763,268,236	17.3	Employee Wage, Incentives, Benefit Allowance, Severance Payment, Employee Benefits, National Pension, Medical Insurance
② Depreciation and intangible asset amortization	344,268,820	7.8	Tangible Assets(Aircraft, Equipment and Supplies for Aircraft, Buildings) and intangible Assets(Software, etc)
③ Fuel	2,001,640,099	45.5	Jet Fuel Cost, etc.
④ Rental	465,361,076	10.6	Aircraft/Airport Office Lease
⑤ Maintenance	282,214,028	6.4	Equipment and Machinery for Maintenance, Outsourced Repair, etc.
⑥ Airport	395,875,867	9.0	Ground Expense, Airport Facility Usage Fee for Boarding Bridges, Counters, etc. Ground Passenger Expense for Airport Specialty Service Fee etc.
⑦ Interest	134,684,229	3.1	Aircraft Lease, etc.
⑧ Taxes, Public Dues	9,362,006	0.2	Aircraft Property Tax, Worksite Tax, Overseas Business Tax, etc.
⑨ Community Investment	5,600,899	0.1	Donation, Grants for Social Contribution, etc.

Major Cost Shares

< Unit : % >

Classification	2012	2013	2014
Fuel	48.6	48.1	45.5
Personnel expenses	16.1	16.5	17.3

Sales office & Branches

○ Passenger Branches

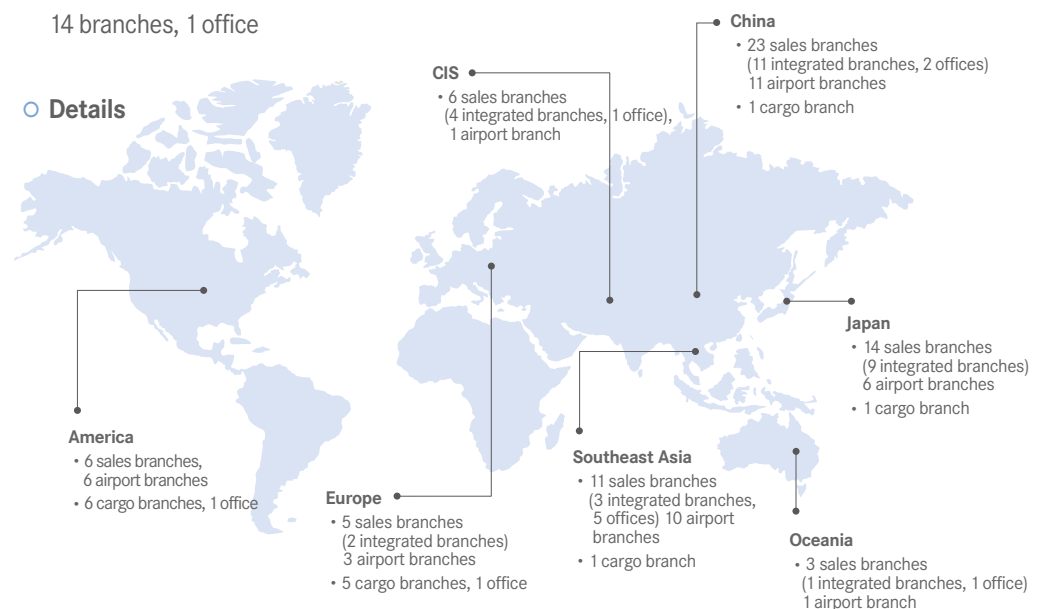
Sales : 10 domestic branches(3 offices), 74 foreign branches(30 integrated branches, 9 offices)

Airports : 10 domestic airports, 38 foreign airports

○ Cargo Branches

14 branches, 1 office

○ Details



Risk Management

Aviation industries are bound to have more foreign currency-denominated debts than assets and spend more foreign currency than revenue received on foreign currency. We also have a continuing demand for air fuel. Thus, the changes in exchange rate and oil price have significant impact in company's profit and loss. That is why Asiana Airlines has established and applied risk management policies for more structured and efficient risk management. A risk management committee has been established to promptly respond to external risks, having Business Management Office Head as Committee Chair, and executives and team leaders from relevant departments as committee members.

Risk Management Committee

Classification	Note
Objective	Develop risk management strategy against external risks and define hedging tactics and the optimal hedging ratio
Structure	<ul style="list-style-type: none"> Chairman : Business Management Office Head Committee Members : Financial officer, Strategy & Planning officer, Procurement officer, practical business affairs team leader (5 People)
Period of meeting	Periodic quarterly meetings complemented by ad-hoc meetings whenever needs arise
Agenda	<ul style="list-style-type: none"> Exchange rates – currency exposure control, Oil price – program hedge strategy, interest rate – interest rate (fixed, variable) strategy
Activities in 2014	4 periodic meetings (quarterly)

To deal with the exchange rate issues, we preferentially apply internal management techniques such as matching the foreign currency income and expense through the change of the currency of settlement and/or expanding the borrowing portion of the currency in long position (income > expense). We are coping with the exchange risk through the external techniques such as forward exchange dealing for the remaining exposed currency. As for the oil price, we pay due regard to the effect of oil surcharge, an interrelation between oil price and corporate performance and the level of oil price. Then we apply 'Program Hedge' by buying certain portion of prospective annual oil supply consistently. With that, Asiana Airlines reduces volatility by oil price fluctuation. Lastly, as for the interest, we take the equal maintenance of the portion of amount between fixed interest rate and variable interest rate as our basic strategy. But when new borrowings or aircraft rental contract takes place, the portion of amount is varied flexibly to deal with the changes in the financial market actively.

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. The proactive work agreement system for fair trade has been in place in 2013 to preempt abuse of market dominance, unfair collusion and outsourcing, breach against contract terms, and advertisement agreement. In 2014, regular trainings on Fair Trading Act were provided to new hires, and overseas assignees working in relevant practices and employees in domestic and foreign branches. We gave fair trade law educations for those who work at high-risk departments.

Disclosure

Asiana Airlines gives all stakeholders an access to corporate information, business performance

and other important issues, and enhances accounting transparency through disclosure. We introduced an internal regulation system 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.

Classification	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 '14	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.

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. By taking those steps, now are assured that the Internal Accounting Control System is operated by regulations.

CUSTOMER SATISFACTION

46	Safety Management
49	Aviation Safety Support
52	Service
54	Marketing
55	Operation of Customer Satisfaction Management System
57	Awards





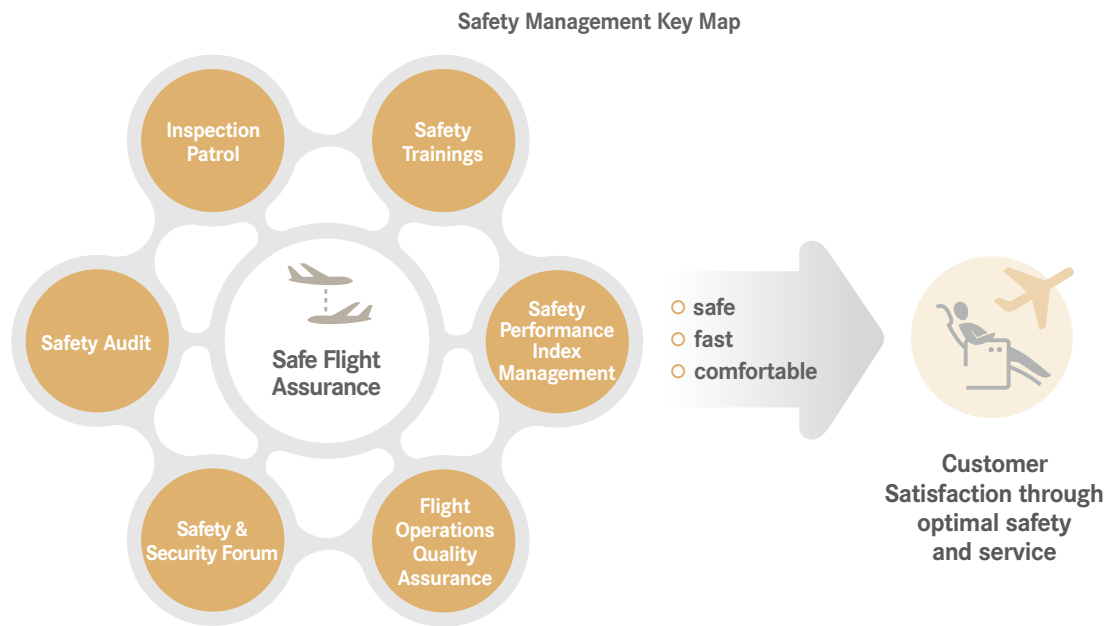
Taking safe, fast and comfortable flight as the highest value, Asiana Airlines offers one step ahead customer service.

Safety Management

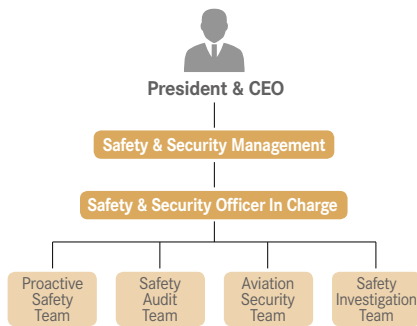
Establishment and Operation of Safety Management System

Asiana Airlines has established a management system in accordance with the ICAO(International Civil Aviation Organization) requirements for the first time in Korea. When introducing the system, we laid emphasis on the prevention of safety accidents. It is an integrated safety management system that manages the safety of every workplaces including Asiana Airlines' headquarters in a systematic way. The system was built to fulfill our safety objectives and safety performance goals through the risk management process.

***SMS, Safety Management System** : A system structured to analyze various risk factors that impact flight operation in a comprehensive way to eliminate potential accidents and hazard elements.

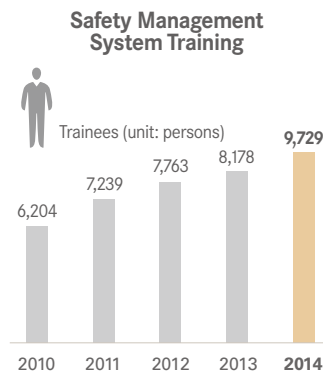
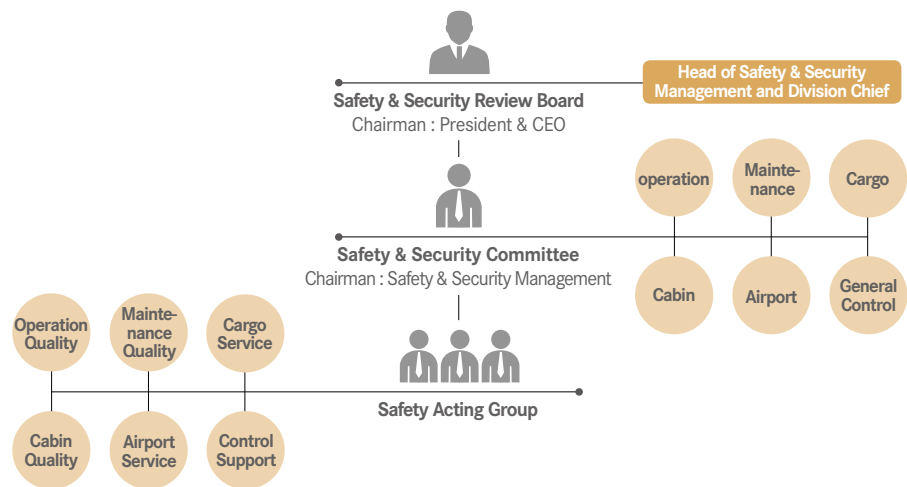


Safety Management Organizations



Classification	Role	Note
Safety & Security Review Board (SRB)	<ul style="list-style-type: none"> Report major safety and security issues and SCM's conference results to executives Approve risk management results of major events 	<ul style="list-style-type: none"> Host: CEO Participants: Division chiefs Function: Top decision-making body of corporate safety issues
Safety & Security Committee (SCM)	<ul style="list-style-type: none"> Discuss decisions and action plans decided by SRB Discuss Safety Performance Index analysis results 	<ul style="list-style-type: none"> Host : Head of Safety & Security Management Participants: Executives of each division who is in charge of safety issues, Section leaders Function : Decide Safety Performance Index action plan
Safety Acting Group	<ul style="list-style-type: none"> Discuss agendas Transferred from SRB and SCM Establish remedial actions for agendas 	<ul style="list-style-type: none"> Form: ad hoc organization Function: solve disputes through the agreement between teams

Organizations for Safety & Security Management

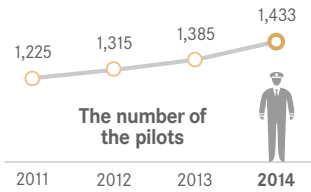


Safety Training

Asiana Airlines is instilling the awareness of safety in all the employees and providing education on accident and incident prevention. We make proactive efforts to prevent possible dangers through special education on training per area of expertise.

Safety Training Plan (2015)

Safety Management System Training	<ul style="list-style-type: none"> Specialty trainings for safety and quality control (accident inspection course, safety audition course etc.)
All Employees including Executives	<ul style="list-style-type: none"> Managers and/or employees who is in charge of internal safety and quality control



Annual Flight Crew Training hours and costs

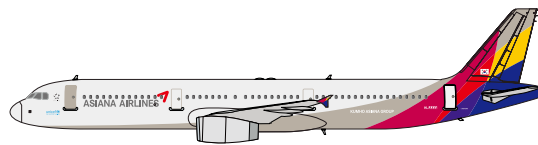
Classification		2011	2012	2013	2014	Average
Training hours	Total	139,865	210,901	159,684	163,166	166,904
	Per person	114.2	160.4	115.3	113.9	126
Training Cost(KRW 1 million)		8,835	8,168	9,114	9,236	8,838
Per person(KRW 1,000)		7,213	6,212	6,585	6,445	6,614

(note) table above is written on the basis of Safe Flight Crew training annually conducted including on-off line training

Special Trainings for Safety Operation & Investment on Training Facilities

○ Reinforcement of Cockpit Crew Training

SIM Special Training and Check for A320 pilots



- **Training Hours** : Special Training(0+30), Special Check(0+30)
- **Trainees** : 349 people
- **Training Period** : April 16 ~ June 20, 2015
- **Details** : Holding takeoff in low visibility
Rejected Landing during non-precision landing approach
Go-Around on non-precision approach or at decision altitude

Crew Concept Training application to F/O initial, Transition course

Application	Assign a line captain in 3 major lessons for co-pilot(Final Training, Audition, LOFT)
SIM Training Situation	A cockpit team in the same environment as a real flight (flown by Captain and F/O)

Investment on Training Facilities

Order A350 SIM	Scheduled to introduce SIM of next generation aircraft A350
Upgrade B747-400 SIM	The same panel and flight system as a real aircraft
Upgrade A320 SIM Visual System	Updated to new visual system, Change LED Projectors, Offer real scene training environment which is the same as the latest airport



Safety Operation

○ CRM Training Result

Program	Total Number of Times	Attendees	Note (hours)
Joint CRM(Type A)	42	823	8
Joint CRM(Type B)	18	487	2
CRM Training Promotion	12	71	8
Refresh CRM Training	3	34	8
Family CRM	5	102	6
Communication Skill-up	5	123	24
Trainer Appointment CRM Training	11	54	8
Regular CRM Training for Trainers	9	164	4
Initial CRM Training	4	73	24
Regular Common CRM Training (First half of the year)	1	1,325	E-LEARNING
Regular Common CRM Training (Second half of the year)	32	1,372	Collective training

* CRM(Crew Resource Management) : A system introduced to get rid of possible obstacles of safety flight and to set a trend of respecting cockpit crew's role and responsibility. CRM has contributed to the establishment of safety culture.

○ Improvement of LOFT(Line Oriented Flight Training)

Training Method (Former)	Establish 3 scenarios ¹⁾ before training and apply one randomly to a cockpit team
<p>Note 1) SCENARIO : A method applied to LOFT which is created by integrating materials such as, training contents of each aircraft models, seasonal changes, weather characteristics on flight areas, training results of the past that was analyzed by operation training team, information collected from external education institutes. The materials are demanded by safety operation team. Cockpit crews deal with the scenario by using CRM methods.</p>	
Training Method (Improved)	Create other types of scenarios(methods for the adaptation to LOFT ²⁾ which consist of Purpose & Operating Guide, Event Guide, Flight Operation Documents, Load Sheet) instead of former ones. Trainees are only given another Operating Guide(which specifies trainer's duty, training category and guideline). To accomplish an objective and practical training, a trainer is given complete authority for the supplied Event Guide.
<p>Note 2) LOFT (Line Oriented Flight Training) : Various operational and technical problems are given from a high-performance simulator. Cockpit crews cope with the problems in "real time(in a situation which is the same as real line flight)".</p>	

Aviation Safety Support

OCC(Operations Control Center)

○ System Configuration

The systems(aircraft scheduling system, real-time flight monitoring system, Asiana Flight Operations Control System(AFOCS), web-based voice communications system, spot management system) are shown on a large wall screen made of twelve 50-inch LCD TV screens. We collect various information from the screen and make effective decisions. To be always ready for emergency situations, OCC is equipped with UPS(Uninterrupted Power Supply), automatic fire extinguishing system, and network security system.

○ Operation

In OCC, there are experts in various fields - including flight dispatchers, cockpit crews, maintenance engineers, load controllers, cabin crews, sales people - who 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 cockpit crew through satellites or web-based communications, in order to provide best-in-class flight safety and customer services.



Aircraft Operation Control System

PegaSys	Scheduling system used to decide aircraft operations such as assignment, change, delay, cancellation
FWMS	A system that monitors whether an aircraft is in normal aviation by comparing a flight plan with location, altitude, fuel consumption, flying time of a aircraft in real operation
AFOCS	Integrated control system to monitor every information related to aviation operations (such as operation information, operation statistics, weather conditions, NOTAM, aircraft, airports, crews, flight plans) at a glance
WEB-IOCS	Voice communication system to make contacts with crews or ground staffs in all domestic airports and major foreign airports by linking company radio frequency or walky-talky radio frequency to the internet
ACARS	Data/character communication system that report location, altitude, fuel consumption, operation status of an aircraft to the ground automatically. This system also supervise text communications between aircraft and the ground.
Spot management system	A control system for adjustment, change and allocation of the spots to put aircrafts in Incheon and Gimpo Airport.

Note) ACARS(Aircraft Communications Addressing and Reporting System)

Management and Construction of a Weather System

Asiana Airlines receives weather information from all over the world and monitors the weather conditions in real time. We have built an integrated control system(AFOCS) which is able to give warnings to the airports when the bad weather is expected and supervises internal sharing and spread of weather information to take proactive measures. Asiana Airlines has introduced a weather system from Weather Service Incorporated, an American private company that supplies forecasting information of airports and routes with precise analysis of the weather conditions, in May, 2015. We have strengthened the safety operation and customer service with proactive safety measures such as taking detour routes by monitoring bad weather and reinforcing the weather information supply for operation crews.

Our new weather system supplies quick and precise information(turbulence on routes, volcanic ash, icing, dust storm, convective areas etc.) to the operation crews. Thanks to the system, we reinforced the safety of customers on the airplanes by avoiding the areas where bad weather can be expected.

Asiana Crisis Management System(ACMS)



Asiana Airlines has been operating a Crisis Management System. When crisis arise, we take quick and effective measures through integrated management of related information. We offer accurate information to customers through an exclusive accident-related site(Dark Site) and the operation of inquiry calls.

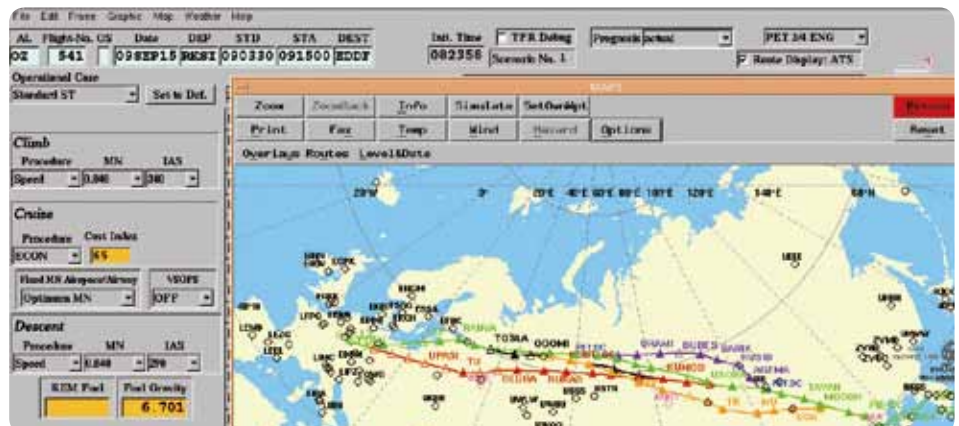
The system carries out quick transmissions of information and emergency call-up through emergency communication feature. Thus, the system embodies quick and precise information exchange between situation room in the headquarters and the site.

Since May, 2015, Asiana Airlines has been promoting an additional development of the system in response to the proliferation of mobile devices. By supporting the access through mobile devices, we are able to make quick and accurate decision through faster initial measures and crisis management. Asiana Airlines increases the satisfaction of passengers and their families by coping with crisis dedicatedly.

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 of airports where airplanes depart and arrive and alternate airports and identifying any operational restrictions. Furthermore, it ensure safer flight operation by offering graphic data indicating severe weather conditions on routes such as turbulence and icing to cockpit crews. 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 enables us to compare multiple routes at a time and helps selecting the optimum routes based on quantitative comparisons over fuel consumption, flight time and overflying charge. The system also makes possible to compose optimum air routes in advance by analyzing data of new routes. As of the year 2014, new short routes(entry/exit point of Russia and Mongolia) was added and we have discovered 10 economic routes in all. By utilizing those routes, we save the fuel and realize cost-effective flight.



Service

Care Service

○ Hansarang Lounge

Hansarang Lounge which has been built in Incheon International Airport in 2011 is an exclusive lounge reserved for the passengers with disabilities. The lounge 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.

Airport Automation Service



○ 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 is 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.

○ 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 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.

○ 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 system for waiting passengers that informs domestic flight



passengers waiting at the airport for ticketing without reservation, of their wait numbers real time. This service is available in GMP/CJU domestic airports.

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 to meet

○ 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.



○ In-Flight Food & Beverage Service

As part of our efforts to promote Korean culinary to domestic and overseas passengers, we added ten royal dinner menus based on the advice from the Institute of Korean Royal Cuisine and offer them through first class preorder on long flights departing from Incheon.

We have introduced Kimchi as an in-flight food for the first time in Korea and 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. We are also serving a variety of luxurious western foods in collaboration with the leading Italian restaurant, La Cucina. 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. The excellency of our in-flight food and wine is proved by world's major research agencies and travel magazines. In 2014, Asiana Airlines won the third prize in 'world's best economy class in-flight food' category presented by Skytrax, a prestigious British research agency. We also won the third prize in 'first class best champagne', second prize in 'first class best white wine' and first prize in 'first class wine' presented by Global Traveler, a business travel specialty magazine.



Other Activities

○ Cung Nhau Library of Hope

The word "Cung Nhau" means "together" in Vietnamese. 'Cung Nhau Library of Hope' is a joint project of Asiana Airlines and Viet-Korea Cooperation Center to construct libraries in middle schools on rural areas of Vietnam. The project consists of programs such as painting murals on library walls, donating books and properties, meetings with students and opening

ceremonies. We hope the students will show better academic performance by this project. Major achievements of this project are as follows. 2013 : Cu Khe Middle School, Thanh Oai prefecture, June 2014 : Thanh Binh Middle School, Thanh Oai prefecture, June 2015 My Yen Middle School, Dai Tu prefecture.

Marketing

K-POP Marketing

Asiana Airlines started supporting K-POP 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, with YG Entertainment in January 2013, and with JYP Entertainment in October 2014. The partnerships offer various benefits such as discounts for artists and relevant persons on overseas concerts, excess baggage allowance and convenient booking/ticketing/boarding services.

Student Sponsorship Program

○ Dream Wings



Asiana Dream Wings is a 'Dreams Come True' program designed to give a chance to turn dreams into reality and sponsor overseas activities of college youths. Starting from the first recruitment in 2011 up until the fourth selection in 2014, the program drew attention of many with a total of 7,928 students applied for participation. Until now, 112 students have been selected as members and have visited Asiana Airlines' foreign destinations. In 2015, especially for the fifth year of the program, we are going to hold 'a marketing strategy contest'.



○ Asiana Flying Marketer

From the first recruitment in February 2014, we have been running 'Asiana Flying Marketer' as a college students' marketer program. Twelve students who are selected as a marketer ought to perform their tasks each month individually or as a member of a team for a given period. They also perform online marketing utilizing blogs and SNSs. The department in charge selects a winning work and use it as real marketing contents.

Outstanding marketers are given an international trip and two of the best marketers are given scholarships. In the first half of the year 2015, students of the 3rd selection were given a trip to the major destinations of A380.

SNS Communication

We utilize SNSs as mutual communication methods to set up channels with the customers. SNSs are also used as our promotion channels to propagate our major issues. Asiana Airlines,

who has the largest number of SNS friends in domestic aviation industry, offers information about travel and other aviation-related news through Twitter, Facebook, Cacao Story and Instagram. We also offer real time answer, reception of customers' praises & complaints and events for customers through SNSs.

Magic Boarding Pass



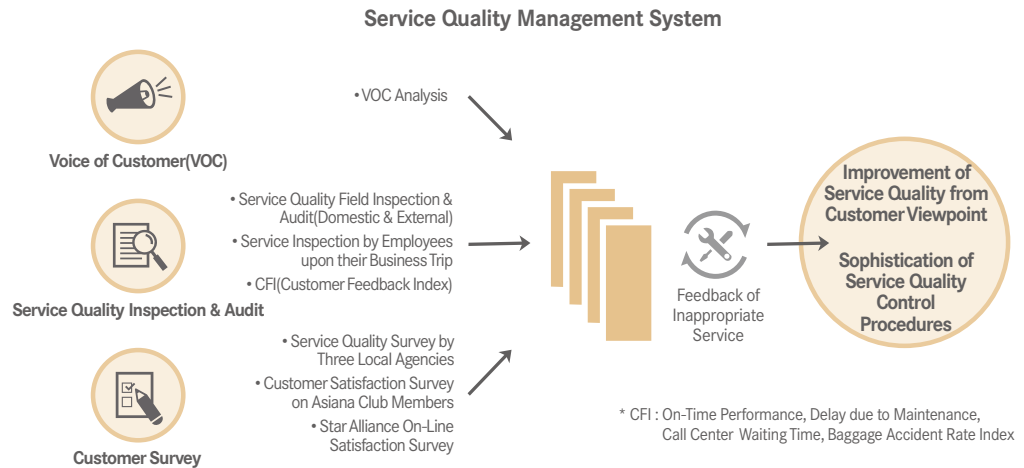
'Magic Boarding Pass', which has been launched in January 2009, is a differentiated service program for our customers. When a customer shows Asiana Airlines' boarding pass within seven days from the boarding, our partner companies provide discounts or special benefits for money changing, transportation, travel, shopping and so on. In 2014, 11 partners have been newly registered, and we have 41 partners in all. Especially, we have secured partners in Japan and Hong Kong to enlarge our customers' benefits. In Japan, we set up a partnership with 'Tokyo Monorail' and launched Asiana-Monorail Discount Ticket. In Hong Kong, we set up partnerships with 'Cotai Water Jet' (Ferries operating between Hong Kong and Macau) and 'Hong Kong Ocean Park' (leading theme park in Hong Kong). We will enlarge our partnership to major destinations for customers' global benefits.

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 flight and superior services' 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 nine consecutive years. We are recognized for excellent services by world's major aviation service rating agencies and travel magazines. In 2015, we are trying our best to be a reliable and beautiful company under the new motto "Strengthen Self without Stopping". We will strive tirelessly to make a strong and beautiful company and to get customers' trust in our efforts for safety operation and services.

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. The identifying process is performed actively by departments in charge. Especially for issues for which corrective actions were taken, we continuously monitor the outcome and customer feedback so as to incorporate customer viewpoint into service quality improvement.



VOC Management System

Asiana Airlines has introduced a new VOC system in 2013 to receive, analyze and monitor customer feedback in real time and deal with the cause of the complaints in proactive manners. Especially, we took intensive measures against VOCs which were frequently received in a specific route or season and improved VOC management system to forecast the factors in advance. We also will extend the scope of VOC collection to VOCs received through external channels and develop optimized data analysis logic and utilize it strategically on customer's opinion analysis, risk management and concept creation of new products.

Efforts to Improve Customer Satisfaction



Asiana Airlines is running a 'Service Quality Inspection Program'. Service quality experts with abundant flight experience or employees upon their business trips get aboard an airplane to inspect and manage the service quality effectively. Also, Asiana Airlines regularly conducts customer satisfaction survey with Asiana Club to identify overall service quality level and customer needs and the results are used as the basis for the establishment of service quality differentiation strategy. 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 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. Asiana Airlines discloses violations of standard or procedure on weekly basis to improve the service quality. For a service quality issue that needs to be improved in the long run, we promote a cooperation with related sections.

Awards



Five-Time Winner

2012 Business Traveler*
2012 Premier Traveler
2011 Global Traveler
2010 SKYTRAX
2009 ATW

(*Best Overall Airline in the World)

Asiana History of Airline of the Year



2009 Airline of the Year
ATW(Air Transport World)誌



2011 Airline of the Year
Global Traveler (USA)



2012 Best Overall Airline
In the World
Business Traveler (USA)



2010 Airline of the Year
Skytrax (UK)



2012 Airline of the Year
Premier Traveler (USA)



5 Star Airline
for 9 consecutive years
Skytrax (UK)

Awards Record(2014~2015)



	Award Name	Date	Awarder
Int'l	• World's Best Economy Class • World's Best Economy Class Onboard Catering	2015.6.16	SKYTRAX
	• Best Overall Inflight Experience in the World (8 times) • Best Overall Customer Service - Airline - Ground/Call Center (6 times)	2015.1.8	Business Travel Award
	• Best Airline On Board Service (11 consecutive years) • Best Flight Attendants (11 consecutive years) • Best First Class Seat Design • Best Wines on the Wing (Int'l F/CLS) (2 times)	2014.12.15	Global Traveler
	• Best Flight Attendants in the World (3 consecutive years) • Best In-Flight Services in the World (2 consecutive years) • Best Airline Service to Asia • Best Business-Class Service in the World • Best Airline Advertising Campaign	2014.12.4	Premier Traveler
	• World's Best Airline Economy Class • World's Best Aircraft Cabin Cleanliness	2014.7.15	SKYTRAX
	• The top International Airlines (World's Best Airlines)	2014.6	Travel & Leisure
	• Best Overall Customer Service Airline - Ground/Call Center	2014.1.13	Business Traveler
	• Best Service Airline	2014.1.7	Shanghai Morning Post
	• Best International Airline	2014.1.9	Oriental Morning Post
	• 2015 best companies to work for in Korea(K-GWPI) 1st in Aviation Industry	2015.8.27	Korean Standards Association
	• 2015 Korea Well-Being Consumer Index(KS-WCI) 1st in Airline	2015.8.20	
	• 2015 Premium Brands Index(KS-PBI)	2015.7.22	
	• 2015 Korean Standard-Service Quality Index(KS-SQI) 1st in Aviation Industry	2015.6.25	
Local	• 2015 4th Best loyalty In Korea selected by customers, Brand Grand Prize in Aviation Industry	2015.4.22	Korea CEO Association
	• 2015 National Customer Satisfaction Index(NCSI) 1st in International Airline • 2015 National Customer Satisfaction Index(NCSI) 1st in Domestic Airline	2015.3.30	Korea Productivity Center
	• 2014 KCSI 1st in Aviation Industry	2014.10.7	KMAC
	• 2014 KS-CQI 1st in Aviation Industry	2014.6.26	Korean Standards Association
	• 2014 National Customer Satisfaction Index(NCSI) 1st in Domestic Airline	2014.3.25	KMAC

ENVIRONMENT & SOCIAL RESPONSIBILITY

- 60 Environment Management
- 61 Climate Change Response
- 66 Environment Control
- 69 Environmentally-Friendly Activities
- 70 Social Responsibility



Asiana Airlines will fulfill the social responsibility with Environment Management and Social Contribution.





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. In this day and age, not only financial factors but also 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.

An aircraft needs steady supply of energy in order to be able to provide safe and comfortable flight to the passengers on board. Given how fuel is the primary source of energy for airliners, it is especially crucial for airliners to increase fuel efficiency and reduce the fuel consumption. And that is what we had thought about before the importance of natural environment was highlighted. All Employees 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.

Environment Management

Asiana Airlines has placed environment management as one of the core element for the Company's sustainable growth factor. For the quality of water and air which impacts the environment, the Company has set up and managing standards that are stricter and higher than the legal requirements. Also, we are trying to reduce waste. 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 employees and customers.

Environment Policy

- Minimize consumption of energy and resources
- Continue to improve environmental impact
- Proactive compliance
- Win-Win management and information-sharing with stakeholders



Vision

Environmentally-friendly Airline
in Harmony with Nature

Key Strategy

- Introduce the latest high efficiency aircraft and engines
- On-going Fuel Saving Policy
- On-going Environmentally-friendly Campaigns
- Reinforce Green Company Activities
- Find Improved Case through Environment (Practical Affairs) Council
- Emission within 50% of Regulation Standards
- Establish Voluntary Means to reduce GHG
- Publish Sustainability Report
- Green Campaign by Engaging Customers



Corporate Support HQ



Corporate Support



General Administration
Team



Manager for each HQ

Environment Management Organization

For the efficiency of Environment management, Asiana Airlines has reorganized the environment management organization to be directly under the Management Administration Division. By appointing Environment managers per Division and per Sector, any and all environment related business are monitored frequently onsite, and in case of any emergency or unusual activities, immediate action is taken and reported quickly to General Administration team to facilitate the report.

Environment Management System

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 2014, 350 newly recruited(general, sales, airport, maintenance, etc) and 100 incumbents were given lectures on environment related courses.

Climate Change Response

Local and International Response

○ GHG/Energy Target Management System

Since Asiana Airlines was included into GHG/Energy Target Management system in 2010, we are 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. Asiana Airlines has conducted multiple fuel-reduction activities and have done our best to satisfy all required target.

○ Emission Trading System

Asiana Airlines is designated as Emission Trading System-administrated company in 2014 and has to observe the system since 2015. At the present time, 525 Korean companies participate in ETS. The Government assigns the legal limit on the quantity of GHG to companies and allows them to trade surpluses or shortages. Asiana Airlines is conducting various fuel reduction activities consistently to reduce GHG.

○ EU-ETS

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. When assigned emission right remains, we sell it and when we are short of emission right we buy it to secure the same emission right as the emission quantity of the last year. On November 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 procedures such as GHG emission monitoring, report and verification.

○ Voluntary Agreement for GHG Reduction

In July 2010, Asiana Airlines signed a voluntary GHG reduction agreement with the Ministry of Land, Infrastructure and Transport to set the GHG reduction target by renewing the agreement regularly 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 and exceeded the



target far above to have the honor of being selected as the airline with the highest fuel efficiency. In 2014, Asiana Airlines signed 5th the agreement and set its target to improve its international line fuel efficiency by 2.0% against the baseline year. Because the method of target setting in international treaty is expected to change from fuel efficiency to quantity of emission, we prolonged the period of agreement from one year to two years.(January 1, 2015~December 31, 2016)

The quantity of GHG Emission and 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.

GHG Emission Trend

Classification	2010	2011	2012	2013	2014
Aircraft Emission(tco ₂)	5,020,748	5,371,480	5,604,703	5,995,446	6,180,346

○ GHG Reduction Activities

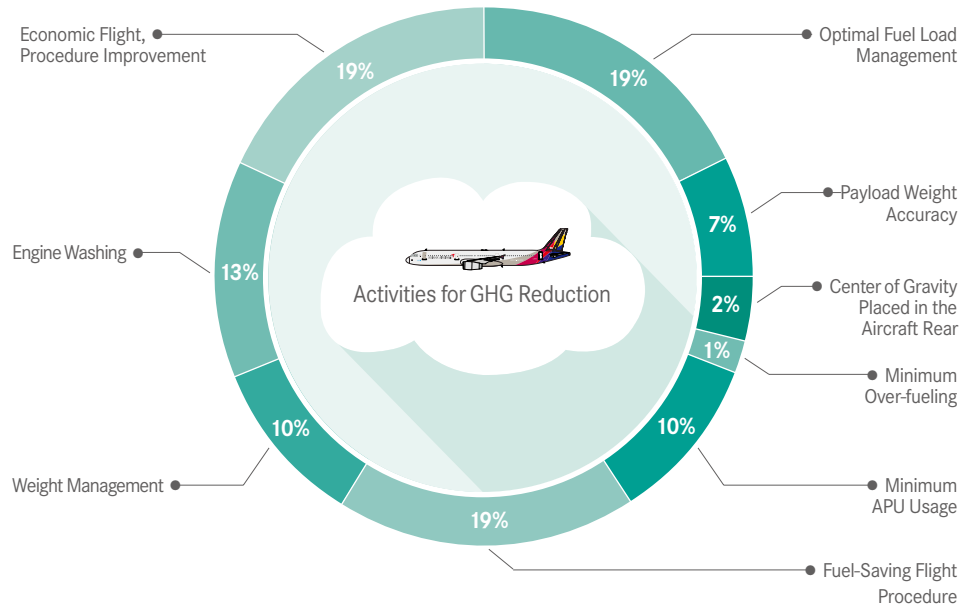
Asiana Airlines has set up 'Fuel Management Committee' as a way to concentrate its fuel-managing capability and to coordinate and promote inter-team opinions and information exchange to optimize communication for better business decisions. The committee opens a meeting more than once a month. In 2014, Asiana Airlines launched a campaign which was named 'Green Flight 3'(Activation of Short-Cut, Green Taxi, Minimum APU Usage) and is carrying out the fuel reduction activities from the steps of preparation before takeoff to the maintenance after landing.

Aircraft GHG Reduction Trend

< unit : 1,000 ton >

Classification	2010	2011	2012	2013	2014
Amount of CO ₂ Reduction	79	83	105	120	125

Activities for GHG Reduction



We are implementing a series of fuel conservation activities such as optimized flight planning and operation procedure for fuel saving and 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 been doing engine water washes. We 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 374 times in 2014 and 392 times are planned in 2015.

Year	2010	2011	2012	2013	2014
Number of Times	267	290	327	350	374
Reduced Cost(KRW 1 million)	3,850	3,503	4,324	4,347	4,928

○ Weight Management

Weight management activities to improve fuel efficiency include application of lightweight carts, center of gravity placed in the aircraft rear, usage of lightweight containers and weight reduction of tax-free books in the airplanes. 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.



○ 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. At the present time, a total of 10 electric cars are in service.

Vehicle Model	Number of Units in Service	Operating Places/Teams
Change (Introduced in October, 2011)	7	6 at Incheon Airport 1 at Gimpo Airport
Electric Car (Renault Samsung) (Introduced in January, 2014)	3	1 for Incheon Safety Management Team, 1 for Gimpo Safety Management Team, 1 for Incheon Cargo Service Branch (Incheon Passenger Terminal, Gimpo Passenger Terminal, Incheon Cargo Terminal) * Charging Stations: Three Places

Environmentally-friendly Flight

Asiana Airlines is running an organization consisted of experts to concentrate on fuel reduction and fuel efficiency improvement, and have established management items for monthly based performance management. Asiana Airlines has set up 'Corporate Fuel Management Committee' to encourage the participation of all the employees. The committee shares the team(or division) performance and draws improvement methods or study new reduction methods through monthly meetings. 'Economic Route Creation Task Force' in the committee searches for a new economic route consistently. We also share information about in-flight route distance reduction for a quick application to the field.

In 2014, we focused on three types of eco-friendly operation. The first is Observing one Engine Taxi-in procedure when moving on the ground after the landing. Secondly, inducing the use of Ground Power Unit(GPU) instead of shortening the time to use Auxiliary Power Unit(APU) on the ground. Thirdly, And lastly, using a route shorter than the designated one in-flight by requesting to air-traffic control agencies. In 2015, we will put in two additional

items which are setting up an optimized flight plan and drag reduction and will start applying them from September.

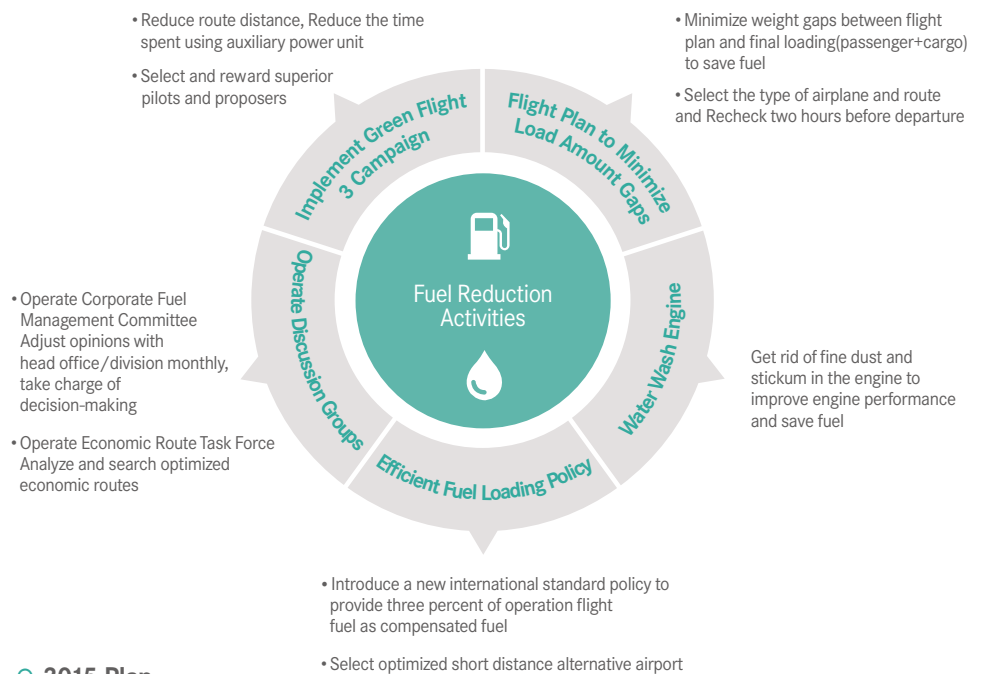
In 2014, Asiana Airlines has introduced a policy to provide three percent of operation flight fuel as compensated fuel which is a international standard. The policy includes advanced flight monitoring and safety operation scheme to select an alternative airport in the route.

We have our aircraft engines water washed twice a year to get rid of fine dust and stickum. That helps improve engine performance and save fuel. In 2015, Asiana Airlines is also going to have its aircrafts' body washed. As for A321-200, which will be introduced in 2015, we will reduce between three to four percent of fuel by installing Sharklet, which reduces drag.

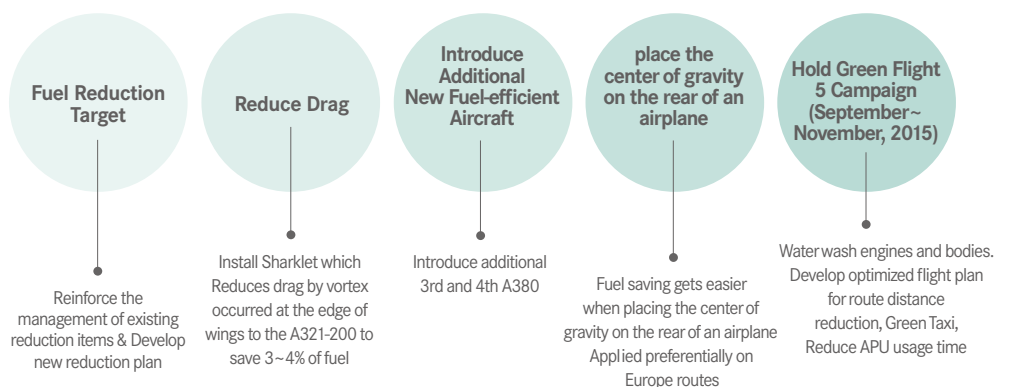
In 2014, for the effective management of weight, we reduced the number of unused seats for crews in cargo airplanes. We also installed removable foot rests in A330 and removable oven on domestic routes. In 2015, we will change the material of tax free magazines to reduce weight and will carry out placing the center of gravity on the rear of the airplanes on Incheon-Europe route to improve fuel efficiency.



○ Fuel Reduction Activities In 2014



○ 2015 Plan



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. As for controlling environmental issues, we apply more stringent standards of our own, apart from regulatory requirements. Thanks to the efforts, Asiana Airlines has had no environment accidents for 15 years in a row from 2000 to 2014.

Energy Consumption Control

Asiana Airlines' energy consumption slightly rose year-on-year in 2014 due to the growth of our business. Electric power is usually used for working activities in buildings. LNG is primarily used for heating and cooling but it is also consumed for boilers and cooking. The Incheon worksite(Youngjong Island) uses steam and electric power supplied by Incheon Airport Energy(a combined heat and power generation plant) nearby because of geographical proximity.

Water Usage

< unit : ton >

Classification	2012	2013	2014
Asiana Town	99,236	98,057	99,707
Gimpo District	22,990	22,897	16,064
Incheon District	76,481	88,871	106,569

Power Usage

< unit : kwh >

Classification	2012	2013	2014
Asiana Town	20,566,732	20,953,062	20,117,541
Gimpo District	4,472,010	4,112,382	3,711,734
Incheon District	11,320,805	13,470,018	14,914,237

LNG Usage

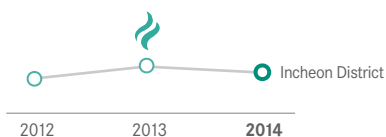
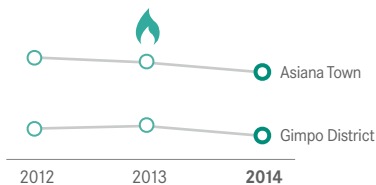
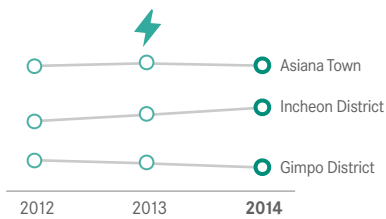
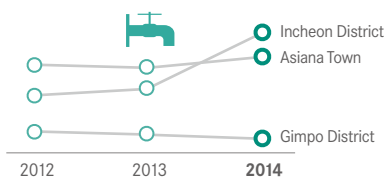
< unit : m³ >

Classification	2012	2013	2014
Asiana Town	684,239	679,980	629,079
Gimpo District	402,101	422,034	333,629

Steam Usage

< unit : Gcal >

Classification	2012	2013	2014
Incheon District	3,868	4,279	4,103



Water

Most of the wastewater generated from business activities goes to wastewater treatment facility. Through strict treatment process, Asiana Airlines observes regulations required by law. We entrust all the high density wastewater to the specialized company to ascertain whether the specific harmful materials are treated properly. We provide active investment plan for treatment operation equipment and reflect it in our operation. Inflow and outflow in the wastewater treatment facility is monitored everyday. Besides the regular measurement, we check the wastewater treatment by installing the TMS in the 1st and 2nd hangar in Incheon.

Water Pollutants

<Density : mg/l>

Classification		Legal Limit	2010	2011	2012	2013	2014
Gimpo Hangar	COD	130	13.61	13.46	8.57	12.73	14.4
	SS	120	11.57	20.06	11.55	13.8	9.28
	Water Flow(m ³)		1,052	1,324	1,270	959	783
1st Hangar in Incheon	COD	20	2.78	2.55	3.38	2.17	2.11
	SS	20	1.46	1.59	1.29	1.49	2.04
	Water Flow(m ³)		1,566	1,203	1,028	807	599

※ 2nd Hangar in Incheon(as of 2014) *COD: 1.89 mg/l, SS: 1.79 mg/l

Air

Air Pollutants are mainly generated from aircraft maintenance. Asiana Airlines established pollution control facilities in each maintenance site for the efficient control of pollutants and the improvement of site environment. We monitor emission control system daily(also monthly and ad hoc) to manage the legal limit of pollutants. Asiana Airlines confirms whether the facilities work properly through the regular measurement to minimize the emission of pollutants at the site.

Air Pollutant Emissions

<unit : Kg>

Classification	2010	2011	2012	2013	2014
Gimpo Hangar	161.76	127.31	202.78	81.40	84.14
1st Hangar in Incheon	389.05	408.1	355.10	307.73	603.97
2nd Hangar in Incheon	-	-	-	-	181.32

note) increased pollutant emissions at the 1st Hangar in Incheon in 2014 was due to the increase of heavy maintenance of aircrafts(sanding, painting etc.)

Waste

Asiana Airlines makes sure that different kinds of wastes are not mixed. We sort them out according to related teams and each team is responsible for observing the waste management law and internal regulation of waste treatment process. To minimize the waste generated in workplaces, each department set an annual target and performs monitoring consistently according to the reduction plan. Maintenance process generates certain kinds of wastes by nature. We examine whether they are recyclable and if they are deemed safe,

advise employees to recycle them. Asiana Airlines is raising its recycling rate gradually. Recyclable wastes are sorted again so as to reduce the incineration and the cost incurred.

Waste Amount and Recycling Rate

Classification	2010	2011	2012	2013	2014
Total Waste(tons)	4,913	5,464	5,601	6,152	6,227
Recycling (tons)	3,350	3,644	3,819	4,989	5,024
Recycling Rate(%)	68.2	66.7	68.2	81.1	80.68

Noise

Asiana Airlines applies NADP of ICAO(International Civil Aviation Organization) for the airports which have noise reduction regulations. Airbuses and Boeings that we possess(50, 34 airplanes each) meet the standards of ICAO ANNEX 16 Volume 1, which prescribe the grades of aircraft noise.

* NADP: Noise Abatement Departure Procedure

Chemical Materials

Asiana Airlines has built an inventory of chemicals it handles and keeps to improve chemical material handling standard according to the 'Chemical Material Control Act' and 'Chemical Material Registration and Evaluation Act', which have newly been applied since 2015. We offer regular educations for the departments that handle chemical materials to raise awareness of related laws. As for Explosive or inflammable materials, we perform active examinations to find alternative ones. We have introduced AMIGOS-II system that keeps the record of chemical materials for the strict management of the 'special material' prescribed by Industrial Safety and Health Law. For the sites which handle chemical materials, Asiana Airlines has established emergency training guideline. We confirm whether there are disaster protection equipments in workplaces to prevent secondary environmental incident. When discarding chemical materials that are past their expiration date, we let the related team examine the Material Safety Data Sheet(MSDS) about the materials because there are possible dangers (a fire etc).

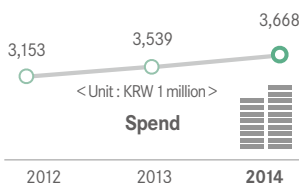


Green Purchase

As the interests on environmentally-friendly goods gradually rise, Asiana Airlines tries to use them evenly in applicable areas. We plan to purchase green products to the extent of not hurting safety flight.

< Unit : Item - Items, Spend - KRW 1 million >

Classification	2012		2013		2014	
	Item	Spend	Item	Spend	Item	Spend
Green Products etc.	32	3,153	31	3,539	27	3,668



Environmentally-Friendly Activities

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 to promote green flight and conducted corporate fuel reduction campaigns that was appealed to the general public.

○ Participation in Creation of Eco-Park

Since 2012, Asiana Airlines has been planting trees at an eco-park built on a reclaimed land near metropolitan areas which takes place in Arbor Day every year. Following 2013, its employees took part in the event organized by Metropolitan Area Landfill Site Management Corporation in 2014. It will endorse creation of the eco-park as well as environmental preservation based on ongoing participation.

○ Greenhouse Gas Reduction Program and Carbon Labelling

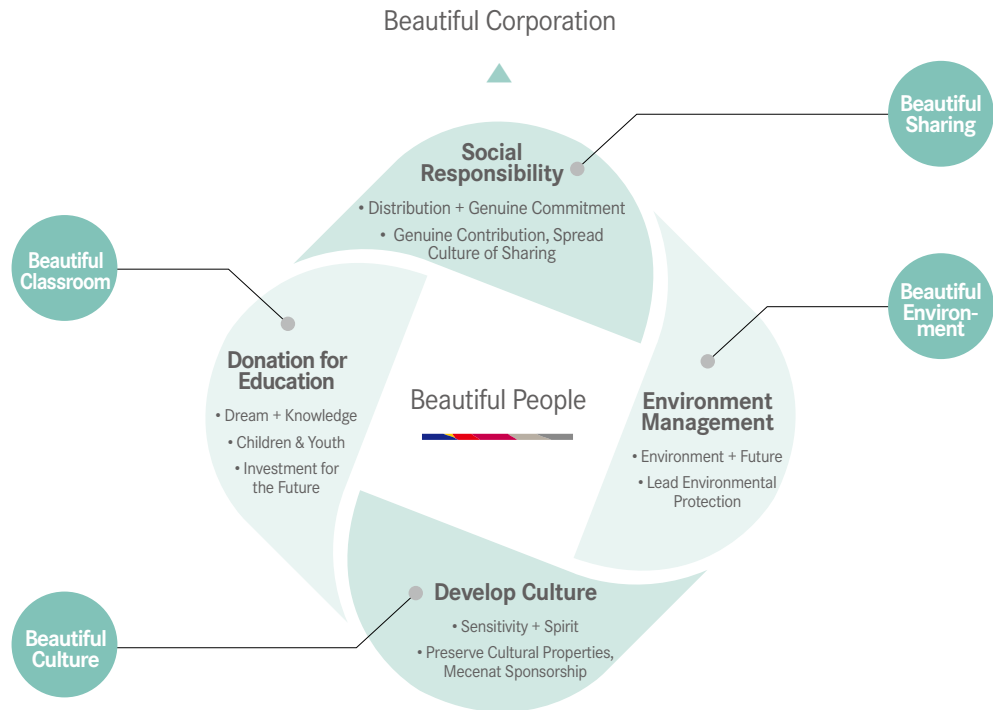


All employees in Asiana Airlines should identify the volume of carbon offset as a way to offset greenhouse gas generated by Asiana flights for their business trip. In 2014, 3,157 tons of greenhouse gases were offset and a total of 18,048 tons of the gas has been offset from May 2008 through the end of 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 labelling on flight routes from Korea Environmental Industry & Technology Institute(KEITI). 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. Gimpo-Jeju route accreditation was renewed In 2014.



Social Responsibility

Asiana Airlines will fulfill its social responsibility consistently engaging customers and employees to create a beautiful world where all of us across the globe can lead a happy and fulfilling life.



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 UNICEF spare coin collection, Asiana Bazaar, 1 Company 1 Village, Meal of Love, 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 to prevent spare notes and coins in foreign currencies at the end of customers' journey from not being spent and discarded. The campaign was started on international flights in 1994 and has grown into the most representative social campaign waged by Asiana Airlines. In 2014, the accumulated amount of money exceeded KRW 10 billion.

< Unit :100 million KRW >

Accumulated Amount of Money	1994	1998	2002	2006	2010	2012	2014
	1.6	10	20	30	50	70	100

○ Asiana Bazaar

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. 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.



○ 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 every year. 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 'Rural Community Contribution Certification' award and 'The Order of Industrial Service Merit' from the Ministry of Agriculture, Food and Rural Affairs in 2014.



○ 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. Since 2011, Asiana Airlines delivered breakfast to the 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 private corporate sponsor.

○ Moneybox of Love

The Moneybox of Love campaign was originally launched by airport service staffs in 2008. Starting from 2011, the campaign has grown to an enterprise-wide scale that encompasses all of Asiana offices both home and abroad. The money collected by our employees during a year is spent for various social outreach activities.

○ Salary 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 from their salaries and donated the money to the fund for neighbors in needs. Since 2014 the campaign has revised to raise money from employees(KRW 1.000 each, from their Salaries). Asiana also provides 100% matching grants to support the employees' charity efforts. The fund is spent helping out more disadvantaged people in our communities, that includes providing breakfasts to low-income family children and giving scholarships for the grandparent-grandchildren families. in order.



○ Social Work Volunteering in Relay

Asiana people participate in social volunteering campaigns in relay. We visit Pinetree Home, Gangseo Children's Center, Boocheon Hyerimwon and Yangcheon Migrant Workers' Center to spread the culture of 'Beautiful Sharing' across our communities. Since 2014, we added 'Home Repairing of Hope' campaign to help improving the residential environment of lower economic class.



○ On Board Outreach Initiative

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. Asiana Airlines formed Onboard Outreach Team in charge of designing onboard social contribution programs to invite long-haul passengers to a good cause.

○ Supporting for Aeta Tribe in the Philippines

As part of the 1 Company 1 Village campaign, Asiana Airlines established partnership in 2011 with the Aeta village and has been supporting them consistently with KOICA. Asiana people visited the village to build water pumping facilities, improved houses, public safety facilities and offered education about advanced agriculture and stockbreeding to help them to become more self-sufficient.



○ Love House in Vietnam

The corporate volunteering club for flight attendants, OZ-UNICEF, has built houses for extremely poor families in Ben Tre Province under the partnership 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.

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, especially, 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. '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 Airlines has formed a education donation group consists of lecturers who are experienced in their career fields to visit schools and give career lectures to students interested in aviation professions. In recognition of our hard work, we were awarded 'Education Donation Grand Prize' by the Ministry of Education in 2014.



○ Dream Festival

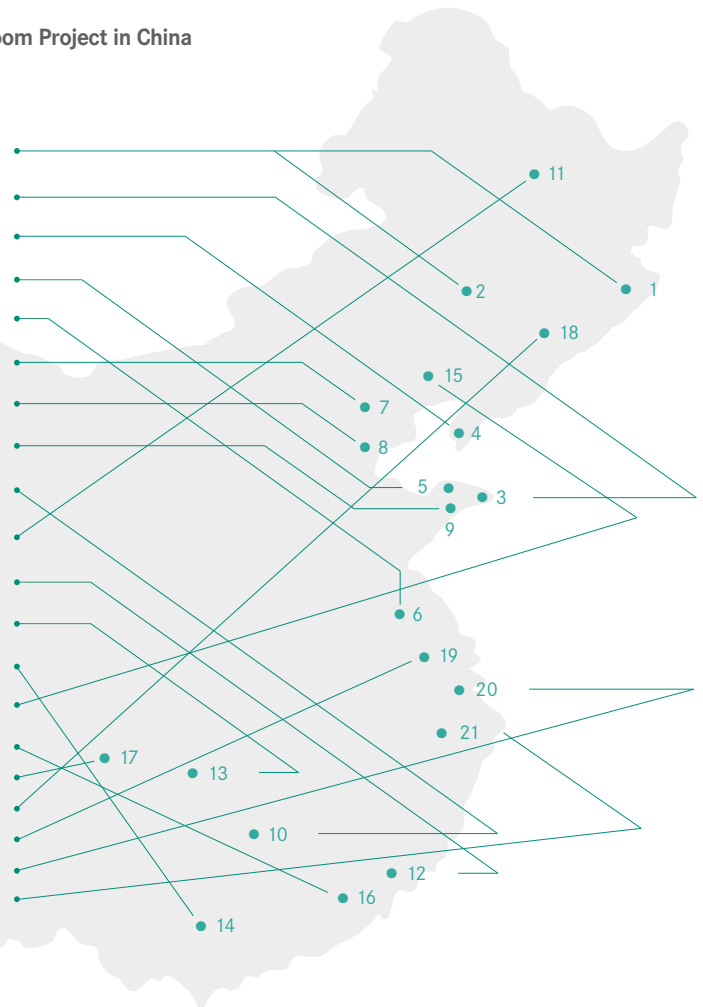
'Dream Festival' is the largest educational event in Korea that combines culture and art performances with a career class to help relieve stress of students pressured to maintain good academic performance all the time, and fulfill their curiosity about their potential careers. Sponsored by Seoul Foundation for Arts and Culture, 'Dream Festival' first took place in the Yeongdongpo Art Hall in February 2013. The second festival was held in Guro-Art Valley in December 2013. In December 2014, the third festival was held at the National Theater.

○ Beautiful Class for China

Asiana Airlines, as the airline that has the widest Korea-China flight network, set off to

Beautiful Classroom Project in China

No.	School Name	Donation
1	The 5th junior high school in Tumen city, Yanli	40 computers, 1,000 books, 1 piano, 1 beam projector, etc
2	Ethnic Korean school in Jiutai city, Changchun	50 computers, 1,000 books, 1 piano, 9 beam projectors, school bags/stationery items, etc
3	Banyuewan primary school in Wei Hai	42 educational computers, 1,000 books, 1 piano, 1 beam projector, 1 photocopier
4	Laotunhuyzhen central primary school in Dalian	51 educational computers, 1,000 books, 1 piano
5	Mupinggu Dayao junior high school in Yantai city	36 educational computers, 1,000 books, 1 piano, 15 Guzhangs(Chinese Zither)
6	Yongfeng primary school in Pukouqu (浦口区), Nanjing city	61 computers, 1,000 books, 1 piano, etc
7	Fengdong Xincheng Cheliang primary school in Xishensinqu, Shaanxi province	5 multimedia sets, 12 computers, 1 piano, 1,000 books and soccer team uniforms
8	Yueyahe primary school in Hebei, Tianjin city	49 computers, 1 piano, 1,000 books
9	Xiangganglu primary school, Qingdao city	63 computers, 1 piano, 1 beam projector, basketball team uniforms
10	Dahu secondary school, Changsha city	30 computers, 1 LED display, 120 desk-chair sets, 1 educational entertainment set
11	Ethnic Korean primary school, Wuhan city, Harbin	50 computers, 20 electronic organs, 1,000 books
12	Ruixing primary school in Shenzhen city	Construction of 3 volleyball courts, 1 basketball court, nets, goal posts, 1 piano, 500 books, 20 volleyballs, 43 volleyball uniforms
13	Shiyang primary school, Dujiangyan, Chengdu city	11 computers, 2 pianos, 4 multimedia sets, 500 books
14	Yucal primary school, Qixing district, Guilin city	49 computers, 1,000 books, 1 piano
15	Chen Jingrun middle school Dijing branch, Beijing	20 computers, 1 beam projector, 1 air conditioner
16	Quianfeng primary school, Guangzhou	30 computers, 2 LED displays, electronic book system
17	Ertang primary school, Chongqing	60 computers, 1 piano
18	Xuesongru primary school, Shenyang	5 computers, 1 piano
19	Sanyang school, Huangshan	1 piano, 10 sets of multimedia system, 10 blackboards
20	Wanping school Shanghai	45 computers, 1,000 books, 1 piano, 200 model airplanes
21	Caihe experimental primary school, Hangzhou	





establish a sister network of schools to implement the 'Beautiful Class' project across China in 2012. The project 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 , Beijing, Guangzhou, Chongqing, Shenyang, Huangshan, Shanghai, Hangzhou , and gave lectures when flight attendants of Asiana visited the schools themselves in 2014. From 2012 to 2014, Asiana gave support to 21 Chinese schools. The campaign will be continued in 2015 to cover more students in China.



○ 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.

Beautiful Earth

We engage ourselves in a wide range of environment improvement initiatives such as installing eco-friendly solar street lamps in the cultural heritage sites all over the world, cleaning river across the country ('Forriver Forever') and etc.



○ 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 Airlines has installed 51, 41 and 26 solar-powered street lamps in Cambodia, Vietnam and Jakarta respectively. We build 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.

Beautiful Culture

○ AISFF

Asiana Airlines has organized AISFF(Asiana International Short Film Festival) since 2003, which marks its 12th anniversary in 2014. 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. AISFF is the first and one of the biggest international short film competition festival in Korea. AISFF has become stable and



fruitful by consistent hosting and support.

○ Asiana Carole

In 2014, Asiana Airlines selected physically challenged musicians with talents and produced first Asiana Carole entitled 'Christmas with you' to share the music with all its employees.

○ Guardian of Cultural Heritage

Asiana people and their families visit four royal palaces of Korea(Deoks, Gyeongbok, Changdeok, Changgyeong) 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 and 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. We are trying to carry out our social responsibility through various Mecenat activities.



APPENDIX

- 77 Financial statements
- 86 GRI G3.1 Index & Alignment with ISO 26000
- 90 Organization Chart
- 91 Third-Party Assurance Report

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Consolidated Financial Statement

<Unit : KRW>

	27th Period	26th Period	25th Period
Assets			
Current assets	1,328,336,817,242	1,466,671,685,608	1,064,537,579,653
Cash and cash equivalents	262,869,886,514	498,919,161,282	162,787,126,531
Short-term financial instruments	306,681,020,000	204,166,780,000	73,633,960,000
Financial assets at fair value through profit or loss	16,074,709,900		
Trade receivable	388,085,788,016	383,522,272,645	424,959,115,021
Other receivables	29,441,044,713	32,299,738,477	27,609,992,058
Accrued income	19,265,792,347	20,582,520,140	23,036,290,392
Short-term loans receivable	792,616,817	23,637,085,863	22,407,504,350
Advance payments	46,701,171,670	58,387,141,441	106,317,989,043
Prepaid expenses	69,892,777,670	61,478,468,446	59,061,088,052
Liquidity available-for-sale financial instruments	1,822,908,411		
Prepaid taxes	2,505,729,470	2,040,195,087	2,416,539,879
Current tax assets	1,162,530,006	1,780,827,381	287,861,217
Inventories	182,764,794,508	178,755,248,735	161,225,835,022
Other current assets	276,047,200	1,102,246,111	794,278,088
Non-current assets	6,883,260,955,580	5,545,335,886,411	5,021,824,272,891
Long-term financial instruments	227,500,000	34,500,000	34,500,000
Available-for-sale financial assets	320,637,663,502	278,234,247,559	254,256,905,361
Investments in jointly controlled entities and associates	382,871,764,053	396,926,308,229	141,855,755,959
Long-term loans receivable	1,824,844,731	39,980,000	53,850,079,443
Guarantee deposits	449,461,397,501	452,593,085,830	420,005,795,046
Long-term prepaid expenses	160,217,328,737	190,972,115,072	221,777,052,133
Deferred income tax assets	169,984,873,660	129,557,247,022	45,750,633,145
Property, aircraft and equipment	5,061,892,428,127	3,757,361,448,117	3,554,271,658,779
Investment property	125,801,906,672	128,225,842,074	130,481,669,012
Intangible assets	209,372,285,189	209,881,151,625	197,786,708,327
Other non-current assets	968,963,408	1,509,960,883	1,753,515,686
Total assets	8,211,597,772,822	7,012,007,572,019	6,086,361,852,544

Consolidated Financial Statement

<Unit : KRW>

	27th Period	26th Period	25th Period
Liabilities			
Current liabilities	2,366,458,304,526	2,048,713,145,130	2,028,486,896,102
Trade accounts payable	156,358,158,393	167,170,456,482	267,036,272,591
Short-term borrowings	68,813,552,380	50,000,000,000	1,000,000,000
Advance receipts	294,579,205,404	255,122,301,435	265,260,956,577
Unearned income	16,761,100,401	12,951,703,332	2,287,731,407
Withholdings	46,439,232,387	33,461,769,488	29,603,442,295
Other payables	361,683,773,098	287,448,769,278	308,589,373,905
Accrued expenses	99,001,166,184	85,915,169,929	96,348,713,964
Income tax liabilities for the year	6,850,912,340	6,041,173,684	5,179,618,718
Taxes withheld	132,424,968,313	130,447,617,012	118,187,311,175
Current portion of debentures issued	703,789,669,073	493,469,791,406	526,379,839,295
Current portion of long-term borrowings	321,497,696,732	405,859,012,947	286,064,859,052
Current portion of obligations under financing leases	158,258,869,821	116,666,455,209	122,548,777,123
Current portion of financial derivative liabilities		4,158,924,928	
Non-current liabilities	4,726,016,690,431	4,059,982,949,503	3,052,984,973,500
Debentures issued	1,229,092,955,241	1,410,970,336,764	923,550,579,485
Long-term borrowings	719,096,611,165	672,759,157,271	795,916,828,448
Obligations under financing leases	989,653,180,461	623,504,749,965	608,287,244,705
Defined benefit liability	278,348,150,338	215,695,408,667	202,035,941,066
Long-term advance receipts	468,793,381,381	432,833,708,208	385,656,940,586
Long-term unearned income	265,083,576,294	255,482,811,552	3,728,487,038
Long-term other payables	76,606,615	9,686,343,182	18,815,340,587
Deferred income tax credits	143,500,352,959	53,293,721,386	
Provisions	99,979,796,340	104,744,100,576	63,484,898,907
Other long-term liabilities	532,392,079,637	281,012,611,932	51,508,712,678
Total liabilities	7,092,474,994,957	6,108,696,094,633	5,081,471,869,602
Equity attributable to owners of the Parent Company			
Capital stock	975,506,825,000	975,506,825,000	975,506,825,000
Capital surplus	1,148,869,102	1,148,869,102	1,148,869,102
Other structural elements of capital	(28,488,270,487)	(28,488,270,487)	(28,488,270,487)
Accumulated other comprehensive income (loss)	76,620,305,356	17,672,942,979	22,917,028,208
Retained earnings(Accumulated deficit)	(18,918,277,946)	(65,905,628,767)	29,449,881,616
Non-controlling interest	113,253,326,840	3,376,739,559	4,355,649,503
Total equity	1,119,122,777,865	903,311,477,386	1,004,889,982,942
Total liabilities and equity	8,211,597,772,822	7,012,007,572,019	6,086,361,852,544

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Consolidated Comprehensive Income Statement

< Unit : KRW >

	27th Period	26th Period	25th Period
Sales	5,836,234,761,575	5,723,506,384,082	5,887,872,743,115
Cost of sales	5,186,770,205,133	5,159,649,585,880	5,109,055,196,392
Gross profit	649,464,556,442	563,856,798,202	778,817,546,723
Selling, general and administrative expenses	551,378,544,061	575,091,840,092	599,449,801,304
Operating (loss) income	98,086,012,381	(11,235,041,890)	179,367,745,419
Other operating income	316,837,451,480	359,169,751,542	229,230,561,023
Other operating expenses	264,492,512,193	380,574,222,674	197,053,459,542
Financial income	17,790,738,344	22,640,762,295	27,129,457,329
Financial expenses	152,716,036,287	149,284,939,847	161,600,313,360
Increased interest in the profit or loss of associates	31,791,237,208	26,291,720,460	14,004,879,773
Equity decreased for the profit or loss of associates	6,184,391,890	7,569,996,987	4,545,648,302
Profit (loss) before income tax	41,112,499,043	(140,561,967,101)	86,533,222,340
Income tax expense (income)	22,185,373,555	25,897,062,002	(24,059,906,513)
Profit (loss) for the year	63,297,872,598	(114,664,905,099)	62,473,315,827
Equity holders of the Parent Company	62,181,138,535	(115,658,055,999)	61,382,051,563
Non-controlling interest	1,116,734,063	993,150,900	1,091,264,264
Other comprehensive income (loss) for the year	43,717,419,351	15,106,259,743	22,349,627,839
Subsequently in other comprehensive income are reclassified to profit or loss			
Loss on valuation of available-for-sale financial assets	83,876,790,955	1,670,529,592	45,407,065,325
Stake in the other comprehensive income of associates	(24,964,057,886)	(6,904,089,675)	(752,555,095)
Profit/loss on overseas operation	34,629,308	(10,525,146)	(176,858,915)
Subsequently reclassified to profit or loss unless other comprehensive income			
Remeasurements of net defined benefit liabilities	(15,229,943,026)	20,753,165,890	(21,961,516,810)
Equity stake in remeasurements of net defined benefit liabilities of associates		(402,820,918)	(166,506,666)
Total comprehensive income (loss) for the year	107,015,291,949	(99,558,645,356)	84,822,943,666
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	105,934,713,198	(100,599,595,612)	83,733,636,062
Non-controlling interest	1,080,578,751	1,040,950,256	1,089,307,604
Per share data			
Basic earnings (loss) per share	319	(593)	317
Diluted earnings (loss) per share	319	(593)	316

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Consolidated Statement of Changes in Shareholders' Equity

< Unit : KRW >

			Equity							
			Shareholders of Parent Company					Non-controlling Interest	Total Equity	
			Capital Stock	Capital Surplus	Other Components of Equity	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)			Total
Balance at January 1, 2012			916,536,240,000	1,119,928,066	(28,488,270,487)	(21,560,623,107)	(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	
		Loss on valuation of available-for-sale financial assets			45,407,065,325		45,407,065,325		45,407,065,325	
		Related company's stake in other profit or loss			(752,555,095)		(752,555,095)		(752,555,095)	
		Exchange differences on translation in foreign operations			(176,858,915)		(176,858,915)		(176,858,915)	
		Remeasurements of net defined benefit liabilities				(21,959,560,150)	(21,959,560,150)	(1,956,660)	(21,961,516,810)	
		Related company's stake in Remeasurements of net defined benefit liabilities				(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	
	Acquisition and liquidation of 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	(28,488,270,487)	22,917,028,208	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	(28,488,270,487)	22,917,028,208	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)	
		Loss on valuation of available-for-sale financial assets			1,670,529,592		1,670,529,592		1,670,529,592	
		Related company's stake in other profit or loss			(6,904,089,675)		(6,904,089,675)		(6,904,089,675)	
		Exchange differences on translation in foreign operations			(10,525,146)		(10,525,146)		(10,525,146)	
		Remeasurements of net defined benefit liabilities				20,705,366,534	20,705,366,534	47,799,356	20,753,165,890	
		Related company's stake in Remeasurements of net defined benefit liabilities				(402,820,918)	(402,820,918)		(402,820,918)	
Transactions with equity holders	Bond with warrants exercised									
	Acquisition and liquidation of 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	(28,488,270,487)	17,672,942,979	(65,905,628,767)	899,934,737,827	3,376,739,559	903,311,477,386
Balance at January 1, 2014			975,506,825,000	1,148,869,102	(28,488,270,487)	17,672,942,979	(65,905,628,767)	899,934,737,827	3,376,739,559	903,311,477,386
Changes in Equity	Comprehensive income (loss)	Profit (loss) for the year				62,181,138,535	62,181,138,535	1,116,734,063	63,297,872,598	
		Loss on valuation of available-for-sale financial assets			83,876,790,955		83,876,790,955		83,876,790,955	
		Related company's stake in other profit or loss			(24,964,057,886)		(24,964,057,886)		(24,964,057,886)	
		Exchange differences on translation in foreign operations			34,629,308		34,629,308		34,629,308	
		Remeasurements of net defined benefit liabilities				(15,193,787,714)	(15,193,787,714)	(36,155,312)	(15,229,943,026)	
		Related company's stake in Remeasurements of net defined benefit liabilities								
Transactions with equity holders	Bond with warrants exercised									
	Acquisition and liquidation of subsidiaries							108,996,008,530	108,996,008,530	
	Dividends							(200,000,000)	(200,000,000)	
Balance at December 31, 2014			975,506,825,000	1,148,869,102	(28,488,270,487)	76,620,305,356	(18,918,277,946)	1,005,869,451,025	113,253,326,840	1,119,122,777,865

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Consolidated Cash Flow Statement

<Unit : KRW>

	27th Period	26th Period	25th Period
Net cash generated from operating activities	373,360,980,922	739,045,604,566	345,691,616,180
Cash generated from operations	488,673,169,066	852,099,170,430	470,390,483,903
Interest received	19,713,138,849	20,474,135,554	16,074,932,653
Interest paid	(137,053,936,901)	(130,905,295,678)	(125,042,358,459)
Dividends received	10,991,569,456	9,746,989,571	10,201,019,094
Income tax paid	(8,962,959,548)	(12,369,395,311)	(25,932,461,011)
Net cash provided by (used in) investing activities	(390,470,802,010)	(810,775,118,203)	(620,770,739,639)
Decrease (increase) in short-term financial instruments, net	(102,400,000,000)	(130,440,000,000)	(37,503,883,117)
Proceeds from sales of fair value financial asset	3,364,381,681		
Others (derivatives)			(92,505,744,964)
Long/Short-term loans granted	(49,373,807)	(15,885,860)	(9,214,945,000)
Increase in Long/Short-term loans granted	2,288,757,200	17,400	3,842,532,976
Acquisition of available-for-sale financial assets	(3,009,985,620)		(41,975,677,201)
Disposal of available-for-sale financial assets	55,242,090,914		51,223,008,000
Acquisition of investments in jointly controlled entities and associates	(76,271,758,714)	(260,602,084,600)	
Disposition of investments in jointly controlled entities and associates	50,000	15,664,649,056	109,440,000
Purchases of property, aircraft and equipment	(332,694,804,781)	(384,966,290,360)	(388,126,708,986)
Disposal of property, aircraft and equipment	87,664,672,975	7,448,891,822	6,629,447,639
Purchases of intangible assets	(4,356,730,398)	(18,779,742,108)	(1,952,818,380)
Disposal of intangible assets	128,932,000		576,000
Increase in guarantee deposits	(145,054,271,780)	(113,392,083,259)	(152,929,346,182)
Decrease in guarantee deposits	124,677,238,320	74,322,409,706	41,653,279,576
Acquisition of other investment assets		(15,000,000)	
Acquisition and liquidation of subsidiaries			(19,900,000)
Net cash provided by (used in) financing activities	(217,863,436,173)	409,172,098,439	242,828,052,606
Net increase/decrease of short-term borrowings	(14,000,000,000)	49,000,000,000	(2,294,336,365)
Proceeds from long-term borrowings	93,095,940,000	104,215,212,578	172,684,530,329
Repayment of long-term borrowings	(212,473,496,288)	(81,818,242,392)	(68,417,037,809)
Issuance of debentures	498,119,636,030	820,854,279,022	1,208,110,063,760
Redemption of debentures	(452,499,822,322)	(301,399,409,350)	(1,012,926,504,069)
Payments of finance lease liabilities	(129,905,693,593)	(179,679,741,419)	(112,807,448,240)
Payment of dividends	(200,000,000)	(2,000,000,000)	(200,000,000)
Bond with warrants exercised			58,678,785,000
Net increase/decrease of cash and cash equivalents	(234,973,257,261)	337,442,584,802	(32,251,070,853)
Cash and cash equivalents at the beginning of year	498,919,161,282	162,787,126,531	197,773,237,915
Exchange gains on cash and cash equivalents	(1,076,017,507)	(1,310,550,051)	(2,735,040,531)
Cash and cash equivalents at the end of year	262,869,886,514	498,919,161,282	162,787,126,531

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Statement of Financial Position

<Unit : KRW>

	27th Period	26th Period	25th Period
Assets			
Current assets	856,948,770,852	944,905,100,720	841,188,516,318
Cash and cash equivalents	146,168,186,575	245,511,127,872	109,144,616,284
Short-term financial instruments	7,426,020,000	7,311,780,000	7,218,960,000
Sales of fair value financial asset	16,074,709,900		
Sales of current available-for-sale financial assets	1,822,908,411		
Trade receivables	328,005,677,219	325,176,822,953	339,130,767,888
Other receivables	27,681,567,805	31,980,961,404	27,410,620,350
Accrued income	18,446,961,630	19,598,351,949	21,726,616,727
Short-term loans receivable	13,268,240,000	13,171,660,000	13,206,420,000
Advance payments	44,980,162,852	55,966,524,754	100,765,455,093
Prepaid expenses	69,827,286,541	64,880,488,107	59,844,238,613
Prepaid taxes	2,035,650,365	1,661,414,515	2,120,238,518
Current tax assets	1,162,530,006	1,741,356,807	287,861,217
Inventories	180,048,869,548	177,904,612,359	160,332,721,628
Non-current assets	5,623,368,897,846	5,109,325,947,265	4,828,299,119,140
Long-term financial instruments	22,000,000	22,000,000	22,000,000
Available-for-sale financial assets	310,351,917,330	269,898,378,439	244,958,956,611
Investments in subsidiaries, associates and jointly controlled entities	603,924,208,656	603,924,258,556	531,824,358,356
Long-term loans receivable			51,628,975,739
Guarantee deposits	459,191,226,879	469,518,555,156	439,338,248,873
Long-term prepaid expense	160,167,178,013	190,972,115,072	221,777,052,133
Deferred income tax assets	163,648,328,251	150,188,761,540	120,229,955,238
Property, aircraft and equipment	3,854,454,413,497	3,355,718,973,565	3,153,414,132,054
Investment property	42,397,329,058	43,168,055,134	43,938,781,210
Intangible assets	28,336,884,462	24,669,053,691	19,486,145,842
Other non-current assets	875,411,700	1,245,796,112	1,680,513,084
Total assets	6,480,317,668,698	6,054,231,047,985	5,669,487,635,458

Statement of Financial Position

<Unit : KRW>

	27th Period	26th Period	25th Period
Liabilities			
Current liabilities	2,009,388,516,618	1,747,810,460,513	1,806,649,135,018
Trade accounts payable	109,785,512,257	128,937,173,414	190,478,439,584
Short-term borrowings	35,000,000,000	50,000,000,000	
Advance receipts	282,803,064,393	250,658,851,799	260,801,136,613
Unearned income	2,390,651,144	1,692,942,049	2,150,394,649
Withholdings	43,163,295,206	31,274,267,556	27,490,974,773
Other payables	366,341,664,479	301,228,407,648	318,397,817,136
Accrued expenses	81,881,839,629	76,546,011,948	85,265,123,725
Taxes withheld	127,537,930,753	126,774,052,300	114,571,773,068
Current portion of debentures issued	370,215,721,281	199,867,158,513	376,575,253,388
Current portion of long-term borrowings	95,747,696,732	233,514,012,947	158,564,859,052
Current portion of obligations under financing leases	158,258,869,821	116,666,455,209	122,548,777,123
Current portion of long-term borrowings with asset-backed securitization	336,262,270,923	226,492,202,202	149,804,585,907
Current portion of financial derivative liabilities		4,158,924,928	
Non-current liabilities	3,676,199,516,106	3,491,025,963,051	2,927,209,724,912
Debentures issued	413,229,062,944	693,269,985,898	685,764,564,123
Long-term borrowings	703,985,927,512	670,384,157,271	740,291,828,448
Obligations under financing leases	989,653,180,461	623,504,749,965	608,287,244,705
Long-term borrowings with asset-backed securitization	762,766,948,124	755,312,115,021	231,363,799,335
Other long-term employee benefits	231,901,123,213	195,612,615,214	186,168,182,369
Long-term advance receipts	468,793,381,381	432,833,708,208	385,656,940,586
Long-term unearned income	1,736,587,407	2,040,023,367	2,342,630,269
Long-term other payables		9,659,759,878	18,777,747,174
Provisions	99,688,294,183	104,470,727,224	63,228,523,258
Other long-term liabilities	4,445,010,881	3,938,121,005	5,328,264,645
Total liabilities	5,685,588,032,724	5,238,836,423,564	4,733,858,859,930
Equity			
Capital stock	975,506,825,000	975,506,825,000	975,506,825,000
Capital surplus	1,148,869,102	1,148,869,102	1,148,869,102
Other components of equity	(28,488,270,487)	(28,488,270,487)	(28,488,270,487)
Accumulated other comprehensive income (loss)	104,806,657,303	21,180,210,078	17,455,256,732
Accumulated deficit	(258,244,444,944)	(153,953,009,272)	(29,993,904,819)
Total equity	794,729,635,974	815,394,624,421	935,628,775,528
Total liabilities and equity	6,480,317,668,698	6,054,231,047,985	5,669,487,635,458

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Comprehensive Income Statement

<Unit : KRW>

	27th Period	26th Period	25th Period
Sales	5,552,678,452,328	5,463,294,738,859	5,638,068,843,903
Cost of sales	4,974,194,328,838	4,999,098,214,281	4,963,954,409,845
Gross profit	578,484,123,490	464,196,524,578	674,114,434,058
Selling, general and administrative expenses	536,256,012,907	525,785,560,145	541,577,919,938
Operating (loss) income	42,228,110,583	(61,589,035,567)	132,536,514,120
Other operating income	201,296,988,113	364,009,913,004	238,662,962,787
Other operating expenses	253,469,987,893	361,801,055,071	175,809,287,287
Financial income	9,185,549,987	14,269,522,521	24,165,002,126
Finance costs	134,684,228,845	135,167,639,018	149,524,390,346
Profit before income tax (benefit)	(135,443,568,055)	(180,278,294,131)	70,030,801,400
Income tax expense (benefit)	40,209,023,041	37,179,287,115	(19,418,551,583)
Profit(loss) for the year	(95,234,545,014)	(143,099,007,016)	50,612,249,817
Other comprehensive income (loss) for the year, net of tax	74,569,556,567	22,864,855,909	15,509,727,143
Other comprehensive profit/loss after tax that will be reclassified to profit/loss			
Valuation income (profit/loss) on available-for-sale financial assets	83,626,447,225	3,724,953,346	33,245,674,659
Other comprehensive profit/loss after tax that will not be reclassified to profit/loss			
Remeasurements of net defined benefit liabilities	(9,056,890,658)	19,139,902,563	(17,735,947,516)
Total comprehensive income (loss) for the year	(20,664,988,447)	(120,234,151,107)	66,121,976,960
Per share data			
Basic earnings per share	(488)	(733)	261
Diluted earnings per share	(488)	(733)	261

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Statement of Changes in Shareholders' Equity

<Unit : KRW>

			Equity					
			Capital Stock	Capital Surplus	Other Components of Equity	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Equity
Balance at January 1, 2012			916,536,240,000	1,119,928,066	(28,488,270,487)	(15,790,417,927)	(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
		Loss on valuation of available-for-sale financial assets				33,245,674,659		33,245,674,659
		Remeasurements of net defined benefit liabilities					(17,735,947,516)	(17,735,947,516)
	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	(28,488,270,487)	17,455,256,732	(29,993,904,819)	935,628,775,528
Balance at January 1, 2013			975,506,825,000	1,148,869,102	(28,488,270,487)	17,455,256,732	(29,993,904,819)	935,628,775,528
Changes in Equity	Comprehensive income (loss)	Profit for the year					(143,099,007,016)	(143,099,007,016)
		Loss on valuation of available-for-sale financial assets				3,724,953,346		3,724,953,346
		Remeasurements of net defined benefit liabilities					19,139,902,563	19,139,902,563
	Transactions with equity holders	Bond with warrants exercised						
Balance at December 31, 2013			975,506,825,000	1,148,869,102	(28,488,270,487)	21,180,210,078	(153,953,009,272)	815,394,624,421
Balance at January 1, 2014			975,506,825,000	1,148,869,102	(28,488,270,487)	21,180,210,078	(153,953,009,272)	815,394,624,421
Changes in Equity	Comprehensive income (loss)	Profit for the year					(95,234,545,014)	(95,234,545,014)
		Loss on valuation of available-for-sale financial assets				83,626,447,225		83,626,447,225
		Remeasurements of net defined benefit liabilities					(9,056,890,658)	(9,056,890,658)
	Transactions with equity holders	Bond with warrants exercised						
Balance at December 31, 2014			975,506,825,000	1,148,869,102	(28,488,270,487)	104,806,657,303	(258,244,444,944)	794,729,635,974

The 27th Business Period: as of Dec. 31, 2014
The 26th Business Period: as of Dec. 31, 2013
The 25th Business Period: as of Dec. 31, 2012

Cash Flow Statement

< Unit : KRW >

	27th Period	26th Period	25th Period
Net cash generated from operating activities	326,932,434,441	222,827,653,721	287,104,452,490
Cash generated from operations	425,225,325,124	303,906,206,169	390,612,775,602
Interest received	10,346,609,339	11,901,069,566	13,826,612,796
Interest paid	(134,211,071,595)	(122,322,804,185)	(114,905,884,364)
Dividends received	21,791,569,456	30,796,677,761	14,207,619,094
Income tax paid	3,780,002,117	(1,453,495,590)	(16,636,670,638)
Net cash provided by (used in) investing activities	(192,145,775,829)	(482,739,648,239)	(588,667,037,494)
Decrease (increase) in short-term financial instruments, net			(7,295,005,200)
Acquisition of available-for-sale financial assets			(41,885,677,200)
Disposal of available-for-sale financial assets	55,242,090,914		51,223,008,000
Proceeds from sales of fair value financial asset	3,364,381,681		
Acquisition of investments in jointly controlled entities and associates	(100)	(82,402,084,700)	(383,357,771)
Disposition of investments in jointly controlled entities and associates	50,000	15,684,609,156	109,590,000
Decrease in long-term loans		17,400	
Purchases of property, aircraft and equipment	(318,541,410,201)	(374,764,751,285)	(379,655,691,308)
Disposal of property, aircraft and equipment	86,417,457,913	606,756,874	6,059,690,747
Purchases of intangible assets	(3,418,313,414)	(5,215,164,137)	(1,860,281,260)
Disposal of intangible assets	128,932,000		
Increase in guarantee deposits	(144,792,485,880)	(110,908,801,249)	(175,153,574,699)
Decrease in guarantee deposits	129,453,521,258	74,259,769,702	52,680,006,161
Disposal of financial derivative trade			(92,505,744,964)
Net cash provided by (used in) financing activities	(233,103,390,678)	397,500,647,930	299,703,892,454
Net increase/decrease of short-term borrowings	(15,000,000,000)	50,000,000,000	(1,294,336,365)
Proceeds from long-term borrowings	93,095,940,000	104,215,212,578	172,684,530,329
Repayment of long-term borrowings	(206,003,496,288)	(73,413,242,392)	(59,917,037,809)
Issuance of debentures	99,552,850,000	233,594,902,022	493,692,791,348
Redemption of debentures	(200,000,000,000)	(381,382,659,949)	(408,227,790,794)
Payments of finance lease liabilities	(129,905,693,593)	(179,679,741,419)	(112,807,448,240)
Proceeds from long-term borrowings with assets-backed securitization	398,566,786,030	895,559,377,000	400,163,906,733
Repayment of long-term borrowings with assets-backed securitization	(273,409,776,827)	(251,393,199,910)	(243,269,507,748)
Bond with warrants exercised			58,678,785,000
Net increase/decrease of cash and cash equivalents	(98,316,732,066)	137,588,653,412	(1,858,692,550)
Cash and cash equivalents at the beginning of year	245,511,127,872	109,144,616,284	113,562,499,488
Exchange gains on cash and cash equivalents	(1,026,209,231)	(1,222,141,824)	(2,559,190,654)
Cash and cash equivalents at the end of year	146,168,186,575	245,511,127,872	109,144,616,284

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, 21, 28
	Boundary Protocol	●	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	●	5, 22
1.2	Description of key impacts, risks, and opportunities	●	36~40, 42, 43
Organizational Profile			
2.1	Name of the organization	●	Cover, 5, 12
2.2	Primary brands, products, and/or services	●	5~7, 52~56
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	22, 25, 26, 28, 47, 60, 90
2.4	Location of organization's headquarters	●	Cover, 12
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	6, 7, 14, 15, 72~74
2.6	Nature of ownership and legal form	●	12, 26
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	14, 15, 36~40, 55, 56
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)	●	12~15, 28, 36~40, Appendix
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	6~9, 12~15, 26~28, 36~41
2.10	Awards received in the reporting period	●	9, 21, 55, 57, 69
Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	●	Cover
3.2	Date of most recent previous report (if any)	●	Cover
3.3	Reporting cycle (annual, biennial, etc.)	●	Cover
3.4	Contact point for questions regarding the report or its contents	●	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)	●	Cover
3.7	Any specific limitations on the scope or boundary of the report	●	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	●	61~69
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	●	Cover, 43
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)	●	Cover, 91
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)	●	26, 27
4.2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	26, 27
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	●	26, 27
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	26~28

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)	●	27
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	26, 27
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)	●	26
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	●	12, 20, 21, 23, 46, 55, 56, 60, 70
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	●	12, 20, 21, 23, 42, 43, 46, 55, 56, 60, 70
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	26, 27
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	26
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	9, 22, 46, 61, 66, 70
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	●	7, 9, 15, 22, 24, 46
4.14	List of stakeholder groups engaged by the organization	●	21, 22, 26 ~ 28
4.15	Basis for identification and selection of stakeholders with whom to engage	●	21, 26, 27
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	21, 26 ~ 28, 56, 70 ~ 75
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, 22, 24, 27, 28, 56
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)	●	9, 12, 30, 37 ~ 41, 70, 71, Appendix
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	61 ~ 65
EC3	Coverage of the organization's defined benefit plan obligations	○	
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	●	23, 24, 36 ~ 40
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	28
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	●	6 ~ 9, 49 ~ 56
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	6 ~ 8, 15, 36 ~ 41
EN1	Materials used by weight or volume	●	41, 66
EN2	Percentage of materials used that are recycled input materials	●	68
EN3	Direct energy consumption by primary energy source	●	62
EN4	Indirect energy consumption by primary source	●	66
EN5	Energy saved due to conservation and efficiency improvements	●	62 ~ 65
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	62 ~ 65
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	62 ~ 64
EN8	Total water withdrawal by source	●	66
EN9	Water sources significantly affected by withdrawal of water	-	
EN10	Percentage and total volume of water recycled and reused	-	
EN11	Percentage and total volume of water recycled and reused	-	

GRI G3.1 Index & Alignment with ISO 26000

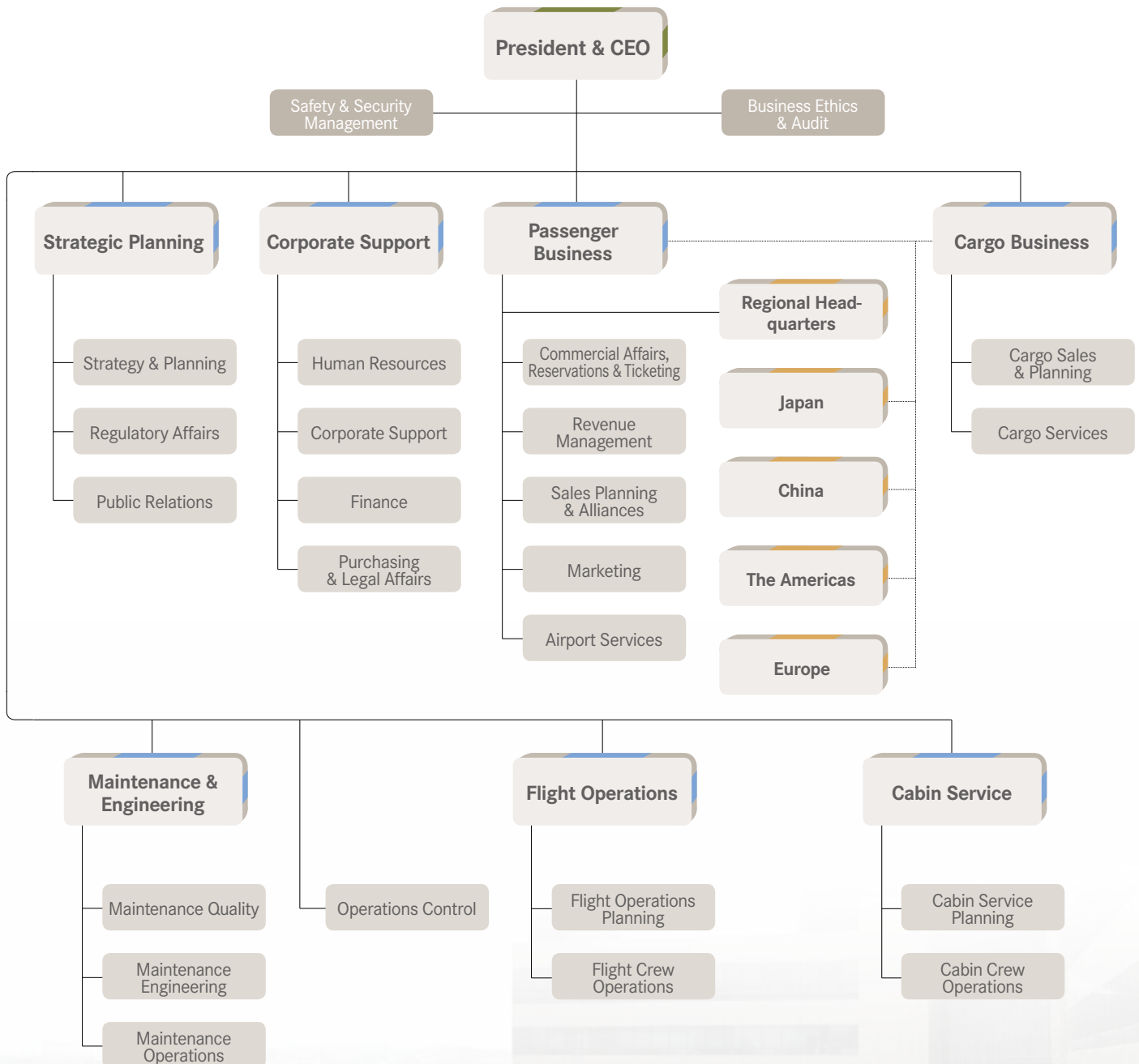
Reporting Level : ● Report, ● Partial Report, ○ No Report, – N/A

GRI Index	Description	Reporting Level	Reporting Section
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	–	
EN13	Habitats protected or restored	–	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	–	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–	
EN16	Total direct and indirect greenhouse gas emissions by weight	●	62
EN17	Other relevant indirect greenhouse gas emissions by weight	●	67
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	62~65
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	●	67
EN22	Total weight of waste by type and disposal method	●	67, 68
EN23	Total number and volume of significant spills	●	66
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	●	60~69
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	●	60, 65
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	●	28
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	28
LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	●	29~32
LA4	Percentage of employees covered by collective bargaining agreements	●	31
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	●	31, 32
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	●	32, 33
LA9	Health and safety topics covered in formal agreements with trade unions	●	32, 33, 47, 48
LA10	Average hours of training per year per employee by gender, and by employee category	●	30, 48, 49
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	29, 30
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	28
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	●	26, 28
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	30, 31
LA15	Return to work and retention rates after parental leave, by gender	●	31

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	●	30, 31
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	●	23, 24
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	●	25
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	●	31, 32
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 taken 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	●	28, 30, 55, 56
Society			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	70~75
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	●	25
SO4	Actions taken in response to incidents of corruption	●	25
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	●	70~75,
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	●	46, 49, 55, 56
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	-	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	6, 14, 15
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, 55, 56
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	54, 55
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	●	55, 56
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	-	No violations

Organization Chart

(As of July. 1, 2015)



Third-party Assurance Statement

Dear Asiana Airlines Management and Stakeholders

Asiana Airlines has commissioned Korea Productivity Center(hereinafter "KPC") to provide third-party assurance on the 2015 Sustainability Report(hereinafter "the report") of Asiana Airlines. KPC offers the following assurance accordingly.

■ Responsibility and Independence

Responsibility for the information and opinions found in the report fully rests on Asiana Airlines. KPC is responsible for the opinions about the report. As an independent assurance agency, KPC did not participate in writing the report and does not have any kind of interest in Asiana Airlines which may hinder its independency.

■ Assurance Standards

KPC has validated the report based on the Type 1 assurance engagement and Moderate assurance level in AA1000AS(2008) assurance standards, and confirmed the areas subjected to the principles of inclusivity, materiality and responsiveness in accordance with the AA1000APS(2008). KPC also applied the GRI G3.1 Guideline and ISO26000.

■ Limited Areas

KPC has verified the performance of 2014 by the assurance standards above. Validation of credibility on some data such as financial performance, environmental data(e.g. the amount of greenhouse gas emission)and, information about internal system linkage are not included. As on the spot inspection is restricted to the headquarters in Seoul, the results can be changed when additional validation process is performed.

■ Assurance Methodology

KPC has validated the report using the following methodologies

- Confirming the observance of principles in contents and quality based on the GRI G3.1 Guideline.
- Examining stakeholders' interest and sustainability issues
- Inspecting the appropriateness in material issue selection and conformity of described contents by media research and benchmarking analysis
- Examining the appropriateness and error of contents described in the report by the comparison and analysis of the other sources
- On the spot inspection: Confirming the validity of important data and information through the interview with the person in charge, confirming the internal process and system

■ Assurance Results

KPC had reviewed the contents in the report and expressed its opinions on it, and corrected the report if necessary. KPC has confirmed that the report reflects Asiana Airlines' sustainability management activities and the performance sincerely and fairly. KPC could not find any significant error or inappropriate description in this report during validation activities.

• Inclusivity : Participation of Stakeholders

Inclusivity principle is a principle which prescribes that an organization let the stakeholders participate in the process of developing strategic measures for sustainability. KPC has confirmed that Asiana Airlines had continued various efforts to observe and improve the inclusivity principle. Asiana Airlines has integrated relationships with six major stakeholder groups(customer, shareholder/investor, government/related agencies, employees, partners, environment/society) and is running communication channels for each stakeholder group to communicate with

them actively. Especially, the internal channels to communicate with executives such as 'Fortune comes to a merry home' and 'Positive Communication Process', and external channels such as SNS(Twitter etc.) and 'Voice of Customers' were considered to be very excellent.

• Materiality : Selection and Report of Material Issues

Materiality principle is a principle which prescribes that an organization has to make decisions on material issues related to the organization and the surrounding stakeholders. KPC has confirmed that Asiana Airlines had selected material issues by materiality evaluation paying attention to the organization and major stakeholders of the organization. Asiana Airlines has done its best to draw material issues from its aspect of sustainability through various methods such as global initiatives, media analysis, conversations with stakeholders, management policies and benchmarking the companies of the same kind. As for the material issues which has been drawn, Asiana Airlines is considered to show the efforts of consistent management and improvement about the issues by presenting operation organizations, activities and performances of 2014, and future plans concretely. KPC also has confirmed that the items that had been drawn as material issues were reflected and reported on each page of the report in balanced manners.

• Responsiveness : Response of Organization on Issues

Responsiveness principle is a principle which prescribes that an organization has to respond to the issues that might be able to impact stakeholders' achievements. KPC has confirmed that Asiana Airlines grasped major expected items which had an impact on stakeholders' achievements and performed activities to cope with them, and the contents were described in the report properly. Especially, Asiana Airlines' efforts to reinforce the safety management in accordance with the increase of stakeholders' interest about safety issues, such as running a safety management system to ensure safety operations, offering specialty trainings, investment report on training facilities were considered to be a superior example of sustainability management compared to other companies.

■ Recommendation

KPC has a high opinion of Asiana Airlines' various efforts and performance on the reinforcement of sustainability. KPC recommends the following schemes for future reports and improvement of sustainability management.

• **Control of Sustainability Management Target** : KPC recommends that Asiana Airlines set its goal to achieve sustainability management visions and strategy, establish implementation plans to fulfill the goal, and report the performance regularly. KPC also recommends that Asiana Airlines reinforce the connectivity between non-financial performance(environmental and social activities etc.) and financial performance for the transition to an integrated management system that is able to create a synergy of management.

• **Reinforcing the Quantitative Data Management** : KPC recommends that Asiana Airlines reinforce the quality of data and information by collecting and examining them regularly and resetting the estimation and reporting standard of each index through the introduction of a process for improving the quality of data and information. KPC especially recommends that Asiana Airlines make an explicit report about activities, changes in data and future plans for qualitative improvement and consistent management of environmental performance to take measures for emission trading which has great influence on aviation industry.



September, 2015
KPC Chairman & CEO
Hong, Soon-Jik

