

ASIANA AIRLINES SUSTAINABILITY REPORT 2016

ASIANA AIRLINES 

A STAR ALLIANCE MEMBER 

ASIANA AIRLINES
SUSTAINABILITY REPORT
2016



CEO MESSAGE

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2016 Asiana Airlines Sustainability Report focuses on major promotion policy and performance, opinions of the stakeholders, and media analysis related to important issues that took place between January and December, 2015.

Report Scope and Period

This report includes major activities and performances related to the head office, Incheon/Gimpo Hangars, domestic and overseas branches, and flight operation. The report covers from January 1, 2015 until December 31, 2015, and, where applicable, includes major changes of the company until August 2016.

Principles & External Assurance

The reliability of the information herein was verified and assured by Korea Productivity Center in accordance with the validation standards of AA1000AS 2008, ISO 26000 and GRI G4 Guideline.

Further Information

Further information on this report can be found in the business report which is included in the Electronic Disclosure System of the Financial Supervisory Service homepage(<http://dart.fss.or.kr>) and the Asiana Airlines website (<http://flyasiana.com>).

CEO MESSAGE

A beautiful takeoff
toward sustainable growth



First of all, I would like to express my heartfelt gratitude toward everyone who provides continuous support and trust to us at Asiana Airlines.

With the management policy focused on persistent effort, during the past year, Asiana Airlines strove to become a beautiful and powerful company by reinforcing its core competence as well as restructuring and continuous innovation. We added two A380 aircrafts to our major routes, New York and Los Angeles, for safe and comfortable journey of our customers, and confirmed a plan to introduce and operate aircrafts, A350 for mid-to-long routes and A32NEO for short routes, in order to establish efficient and competitive fleet. In addition, we launched new routes to Rome and Astana, and added flights to Chinese cities including Yancheng, Guilin, Chongqing, and Chengdu. Furthermore, we launched a FOQA (flight operations quality assurance) committee in which both the management and labor participate, and reinforced our evaluation and safety teams for flight training in order to improve the quality and safety of flight training.

The management policy of Asiana Airlines for the year 2016 is summarized as 'Back to the Founding Spirit' which suggests we will renew Asiana Airlines by bringing back the passion and determination the company had when it was founded.

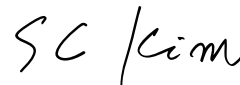
Again, this year, we will introduce two more A380 aircrafts in order to reinforce our competitiveness in long-distance flights with a total of six A380s, Air Seoul, which was launched earlier this year, will cooperate with Asiana Airlines and Air Busan, maximizing the synergy effect. Also, like last year, we will enhance our competitiveness through efficient organizational management, strategic route operation, improved aircraft competitiveness, and enhanced system, as well as continue to establish the sustainable base and invest in safety through integrated safety management system, etc.

We are planning to engage more actively in reducing energy consumption and greenhouse gas emission by optimizing fuel use, reducing flight fuel costs, and cleaning the engines, and strive to perform our role as a beautiful company by sharing the talent and knowledge of Asiana Airlines staff through our Social Responsibility brand 'Beautiful Classroom' and themed activities.

We believe the value of a corporation in being the top in the industry does not lie in simply making profit but in sharing it with all stakeholders and moving forward with them.

All staff of Asiana Airlines will continue to make effort so that we can grow as a beautiful company that is trusted and practices sustainable growth. We hope to see your continuous support and trust for a long time. Thank you.

Soo Cheon, Kim
President & CEO






Asiana Airlines moves forward as a Beautiful Company,
fueled by the passion and determination of the founder.

Introduction

Back to the Founding Spirit



Asiana Airline chose 'Back to the Founding Spirit' as its 2016 management policy, in order to strengthen its competitiveness as a beautiful company that creates the top value of the industry through top safety and services.



By identifying main issues related to sustainable management and evaluating their importance, we respond to issues in a timely manner and strive for sustainable growth as a beautiful company.

Introduction

Vision & Mission

Global Network

Corporate Governance

Employees

Ethics Management

Material Issue Identification

INTRODUCTION

Management Philosophy and Business Credo



Having made constant effort to strengthen itself without stopping, Asiana Airlines chose Back to the Founding Spirit as its 2016 management policy and continues to move forward.

Company Name	Asiana Airlines Inc.
Date of Establishment	Feb. 17, 1988
Address	Asiana Town, 47, Osoe-dong, Gangseo-gu, Seoul (headquarters)

CEO	Soo Cheon, Kim
Business	Air transport
Employees	10,408



↑1988

↑1990's

History

02.17 Company established

- '90.01 Inaugurated first scheduled international flight (Seoul-Tokyo)
- '90.12 Inaugurated first flight to Southeast Asia (Seoul - Hong Kong)
- '91.11 Inaugurated first flight to U.S. (Seoul - LA)
- '92.12 Launched Seoul-New York flight
- '93.11 No. of passengers exceeded 20 million
- '94.02 Started "Change for Good" campaign with UNICEF
- '95.12 Launched Seoul-Sydney flight

Aircraft fleet

Aircraft type	Passenger aircraft	Aircraft type	Cargo aircraft
A320-200	7	B767-300F	1
A321-100	2	B747-400F	4
A321-200	23	B747-400SF	6
A330-300	15		
A380-800	4		
B767-300S	7		
B777-200ER	11		
B747-400(C/P)	4		
Subtotal	73	Subtotal	11
Total	84		

※ As of Aug. '16



↑1996's

- '97.10 Completed construction of Asiana Town complex
- '98.04 Moved headquarters (Hoehyun-Dong
▶ Asiana Town, Osoe-Dong)
- '99.12 Listed on KOSDAQ
- '01.04 Named 'Green Company'(Gimpo office/Ministry of Environment)
- '01.12 Opened 1st hangar in Incheon
- '02.05 Launched Incheon-London flight
- '03.03 Joined Star Alliance
- '05.12 Introduced Asiana Purchase/Maintenance System(AMIGOS2)

↑2006's

- '06.01 Named 'Green Company'(Incheon hangar/Ministry of Environment)
- '06.02 Introduced new CI
- '08.03 Listed on Korea Stock Exchange
- '08.07 Selected A350WXB as next generation aircraft
- '09.02 Selected by ATW as Airline of the Year
- '09.10 Named 'Leader of air transport industry' by DJSI
- '10.12 No. of annual international flight passengers exceeds 10 million
- '11.04 Delivered 'Oegyujanggak' Royal Books

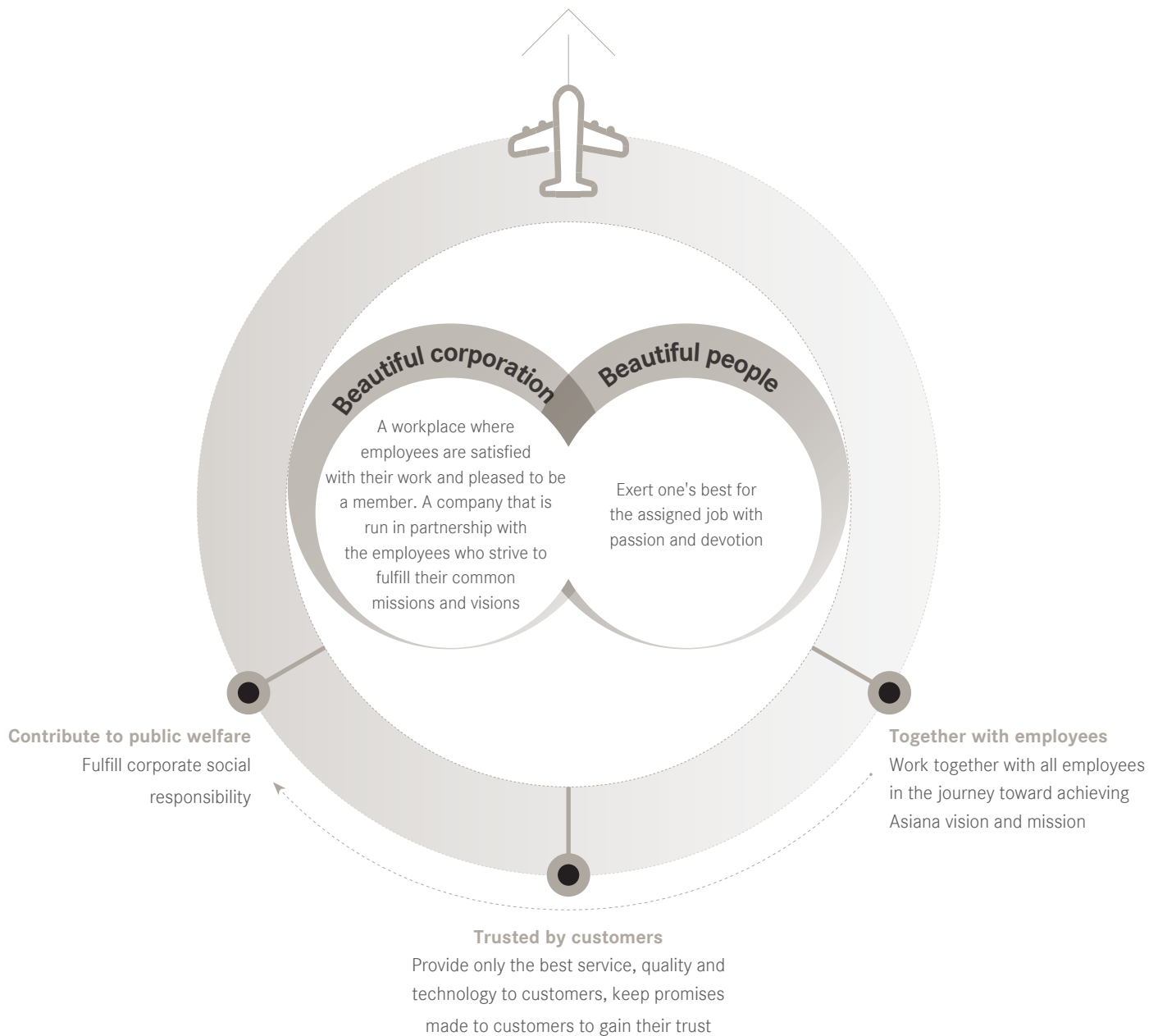
↑2012's ~ present

- '12.10 Selected by Premier Traveler as Airline of the Year
- '13.03 Extended Education and Training Building (West Wing)
- '13.08 Opened 2nd hangar in Incheon
- '14.05 Began operation of A380 aircraft
- '14.12 Collection from "Change for Good" campaign reached 10 billion KRW
- '15.06 Launched Incheon-Rome flight
- '16.03 Certified as ATO(Aviation Training Organization)

VISION & MISSION

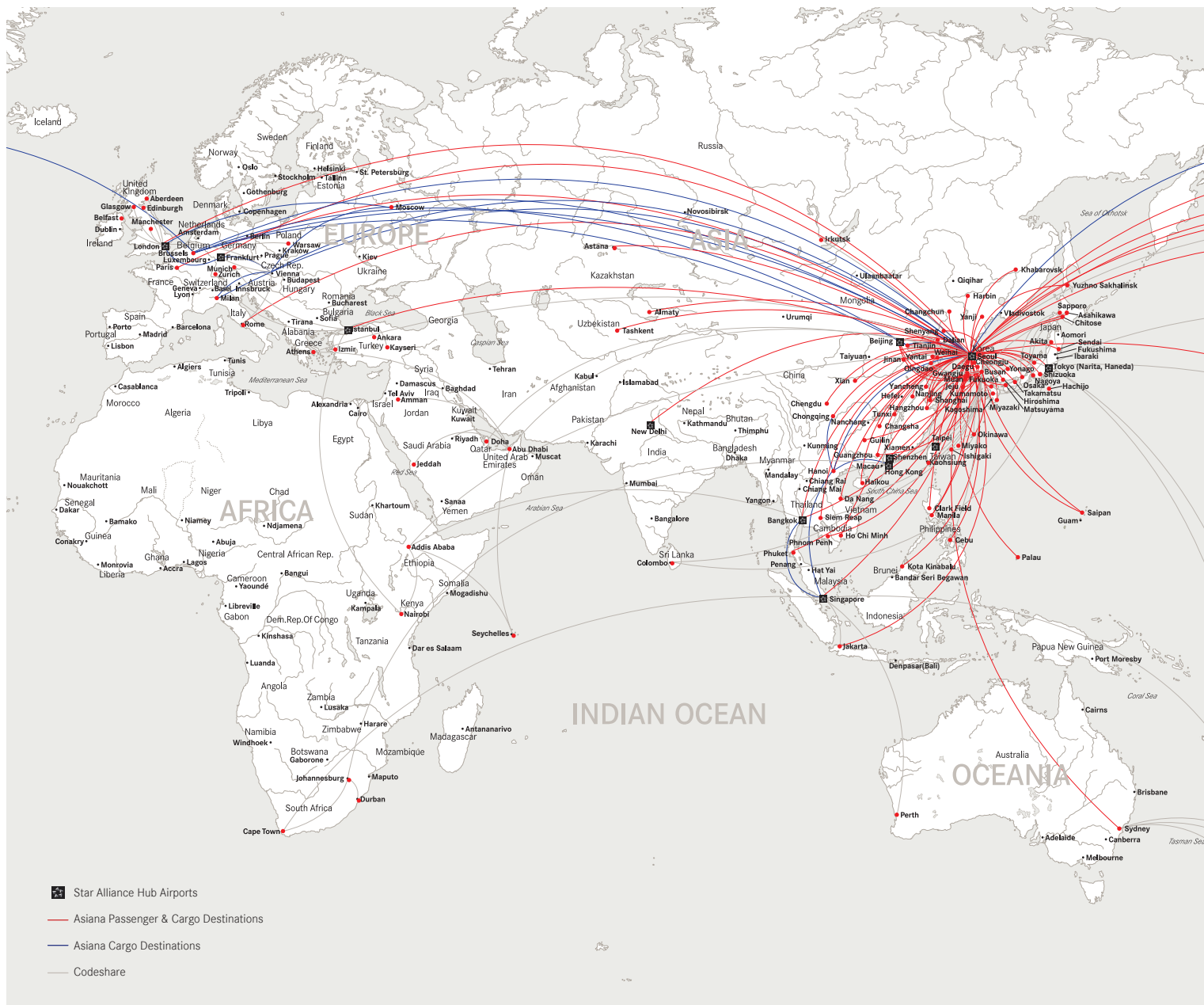
VISION

A beautiful corporation that creates the best values in the industry





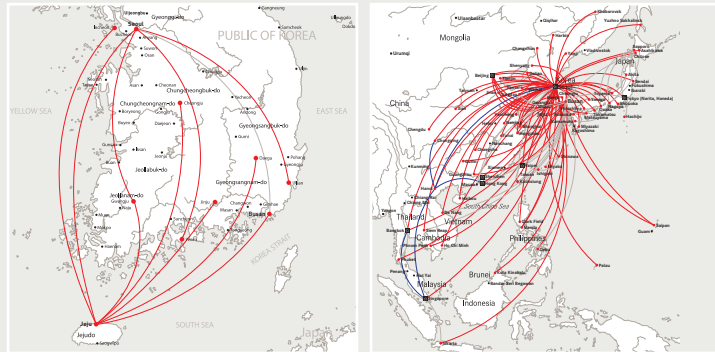
GLOBAL NETWORK



- 355 domestic flights per week via 11 routes to 10 cities
- 655 international passenger flights per week via 88 routes to 74 cities in 24 countries
- 72 international cargo flights per week via 23 routes to 26 cities in 12 countries

Star Alliance

- The world's largest airline alliance (with 28 airlines) that connect 1,336 airports in 192 countries around the world, with over 18,400 flights operated on a daily basis
- Star Alliance membership offers a range of customer benefits 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.



- **Passenger branches**

Overseas: 64 passenger branches, 5 airport branches, 8 offices

South Korea: 2 branches

- **Details**

Japan: 15 passenger branches, 1 airport branch, 1 cargo branch

Europe: 5 passenger branches, 1 airport branch, 5 cargo branches

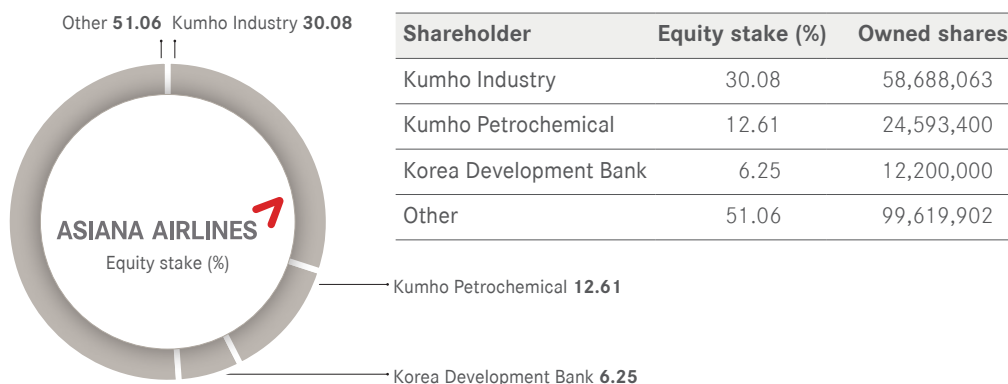
South East Asia: 11 passenger branches, 4 offices, 1 cargo branch

CIS: 4 passenger branches, 1 office

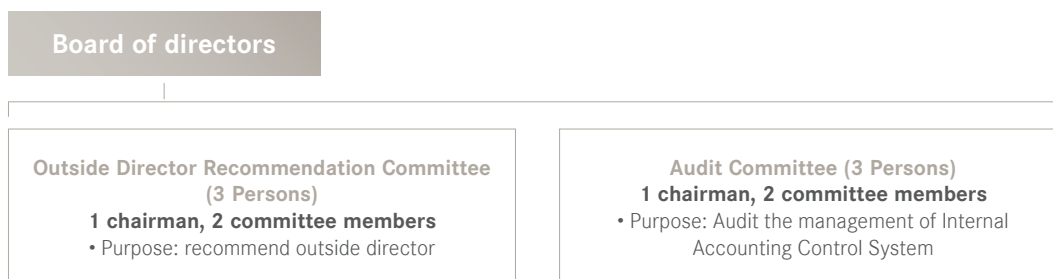
Oceania: 2 passenger branches, 1 office

CORPORATE GOVERNANCE

Shareholder status



Composition of Board of Directors



Composition

Classification	Name	Basis of appointment	Work scope	Recommended by	Note
Inside directors	Park Sam Koo	Supervision of overall performance and external affairs	Overall business management	Board of directors	CEO(appointed on March 27 '14)
	Kim Soo Cheon	Supervision of overall performance and external affairs	Overall business management		CEO(appointed on March 27 '14)
	Seo Jae Hwan	Supervision of external affairs	External affairs		Reappointed on March 28, '16
	Cho Kyu Yung	Supervision of external affairs	External affairs		Appointed on March 28, '16
Outside directors	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
	Jeong Gun Yong	Financial expert	Financial advisor		Reappointed on March 27, '14
	Kim Jong Chang	Financial expert	Financial advisor		Reappointed on March 28, '16
	Han Dae wu	Financial expert	Financial advisor		Appointed on March 28, '16

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 2015: A total of 18 board of director meetings

'15.3.13

Approval for the financial statement of closing account on the 27th general shareholders' meeting

'15.4.28

Approval for signing a financial agreement for purchasing of one A380 aircraft, etc.

'15.9.22

Signing an agreement on performance bond for air mail delivery service

'15.11.18

Raising the limit of funds borrowed for payment

Executive Compensation

Compensations for Directors and Auditors

The salary for the 9 registered executives is decided in the general meeting of shareholders, and 2.7 billion KRW has been approved. In 2015, the total salary was 1.56 billion KRW, a slight decrease from 2014. On average, 316million KRW was paid as wage per director (4), and 48million KRW per outside director (5, including auditors).

The average wage per director is a simple average of the total sum of wages divided by the number of directors, and that per outside director, audit committee, or auditor took into account the number of newly appointed and resigned directors during the relevant period.



EMPLOYEE STATUS

Employee status

Classification	2013	2014	2015
Male	4,485	4,583	4,683
Female	5,461	5,555	5,725
Total	9,946	10,138	10,408
Percentage of female	54.9	54.8	55.0

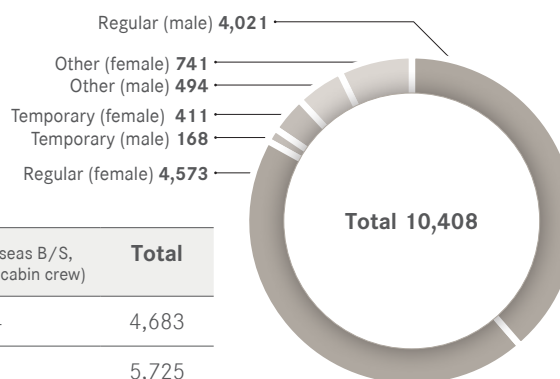
Employees by position

General office work	Flight	Cabin service	Maintenance	Flight management	Total
3,553	1,465	3,940	1,335	115	10,408

Note) including foreign flight/ cabin crews

Employees by employment type

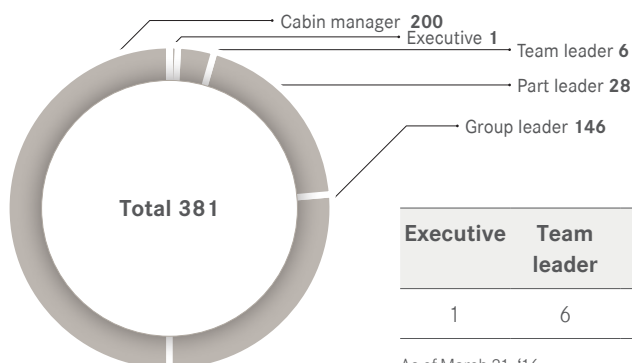
Classification	Regular	Temporary	Other (overseas B/S, foreigner flight/cabin crew)	Total
male	4,021	168	494	4,683
female	4,573	411	741	5,725
Total	8,594	579	1,235	10,408



Other statistics

No. of new employees	No. of resignations/ turnover rate	Employees with disabilities
866	596 / 5.8%	79

Female managers



Executive	Team leader	Part leader	Group leader	Cabin manager	Total
1	6	28	146	200	381

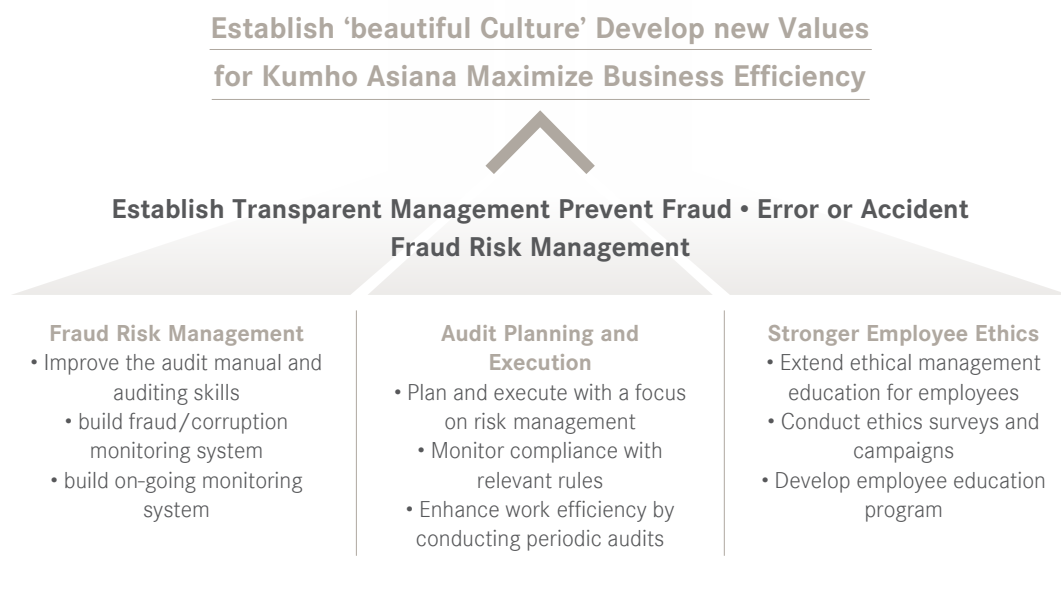
As of March 31, '16

ETHICS MANAGEMENT

Organization

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

Implementation Plan



Implementation Program

• Ethics management education

To improve employees' awareness and consciousness of ethical management, Asiana Airlines offer ethical management education to all of tis employees, through cyber ethics management education, ethics management education on duty education, promotion education, etc.

Ethics Management Education Results

Classification	General, sales, airport, maintenance	Cabin	Flight operation (pilot, flight management)	Overseas staff
Educated Persons	161	330	70	42

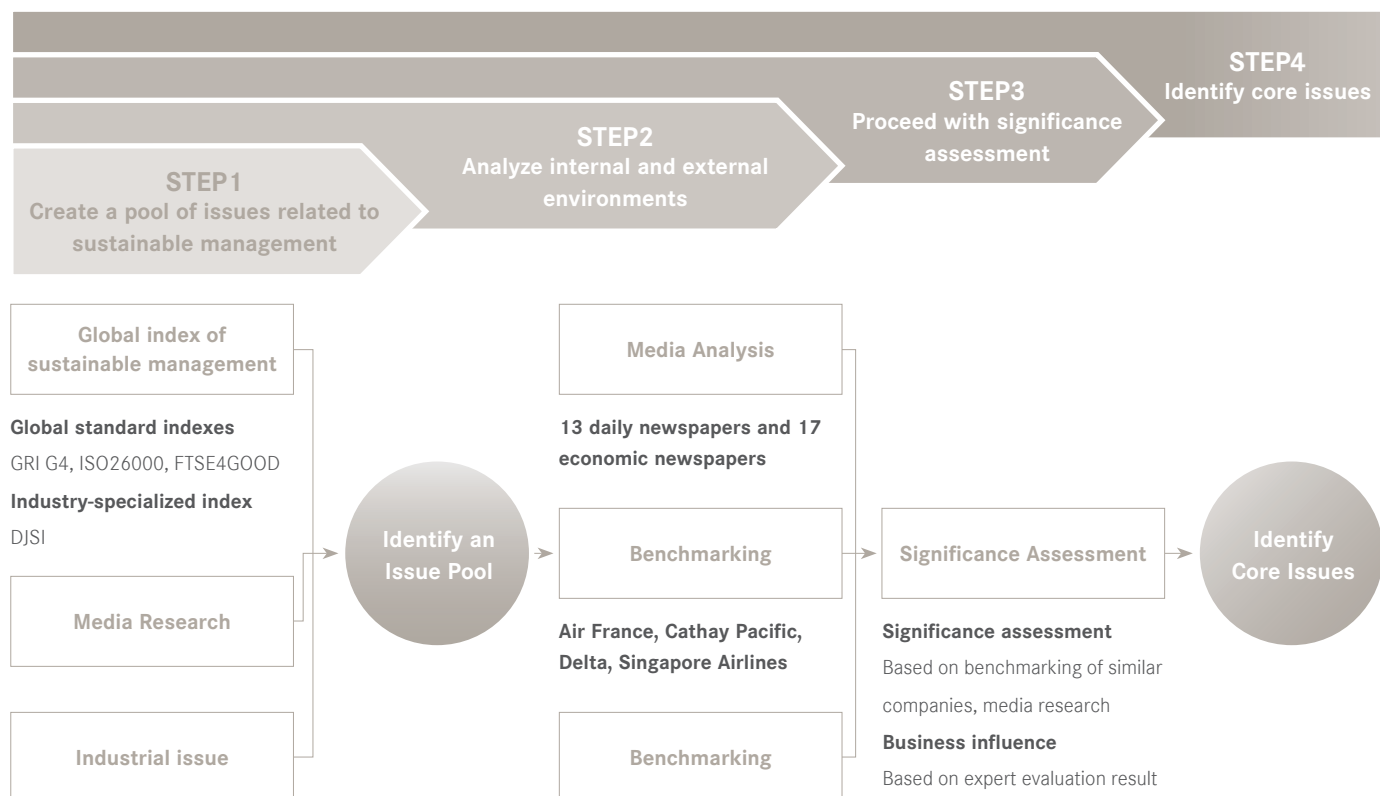
• Ethics management campaign

To establish ethical management within the organization, Asiana Airlines carries out a campaign that prohibits receiving money or gifts from partner companies. Started in September 2002, the 'No Holiday Gift or Money' campaign has been conducted for 27 times including the Lunar New Year of 2016, and, during the campaign period, we relay our message to partner companies asking for their cooperation as well as conduct relevant inspections. Also, we regularly partner companies to emphasize our determination and background for and join our effort to practice ethical management.

MATERIAL ISSUE IDENTIFICATION

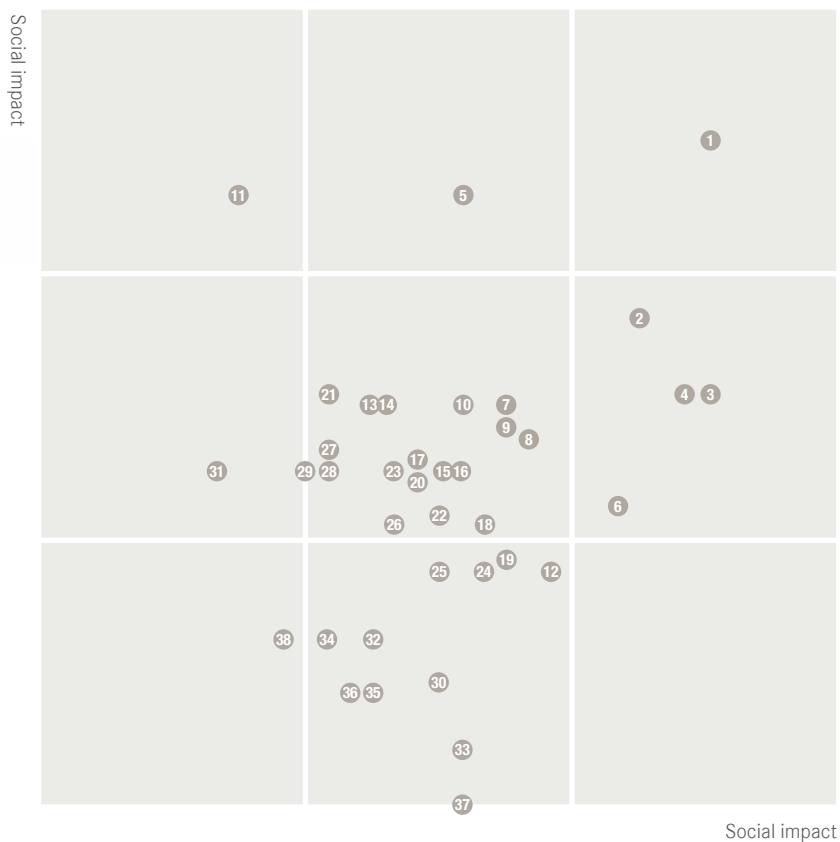
Material Issue Identification Process

Through the following process, Asiana Airlines has conducted an analysis to identify main issues to be included in 2016 Sustainability Report, in which we also shared our activities and policy related to said issues.



Media Analysis	Asiana Airlines analyzed a total of 1,380 articles published from January 2015 to April 2016 to identify relevant issues that help us find out the public's perception of the company and material sustainability issues.
Relevant Company Analysis	In order to identify issues related to sustainability of the aviation industry, we analyzed issues and trends found in reports made by Asiana Airlines and other relevant companies in Korea and elsewhere.
Stakeholders' Participation	By collecting opinions of external experts and internal staff in the field of sustainable management, we assessed the direct/short-term financial effects and strategic/long-term effects of sustainability issues of the company.
Significance assessment	Based on the media and relevant company analysis and stakeholders' evaluation result, we assessed significance of sustainability issues according to the level of their impact on the business and society.

Significance Assessment Result



No.	Main issues	Significance
1	Perfect Safety Operation	5
2	Improvement of service quality for customer satisfaction (ex. Enhancement of the entertainment function, differentiated service)	4.1
3	Educations for accident prevention and simulation drill reinforcement	4
4	Inspection for safety management, sophistication of the system	4
5	Global Social Responsibility that meets the local needs	3.9
6	Investment for aircrafts and facilities	3.3
7	Educations for the employees' capacity building	3.3
8	Corporate reputation management (ex. Advanced brand promotion and marketing)	3.2
9	Social Responsibility 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)	3.2
10	Employment creation, talent recruitment	3.1

No.	Main issues	Significance
11	Activation of the employees' Social Responsibility (ex. Donation and Voluntary service)	3
12	Fairness in achievement evaluation, Reasonable reward	2.8
13	Reinforcing the soundness of corporate governance	2.8
14	Environmentally-friendly operation in the overall business process (e.g. economical flight operation by reducing fuel, etc.)	2.8
15	Compliance with environmental laws, taking measures against restriction (ex. carbon emission trading)	2.8
16	Fairness in partner company selection, Transparency in partner company evaluation	2.8
17	Healthcare for the employees	2.7
18	Activation of communication with customers (utilization of social media, resolving customer complaints and disputes)	2.7
19	Global network expansion (ex. MOU, strategic partnership)	2.7
20	Securing the new growth engines (preparing for the budget airlines)	2.6



Rather aiming to be the top in the industry, Asiana Airlines strive to grow and share better values with the society.

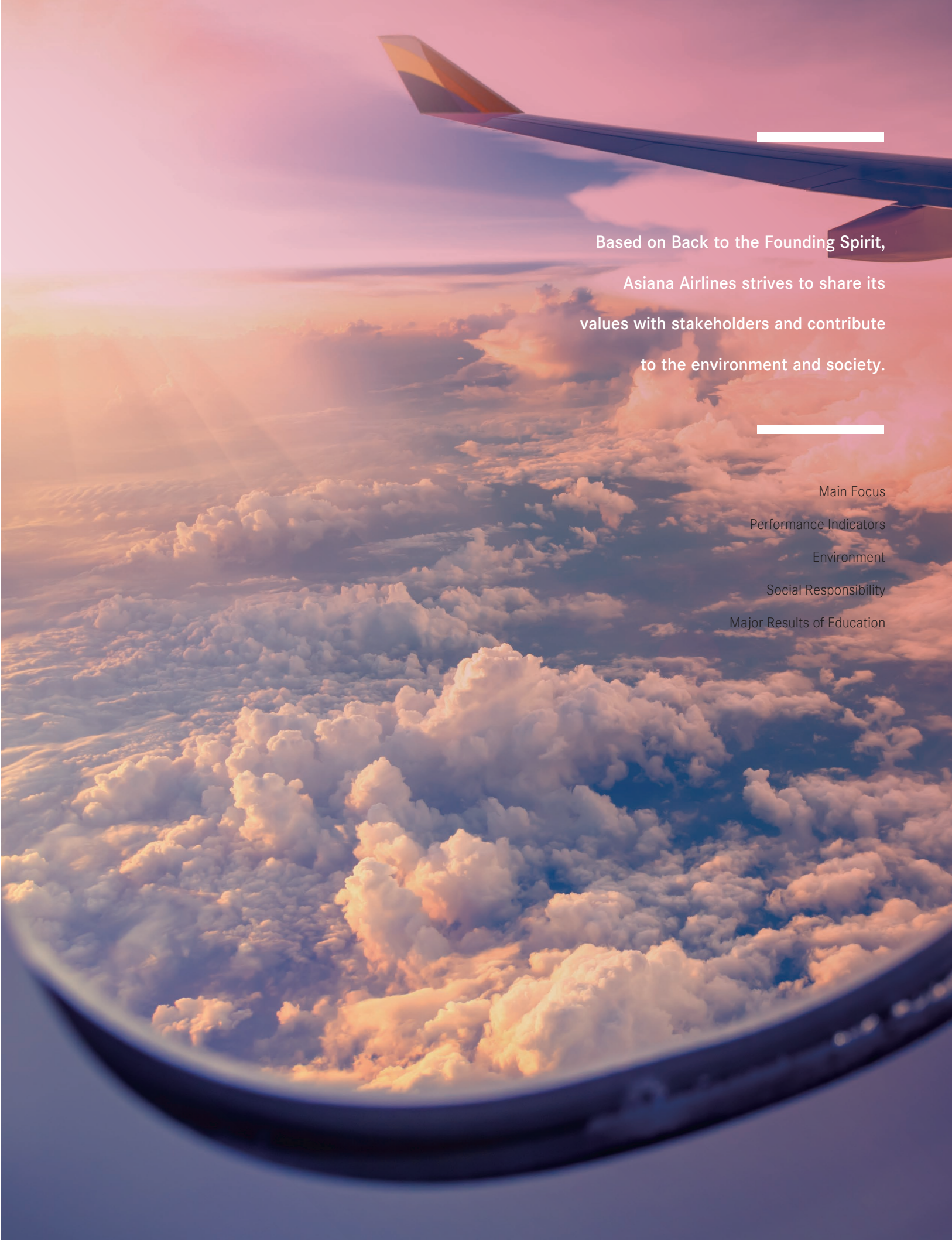
Focus & Performance



CUSTOMER SATISFACTION

The highest priority for Asiana Airlines is customer satisfaction

We expanded our airport automation system and state-of-art passenger system including mobile boarding tickets for international flights and auto-check-in for domestic flights. Also, we will continue to reinforce our competitiveness and status as a global airline by providing the best passenger services and improving our efficiency and fleet with new A380 aircrafts, etc.



Based on Back to the Founding Spirit,
Asiana Airlines strives to share its
values with stakeholders and contribute
to the environment and society.

Main Focus
Performance Indicators
Environment
Social Responsibility
Major Results of Education

MAIN FOCUS

Reinforcement of Safety Competence

• Organization

In order to reinforce its safety competence, Asiana Airlines set up a safety investigation team and established a foundation to prevent accidents through cause analysis, risk assessment, and risk reduction measures. The safety investigation team consists of staff specialized in different fields and will be trained to strengthen their professional competence by completing safety training related to safety investigation, etc.

Also, we assigned the flight training evaluation division that enhances pilot training and evaluates training results, etc. under direct supervision of the executive.



• System

Classification	Description
FOQA (flight operations quality assurance) committee	FOQA data based on existing statistics and analysis are actively applied to pilots' personal training
EBT (evidence-based training)	Pilots are trained to improve competency and be prepared to respond to possible emergency situations in an effective and safe manner

Enhanced safety audit: In addition to safety/security audit and inspection of the maintenance/flight/cabin divisions, we are conducting continuous safety evaluation of codeshare airlines and flight safety document system, etc.

• Maintenance

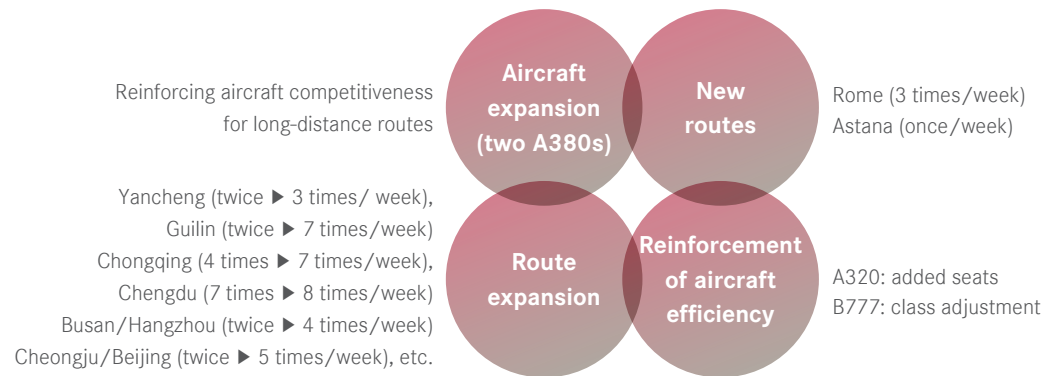
Classification	Description
Reinforce maintenance of B747 cargo aircraft	Start yearly check and expand 'A' check period
Review and apply proactive maintenance	Set up the Reliability Management Committee, improve maintenance method
A330 TR(Trust Reverser) Secure maintenance competitiveness	Reduce outsourcing costs, reinforce maintenance ability
Foster specialists in different fields	Engine check technicians, aircraft repair, electronic/electric technicians (65)

• Facility

Certified as a 2015 Good Safety Management Workplace, with good scores in the management, firefighting facility maintenance, and safety management system sectors. (by Seoul city)

Reinforcement of Passenger Competitiveness

In order to further improve our status as a 'global airline offering top-level passenger services,' Asiana Airlines purchased additional A380 aircrafts, expanded mid-to-long distance routes, and added new routes to China.



Reinforcement of Service Competitiveness

Customer satisfaction is the utmost priority of Asiana Airlines
We pour our passion and care into providing advanced customer services.

Expanded airport automation system	<ul style="list-style-type: none"> • Began mobile boarding pass service for international flights (May 2016) • Auto-check-in for domestic flights (July 2016)
Reinforced system	<ul style="list-style-type: none"> • Enhanced IT support: to establish overall work base • State-of-art passenger system (Altea), enhanced integrated customer system
For best in-flight service in the industry	<ul style="list-style-type: none"> • High-quality wine based on the specialized service team and wine selection event • Process improved by modifying in-flight service process, monitoring for different subjects enhanced on site, idea suggestions for efficient in-flight service management • Quarterly safety awareness campaign, field-oriented safety education for in-flight safety

Reinforcement of managerial competence

Reinforcement of managerial competence

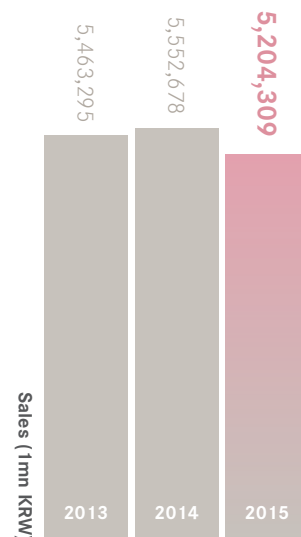
Improved organization by department	<ul style="list-style-type: none"> • Reassigned tasks to improve work efficiency • Improved efficiency related to operation of different sectors
Enhanced system	<ul style="list-style-type: none"> • Upgraded in-company e-payment system (Telepia) to improve cooperation and real-time communication • Improved work and contract management systems to reflect performance, history management, and cost analysis
Rational financial management	<ul style="list-style-type: none"> • Established various rational methods to reduce unessential costs according to a consented guideline • Diversified currencies (EUR, etc.) to prepare for fluctuation of exchange rates

PERFORMANCE INDEX

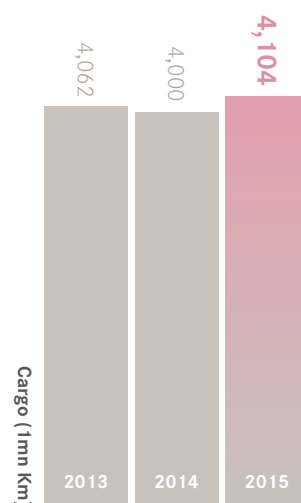
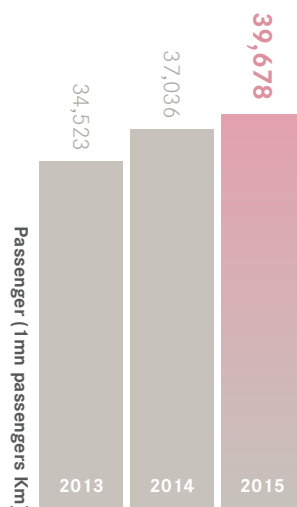
Sales and Transport Performance

• Sales and Operating Profits

Classification	2013	2014	2015
Sales and Transport Performance	5,463,295	5,552,678	5,204,309
Sales and Operating Profits	3,552,094	3,652,889	3,424,658
Classification	1,401,365	1,373,670	1,212,959
Sales (1mn KRW)	509,836	526,119	566,692
Operating profits (1mn KRW)	- 61,589	42,228	9,356

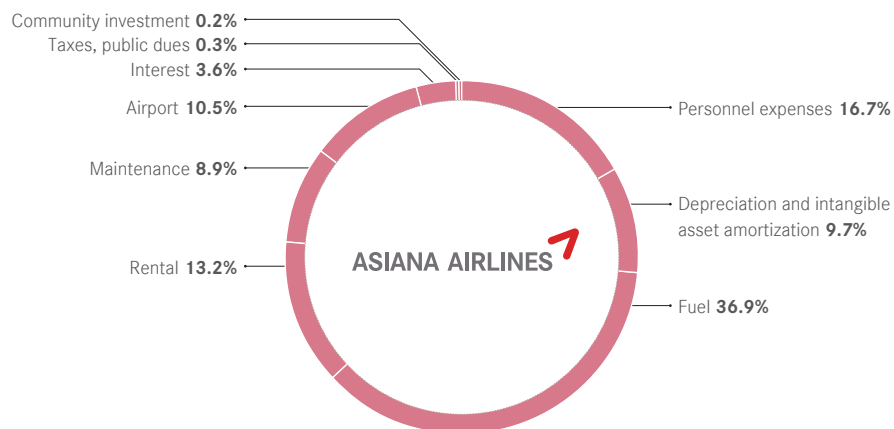


• Transport Performance



Classification	2013	2014	2015
Passenger (1mn passengers Km)	34,523	37,036	39,678
Domestic	1,706	1,965	1,969
International	32,817	35,071	37,709
Cargo (1mn ton Km)	4,062	4,000	4,104
Domestic	18	20	19
International	4,044	3,980	4,085

Value sharing with Stakeholders



Classification	Cost (1,000KRW)	Share	Note
Personnel expenses	658,184,153	16.7	Employee wage, incentives, benefit allowance, severance payment, etc.
Depreciation and intangible asset amortization	382,787,806	9.7	Aircraft, aircraft supplies and equipment, buildings, etc.
Fuel	1,457,649,885	36.9	Jet fuel cost, etc.
Rental	522,139,815	13.2	Lease for aircraft, etc.
Maintenance	351,395,457	8.9	Equipment and machinery for maintenance, outsourced repair, etc.
Airport	411,235,550	10.5	Ground expense, airport facility fee, airport special service fees, etc.
Interest	140,324,299	3.6	For aircraft lease, etc.
Taxes, public dues	12,117,172	0.3	Aircraft property tax, worksite tax, etc.
Community investment	6,883,795	0.2	Social Responsibility costs

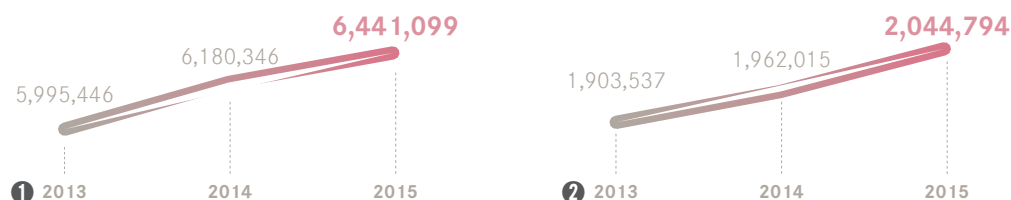
Asiana Airline's sales in 2015 was 5,204.3 billion KRW, and 3,936 billion KRW was fairly distributed among the stakeholders.



ENVIRONMENT

Climate Change Response

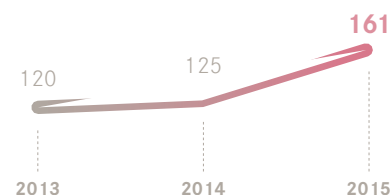
• Greenhouse gas emission trend



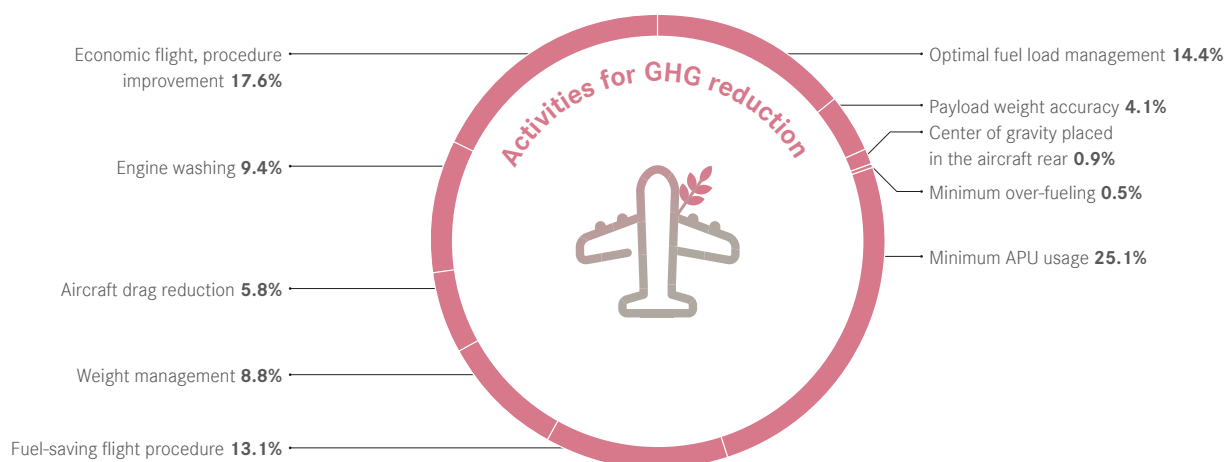
Classification	2013	2014	2015
① Aircraft Emission(tCO ₂)	5,995,446	6,180,346	6,441,099
② Fuel use(ton)	1,903,537	1,962,015	2,044,794

• CO₂ reduction

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. From September 2015, we have been conducting a fuel reduction campaign titled "Green Flight 6" that covers the entire process from preparation before takeoff to maintenance after landing.



Classification	2013	2014	2015
CO ₂ reduction (1,000 tons)	120	125	161



No	내용	CO ₂ reduction (1,000 tons)	Percentage
1	Optimal fuel load management	23.4	14.4%
2	Payload weight accuracy	6.7	4.1%
3	Center of gravity placed in the aircraft rear	1.5	0.9%
4	Minimum over-fueling	0.9	0.5%
5	Minimum APU usage	40.7	25.1%
6	Fuel-saving flight procedure	21.3	13.1%
7	Weight management	14.3	8.8%
8	Aircraft drag reduction	9.4	5.8%
9	Engine washing	15.2	9.4%
10	Economic flight, procedure improvement	28.5	17.6%

Environment Management

• Water

To control wastewater according to the source, the environment management staff in each team conducts frequent monitoring of the site and the general administration team reviews and finally confirms abnormality. Business sites in which TMS is installed checks the figures displayed on the device and takes immediate action in the event of abnormality. As the emission concentration can different according to the source, the wastewater is managed separately according to the cause and we conduct regular monitoring of heavy metals found in the wastewater in order to manage specified water toxic substances.

Water pollutants ►

Gimpo Hangar

Classification	Legal limit	2013	2014	2015
COD(mg/l)	130	12.73	14.4	34.35
SS(mg/l)	120	13.8	9.28	7.83
Water flow(m ³)		959	783	564

1st Hangar in Incheon

Classification	Legal Limit (in operation)	2013	2014	2015
COD(mg/l)	20	2.17	2.11	2.73
SS(mg/l)	20	1.49	2.04	2.24
Water flow(m ³)		807	599	653

※ 2nd Hangar in Incheon : COD: 2.02 mg/l, SS: 1.32 mg/l

• Air quality

Most of the pollutants are generated during the maintenance processes. In order to keep them from being released into the air without being processed, we operate discharge and prevention facilities. Also, to ensure these facilities operate properly, we measure the air quality and working environment and use them as management standards in our daily operation as well as take them into account when making relevant improvements.

Air pollutant emission ▶

Classification	2013	2014	2015
Gimpo Hangar	81.40	84.14	90.17
1 st Hangar in Incheon	307.73	603.97	410.63
2 nd Hangar in Incheon		181.32	205.35

• Waste

We approach waste control from the viewpoint of minimizing waste and recirculating resources by maximizing recycling. We rigorously undertake recycling and ensure frequent monitoring by the relevant field staff, in order to prevent relevant accidents and process waste in an appropriate manner.

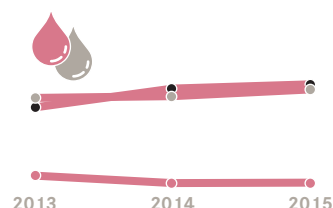
Waste Amount and Recycling Rate ▶

Classification	2013	2014	2015
Total waste (ton)	5,709	6,197	6,569
Recycling (ton)	4,721	5,015	5,242
Recycling rate (%)	82.6	80.9	79.7

• Energy Consumption Control

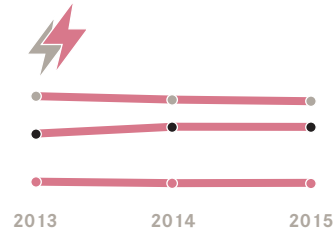
The amount of energy for Asiana Airlines depends on the operation system of buildings and variability of resident workers, and, therefore, our energy consumption is managed based on these factors. Electricity is mainly used for work-related activities conducted in our buildings, and LNG mainly for air-conditioning and heating as well as for general boilers and cooking. Our business site in Incheon was designed to use steam as an energy source due to the geographical reason, and, therefore, is supplied steam from Incheon Airport Energy, a combined heat & power plant located close to Yeongjongdo.

Water usage ▶



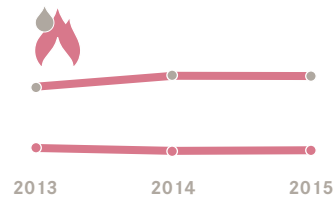
Classification	2013	2014	2015
Asiana Town (ton)	98,057	99,707	105,658
Gimpo site (ton)	22,897	16,064	16,455
Incheon site (ton)	88,871	106,569	110,528

Power usage ▶



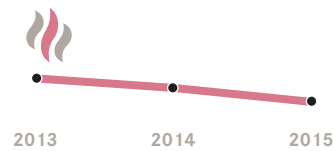
Classification	2013	2014	2015
Asiana Town (kwh)	20,953,062	20,117,541	19,796,553
Gimpo site (kwh)	4,112,382	3,711,734	3,835,466
Incheon site (kwh)	13,470,018	14,914,237	14,868,979

LNG usage ▶



Classification	2013	2014	2015
Asiana Town (m³)	679,980	629,079	625,255
Gimpo site (m³)	422,034	333,629	322,874

Steam usage ▶



Classification	2013	2014	2015
Incheon site (Gcal)	4,279	4,103	3,847

SOCIAL
RESPONSIBILITYBeautiful ▶
Classroom

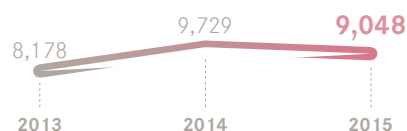
Classification	2013		2014		2015	
	Sessions	Beneficiary students	Sessions	Beneficiary students	Sessions	Beneficiary students
Education donation expo (aviation)	1	3,648	1	6,372	1	6,873
Dream Festival	2	1,100	1	650	1	800
Saekdong-narae Class	40	7,775	418	45,348	554	54,736
Flight attendant class	5	114	4	120	1	30
Saekdong Creative Steam Class	2	50	4	100	5	150
Total	50	12,687	428	52,590	562	62,589

MAJOR RESULTS OF EDUCATION

Safety

• Safety Management System Course

Classification	2013	2014	2015
No. of attendees	8,178	9,729	9,048



* Risk management course (subjects: team leaders, safety managers/ no. of attendees: 38)

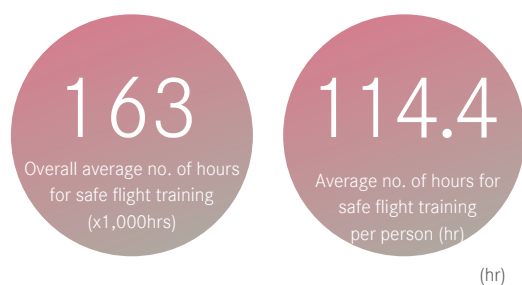
Safety improvement seminar (subjects: all staff/ no. of attendees: 250) conducted separately

Flight

• Flight Crew Training

Classification		2013	2014	2015	Average
Training hours for safe flight	Overall	159,684	163,166	166,959	163,270
	Per person	115.3	113.9	114	114.4

* Including online/offline trainings



• CRM Training Result

Program	Total no. of sessions	Attendees	Note
JOINT CRM(TYPE A)	38	817	8hr
JOINT CRM(TYPE B)	18	436	2hr
New crew training (basic training)	6	76	305hr
CRM Training Promotion	9	44	8hr
REFRESH CRM training	4	34	8hr
FAMILY CRM	6	90	6hr
Trainer Appointment CRM Training	5	38	8hr
Regular CRM Training for Trainers	10	181	4hr
Initial CRM Training	6	77	24hr
Regular Common CRM Training (First half of the year)	1	1,370	1hr
Regular Common CRM Training (Second half of the year)	33	1,371	1hr

* CRM (Crew Resource Management) : A system introduced to get rid of possible obstacles of safety flight and set a trend of respecting responsibilities imposed on the cockpit.

Cabin

• Crew Training

Classification		No. of hours	Note
Initial training		189hr	For new cabin crew Including 40 hours of basic airline procedure education and 8 hours
Recurrent training		14hr	Every year for all flight attendants Regular training based on e-learning
Initial cabin manager training		16hr	Newly appointed cabin managers
Cabin manager initial training		26hr —— 29hr	Crew members who have not received training in the last 12 months 29 hrs for those who have not received initial or recurrent training in the last 24 months
Initial instructor training		94hr	Newly appointed safety instructor
Recurrent instructor training		30hr	Every year for instructor
Initial examiner training		24hr	Safety instructor with 2 years or longer experience
Initial senior instructor training		24hr	Safety examiner with 2 years or longer experience
Recurrent examiner/ senior instructor training		8hr	Every year for examiners/senior instructor
In-flight security personnel training	Initial	8hr	Appointed in-flight security staff (T/S or higher)
	Recurrent	3hr	Every year after initial training
	Requalification	8hr	For those who have not received training for 18 months or more after the initial or Recurrent training
Joint training for cabin/flight crew		8/2hr	A-type:8hr B-type:2hr
Safety management system training		2/1hr	Initial:2hr / Recurrent:1hr





Asiana Airlines makes utmost effort to provide the best passenger services and contribute to the environment and society.

Sustainable Management

HARMONY WITH NATURE



Aiming to become an environmentally-friendly airline, we apply the environmental emblem 'one and only earth, as precious as our customers' to minimize environmental impact

Asiana Airlines pursues sustainable development
by achieving balanced environmental, social, and economic growth
and, thereby, realizing the true corporate values,
instead of focusing on short-term profits.

Sustainability Management Structure

Sustainability Management Organization

Communication with Stakeholders

Fostering Human Resources

Safety Management and Healthcare

Win-Win Management

Risk Management

Fair Transaction and Disclosure

Customer Satisfaction Improvement

Safe Management

Aviation Safety Support

Environment Management

Climate Change Response

Environment Control

Social Responsibility

SUSTAINABILITY MANAGEMENT STRUCTURE

Structure



SUSTAINABILITY MANAGEMENT ORGANIZATION

Organization



Domestic & Overseas Branches

Name	Meeting schedule	Major tasks
Labor Management Council	Quarterly	<ul style="list-style-type: none"> • Discuss how to induce collaboration and improve working conditions, benefits, health, welfare
Customer Satisfaction Improvement Committee	Semi-annual, ad hoc	<ul style="list-style-type: none"> • Share service quality issues and the present conditions. Discuss the controversial customer service issues and plan improvements
Internal Council for Joint Growth	Monthly	<ul style="list-style-type: none"> • Prevent unfair business deals and establish a self-regulated monitoring system • Check the details related to joint growth promotion and discuss direction of progress
Fuel Management Committee	Monthly	<ul style="list-style-type: none"> • Review results of energy-saving initiatives and generate plans • Develop new ways to save energy and analyze statistics
Environment Committee	Annual	<ul style="list-style-type: none"> • Define targets in environment aspect and set specific goals • Discuss major issues and define plans to improve the environment
Occupational Safety & Health Committee	Quarterly	<ul style="list-style-type: none"> • Develop plans to improve safety and health and prevent occupational accidents • Analyze the cause of industrial accidents and take measures against recurrence
Safety & Security Review Board	Monthly	<ul style="list-style-type: none"> • Review the company's safety functions from a strategic perspective, and ensure sufficient allocation of resources

Sustainability Management Activities

2013	2014	2015
<ul style="list-style-type: none"> • Awarded in China for excellent in-flight service • Named no. 1 'Good Airline' • Fund raised by Change for Good 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 Change for Good 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 - IA flight) • Built a world-standard system for reservation, ticketing and transport 	<ul style="list-style-type: none"> • Named no. 1 in customer satisfaction by KCSI, NCSI and KS-SQI • Commenced internet/mobile boarding ticket service for international flights • Ranked no.1 in economy class in-flight meal (Skytrax) • Signed a purchase agreement for A321-NEO • Fund raised by Change for Good exceeded KRW 11 billion • Expanded funding for breakfast supply for low-income children (Seoul Office of Education) • Named as 'Green Product of the Year' (Incheon-Paris) • Named the leader of air transport industry by DJSI Korea (7 consecutive years) • Certified as an exemplary safety management workplace (Seoul)

COMMUNICATION WITH STAKEHOLDERS

Communication with Stakeholders Asiana Airlines has established a range of channels to communicate with stakeholders.



FOSTERING HUMAN RESOURCES

Vision and Strategy

HR Vision

A beautiful corporation creating the highest corporate value
► in each related industry

Strategy

Global Leader for Creating Value & Performance

Goals

Globalization

Fostering global professionals

Fostering leaders with global competence and professionalism

Change

Innovating corporate culture

Creating corporate culture of communication and harmony

Performance

Performance-oriented vision

Creating values for individuals and company through education

Reinforcing Competence of Human Resources

Asiana Airlines is reinforcing global competence education by hierarchical education programs (focused on leadership pipeline of the job hierarchy), nurturing key talents and cultivating leaders of the next generation. Basic education for different positions consists of essential hierarchy education, duty expertise education and organization activation education, while advanced education consists of Capability Development Class and Key Talent Class. Also, we have enhanced position-based expertise education through the position qualification system and customer service training to improve on-site service response of our staff. In addition, a variety of communication-based culture education is provided to the staff.

Education Program

Classification	Program
Leadership	<ul style="list-style-type: none"> • Kumho Asiana Leadership Academy • Leadership Course (for promoted staff) • Passion Plus (2nd year employees)
Organizational culture	<ul style="list-style-type: none"> • All for One (to help understanding between different sectors/positions) • OZ Culture Travel (movie, documentary, performance, special lecture, etc.) • 'Fortune comes to a merry home' (28 times of unreserved meetings with Executives)
Family culture	<ul style="list-style-type: none"> • All for One (to help understanding between different sectors/positions) • OZ Culture Travel (movie, documentary, performance, special lecture, etc.) • 'Fortune comes to a merry home' (28 times of unreserved meetings with Executives)
Online education	<ul style="list-style-type: none"> • Executive/team leader reading academy • Cyber culture center, cyber/mobile campus

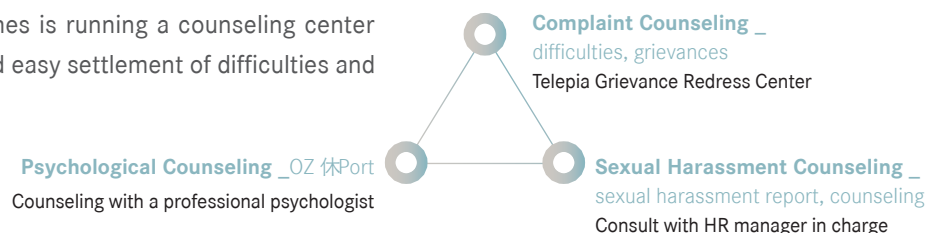
Performance Evaluation and Compensation

Asiana Airlines offers salary raises (3 or 4 levels) for high-performers of different positions and duties through the annual personnel evaluation and regular promotion (2 level) based on achievements in order to motivate employees. Through the 'Extra Promotion Point Program', we give 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.

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.

Difficulty Counseling

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



Increase of and Support for Female Employees

Asia Airlines has been making efforts to fulfill the responsibilities and roles as a family-friendly company that leads gender equality in employment. We continuously expand our female staff and provide active support for work-life balance so that our staff can comfortably take a leave after childbirth.

SAFETY MANAGEMENT AND HEALTHCARE

Safety Management and Healthcare

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.

In addition, we were certified in 2006 as a CPR instruction institution by American Heart Association and KACPR, and has been providing CPR training to our staff.

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.



WIN-WIN MANAGEMENT

Vision and Activities

Based on our vision for win-win management, “Marching toward a beautiful future with Partners,” Asiana Airlines has been trying to maximize service and quality competitiveness by a) building infrastructure for win-win management; b) fostering outstanding partners; c) activating communication; and d) supporting partners.

After signing the fair trade and joint growth agreement (Oct.29,'13) in addition to holding relevant discussions and ceremonies with our partners, Asiana Airlines has set up an internal review committee and adopted the standard contract as part of our autonomous fair trade system in accordance with the guideline provided by Fair Trade Commission.

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.

• Purchase Procedure



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.

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.

RISK MANAGEMENT

Risk Management

Asiana Airlines strives to manage external market-related risks such as exchange rate, oil price, and interest rate. 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

Committee Chairperson: Strategy & Planning Dept. head	
Committee members	
Financial officer	Strategy & planning officer
Procurement officer	Practical business affairs team leader
• Purpose	• Develop risk management strategy against external risks and define hedging tactics and the optimal hedging ratio
• Structure	• Chairperson: Strategy & Planning Dept. head • Committee Members: financial officer, strategy & planning officer, procurement
• Period	• Periodic quarterly meetings complemented by ad-hoc meetings whenever needs arise
• Activities in 2015	• 4 periodic meetings (quarterly), 2 ad-hoc meetings
• Main issues	• Exchange rate – discussed exchange rate exposure management • Oil price – established program hedge strategy • Interest rate – established strategies for different types (variable/fixed) of interest rates

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.

* Program Hedge: a method of ensuring the purchase prices of aviation fuel and USD equal to the average of the previous hedge period by continuous and evenly distributed purchase of required aviation fuel and dollar from the futures market for a certain period

FAIR TRADE & DISCLOSURE

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 and other in-company systems.

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.

In 2015, as part of our regular education program, Fair Trade Act was introduced to our new employees, overseas employees, and domestic and overseas branches, as well as to departments and staff who are likely to violate the said law.

Disclosure

By using the disclosure system, we ensure accounting transparency and discloses business performance and important news to various stakeholders.

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
Period	In less than 90 days after the business year is over	In less than 45 days after the quarterly closing date
Disclosure made in 2015	1 time	3 times

CUSTOMER SATISFACTION IMPROVEMENT

Based on the philosophy ‘customer satisfaction through the safest flight and superior services,’ Asiana Airlines strives to improve service quality and innovation. As a result, since 2007, we have been certified as ‘5-Star Airline’ by Skytrax, the UK airline service rating agency for 10 consecutive years, and recognized as a top global airline representing South Korea, winning ‘Airline of the Year’ award by renowned airline service rating agencies such as Air Transport World (ATW).

For service quality management, we constantly deliver outstanding service quality through various research, evaluation and analysis, and make sure inappropriate practices do not recur by identifying and eliminating the cause of relevant issues.

VOC Management

Asiana Airlines listens to complaints and requests raised by customers on site, and strives to improve customer satisfaction through ‘One-Stop Customer Complaint Management’ and ‘Customer Complaint Compensation Criteria’ for which customers’ opinions are taken into account.

In addition, since 2013, we have established a system named Voice of Customer (VOC) that allows any member of our staff to register real-time customer opinion and process it accordingly, focusing our effort on addressing frequent issues and preventing and immediately responding to inconvenience experienced by customers. This system is used as part of evaluating performance of different individuals and departments to ensure responsible services.

Service Quality Management for Customer Satisfaction

Asiana Airlines is running a ‘Service Quality Inspection Program,’ in which service quality experts with a long experience in flight or employees upon their business trips get aboard an airplane to inspect and manage the service quality effectively.

Also, we regularly conduct 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 conducts real-time monitoring and weekly improvement of particularly vulnerable or inappropriate services and collaborate with relevant departments to implement long-term improvements.

Privacy Policy

We collect minimum personal information to provide various services and ensure effective communication, while complying with privacy protection regulations of the relevant laws and striving to make necessary adjustments. The personal information provided by users is deleted by deleting the user DB and documents performed by the relevant service team, in applicable cases, and managed so that it cannot be recovered technically.

Services

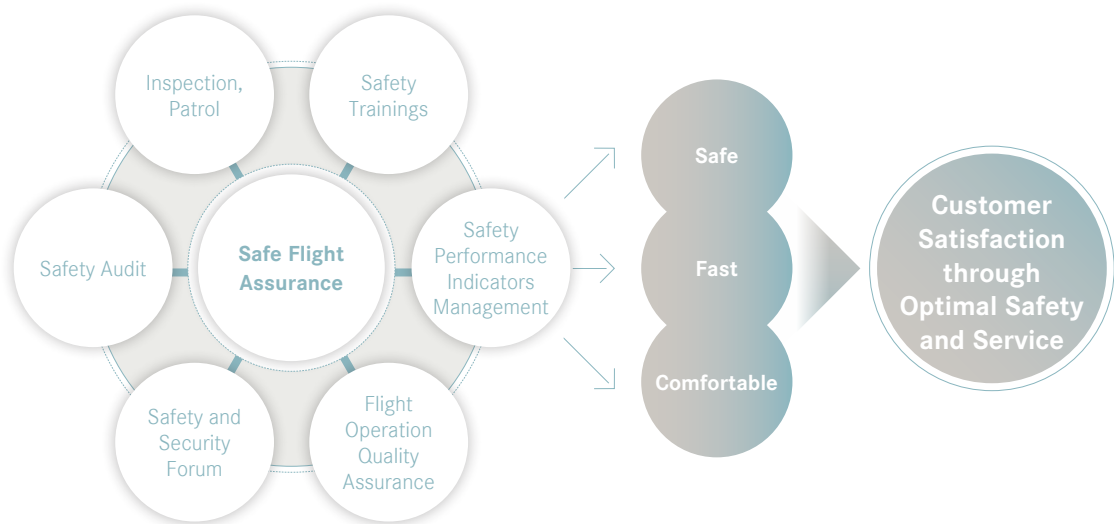
Care	Hansarang Lounge <ul style="list-style-type: none"> • The first airline lounge dedicated to passengers with disabilities offering comfortable rest and check-in services • The interior design is suited to customers with disabilities, through lower-height structures and braille, as well as various convenience facilities
	Care service for passengers with disabilities <ul style="list-style-type: none"> • Wheelchair tag is put on checked baggage for passengers with disabilities to ensure accurate and fast collection • Special vehicle (Hansarang Service Car, etc.) to provide convenient ground transport
Airport Automation	Internet/mobile check-in <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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.
	check-in: Self-Check-in <ul style="list-style-type: none"> • 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.
Customer Awareness Improvement	Corporation-friendly service <ul style="list-style-type: none"> • Asiana Airlines operate a 'MICE Airport Support Center' that aims to provide active support for the high-added-value businesses such as meeting, incentives, convention, and exhibition (MICE) and assist them in providing synergy through sales activities and services.
	Women-friendly service <ul style="list-style-type: none"> • 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.
	Weihai Point Golf Express Service <ul style="list-style-type: none"> • Started in Weihai Airport in 2012 and now expanded to Yantai Airport, the golf express service is a customized service to improve customer convenience by minimizing waiting time of passengers who use Weihai Point Hotel & Golf Resort through pre-check-in and fast baggage processing.

SAFETY MANAGEMENT

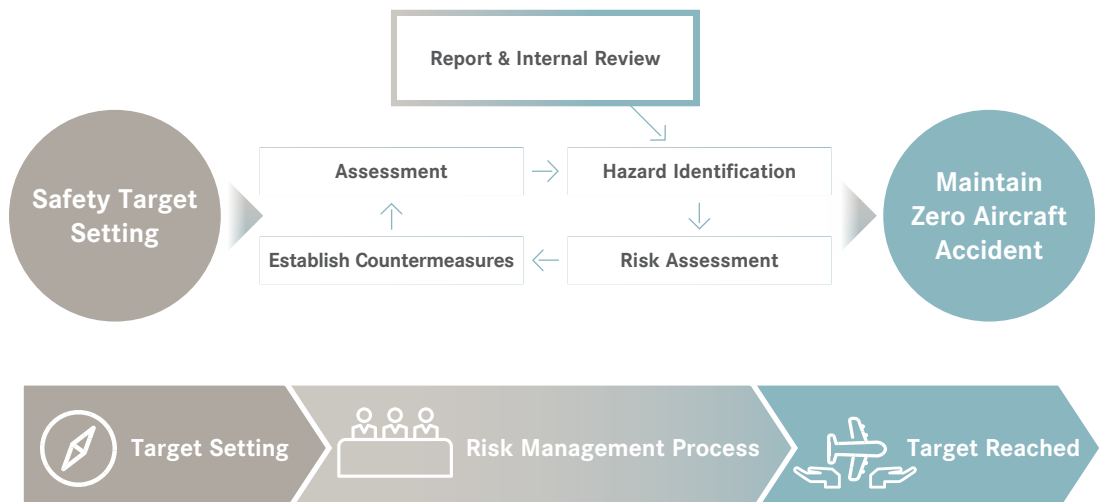
Safety Management

The safety management system of Asiana Airlines ensures integrated management of safety in all airport branches including the headquarter of Asiana Airlines, and was designed to achieve safety goals and performance standards set by the company through the risk management process.

• Safety Activities



• Safety Management System Process



Safety Meetings

Safety & Security Review Board (SRB)

- A safety meeting organized by CEO that satisfies legal requirements of South Korea and other countries, Safety & Security Review Board (SRB) is attended by the head of each headquarter to report major security and safety issues and result of SRB meetings to the top-level executives, and seek approval for the major event risk managements.
- **(Performance) in 2015, SRB discussed 35 major events and risks**
 - Clarified the go-around procedure, managed whole replacement of B747 cockpit window, etc.
 - Communicates regularly with the on-site staff to ensure safety throughout the company



Safety & Security Committee (SCM) & Safety Acting Group (SAG)

- Safety & Security Committee (SCM) is hosted by DSO and attended by safety-related executives and department heads of different headquarters and divisions, to discuss major safety and security issues and come up with plans to implement relevant decisions (Discuss Safety Performance Index analysis results and establish remedial actions for agendas)
 - Analysis and discussion of violations of the raised stabilized approach limit (500ft -> 1,000ft)
 - Discussion of clear go-around procedure and announcement of FOQA data self-learning room
 - Explanation and discussion of risk assessment matrix and new SPI (Safety Performance Indicators)
 - Explanation of the FOQA meeting result and sharing of information related to lithium battery fire
 - Discussion of fundamental causes and prevention of repeated issues raised by the internal safety review



Flight Safety

• Special Trainings for Safety Operation & Investment in Training Facilities (2015)

SIM Special Training and Check for A320 Pilots


Training hours: Special Training(0+30)
Special Check(0+30)

Trainees: 352

Period: 15,4,16: Apr.16 – Jun.30, 2015

Description

- Holding takeoff in low visibility
- Reject 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	SIM training
Assign a line captain in 3 major lessons for co-pilot (Final Training, Audition, IOFT)	A cockpit team in the same environment as a real flight (flown by Captain and F/O)

Investment in Training Facilities

Investment in training facilities	Upgrade of A320 SIM Visual System
Provided the same panel and flight system as a real aircraft	updated to new visual system, Change IED Projectors, Offered real scene training environment which is the same as the latest airport

AVIATION SAFETY SUPPORT

OCC, Operations Control Center

- Our Operations Control Center (OCC) utilizes twelve 50-inch ICD TV screens for collecting information from aircraft scheduling system, real-time flight monitoring system, Asiana Flight Operations Control System (AFOCS), web-based voice communications system, spot management system, etc. and making safety-related decisions. To stay prepared for emergency situations, OCC is equipped with UPS (uninterrupted power supply), automatic fire extinguishing system, and network security system.
- 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.



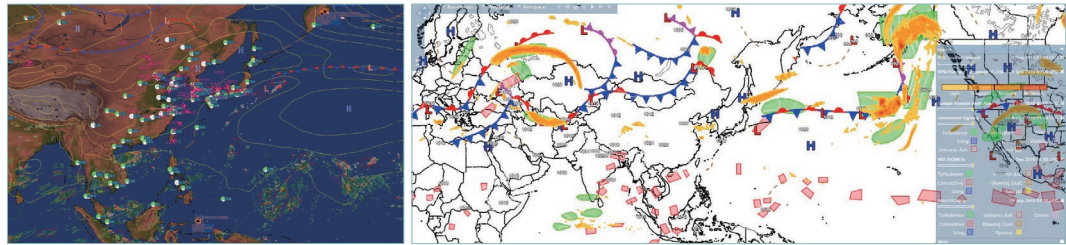
Aviation Control System

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 supervises 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.



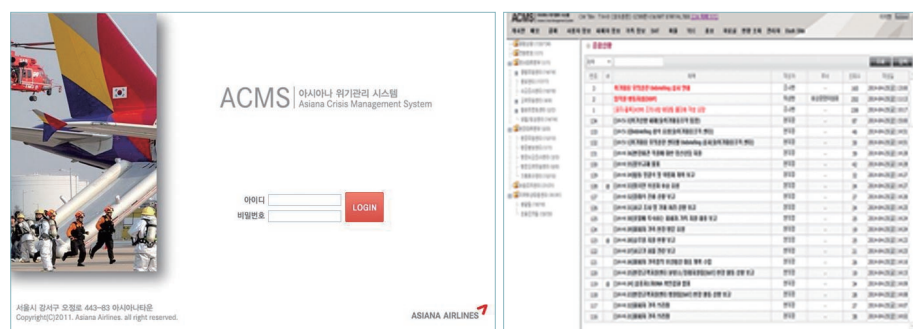
Weather System for Aviation Safety

- Asiana Airlines receives weather information from all over the world and monitors weather conditions in real time, and, based on an integrated control system(AFOCS), sends weather warnings to airports as part of proactive safety measures
- We 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, strengthening the safety operation and customer service with proactive safety measures.
- Our new weather system enables fast and accurate information sent to flight crew, related to turbulence, volcanic ash, icing, dust storm, convective regions, so as to avoid bad weather and increase aircraft safety



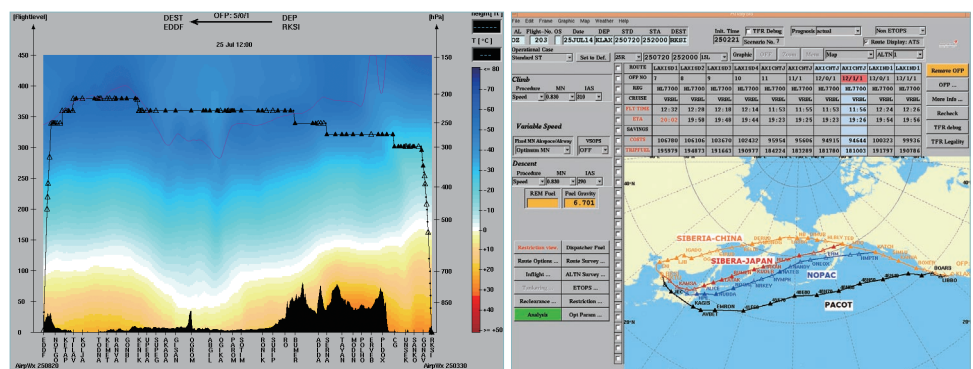
Asiana Crisis Management System (ACMS)

- Asiana Airlines operates Crisis Management System, which, in the event of crisis, allows us to 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's emergency contact network quickly spreads situation alerts and calls upon emergency meetings, as well as enables sharing information between the headquarter and emergency site. In addition, we operate an online site to give emergency-related information to victims and customers. The system also manages response to inquiry calls and status of the damages, as well as support for the families.
- The system enables fast initial measures and response to crisis by supporting mobile access



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.
- The graphic output from LIDO also contains information about the altitude, temperature and airspace and therefore enables a clearer understanding about the air route. In addition, LIDO contributes greatly to an economical flight operation, by offering quantitative comparison of fuel consumption, overflying charges, etc.
- It enables selecting the optimum routes based on data related to the new routes, In 2015, the system contributed to selecting 14 economic routes such as a shorter route between Incheon-Frankfurt.

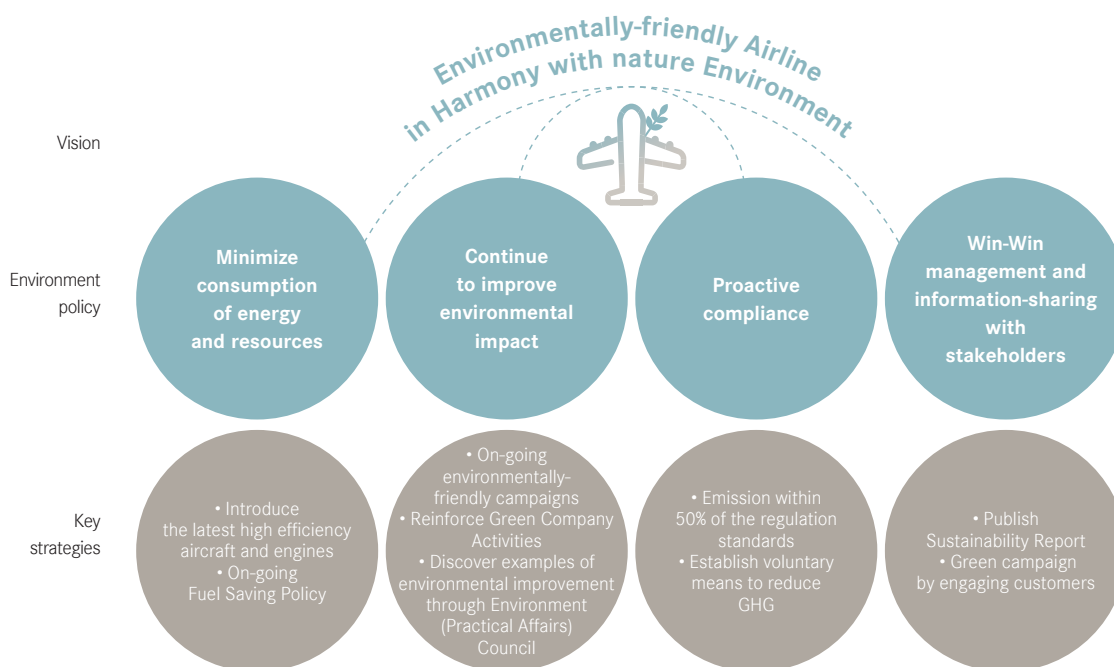


ENVIRONMENT MANAGEMENT

The environment management system of Asiana Airlines ensures active response to changing external variables and minimizing environmental impact, as well as allowing as to review environmental issues related to our business activities and provide preventive measures and management. To raise environmental awareness among our staff, we apply our environmental emblem, 'the one and only earth, as precious as our customers.'



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



Environment Management Organization

We established a system that enables the Environment Management Team to perform regular environmental management, and fast response to emergencies.



Environment Management System

Certified by ISO 14001 (environmental management system, Sep. 1, 1996), Asiana Airlines has been continuously setting environmental management goals and improving the relevant performance. We are currently planning to review the requirements for the new standards (revised in 2015) to respond to increasingly stricter environmental regulations. We conduct annual internal review and follow-up evaluations to remove hazards and improve the environment. We are striving to set systematic goals and improve our results ranging from environment management to environment management system.

Environment Education

Asiana Airlines conducts environment-related education and training as a mandatory course for the current staff, including new recruits. The course focuses on environment management system and vision, mid-to-long term plans of Asiana Airlines as well as our past endeavors. In 2015, 207 newly recruited employees (general, sales, airport, maintenance, etc.) and 50 current workers received the education.

CLIMATE CHANGE RESPONSE

Local and International Response

• Emission Trading

Asiana Airlines became subjected to the emission trading system since 2015. Currently, 525 Korean companies participate in ETS, according to which the Government assigns the legal limit on the quantity of GHG to companies and allows them to trade surpluses or shortages. To meet the requirements set by the emission trading system, Asiana Airlines has been verified by a third-party organization and submitted the monitoring plan to Ministry of Environment. In addition, we are 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. We have been assigned the emission limit for 2012-2020 based on our transport performance in 2010, and the emission right is calculated by comparing the assigned limit and actual emission. During QT1 in 2015, we were verified by the German panel for our emission related to intra-EU flights in 2014 and submitted the relevant result to the German Ministry of Environment.

On November 9, 2012, the ICAO (International Civil Aviation Organization) general assembly concluded to set up International standards on GHG emission and as such the system was to be applicable only for intra-European flights. As of April 3rd, 2014, upon the voting result of EU Commission, the system is to be extended to 2016.

However, regardless of the suspension, Asiana Airlines manages 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. In 2012, the company exceeded the GHG reduction target by far, and, subsequently, was selected as the airline with the highest fuel efficiency. During QT1 in 2015, Asiana Airlines was verified of its performance of the 4th agreement before signing the 5th agreement (with the agreement period extended from 1 year to 2 years), targeting 2% improvement of fuel efficiency.

GHG Reduction Activities

• GHG Reduction Activities

Asiana Airlines has set up 'Fuel Management Committee,' which meets on a monthly basis, 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. Since September 2015, we have been conducting a fuel reduction campaign titled Green Flight 6, which covers the entire flight process from pre-takeoff preparation to post-landing maintenance. In addition, we made a poster promoting fuel-reduction activities.

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.

• Fuel Reduction Activities in 2015

① Operate Discussion Groups (monthly)

- **Corporate Fuel Management Committee**
Collect opinions of head office/division and make relevant decisions on a monthly basis
- **Economic Route Task Force**
Set up in February 2012 to analyze and discover optimized economic routes



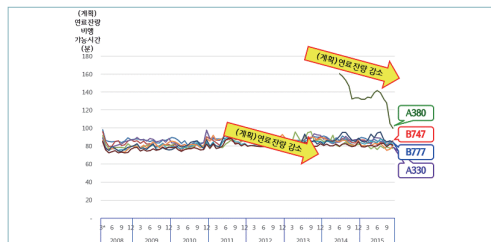
② Green Flight 6 Campaign

- Engine washing
- Weight reduction
- Flight plan optimization
- Short cut (fuel reduction – economical altitude, speed)
- Minimal use of APU



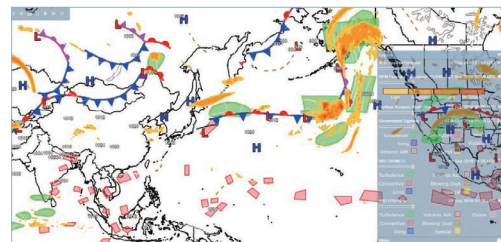
③ Improved Fuel Efficiency

- Apply 3% contingency fuel to A380 and improve stability and efficiency



④ Shorter/Economical Routes

- 14 new routes developed



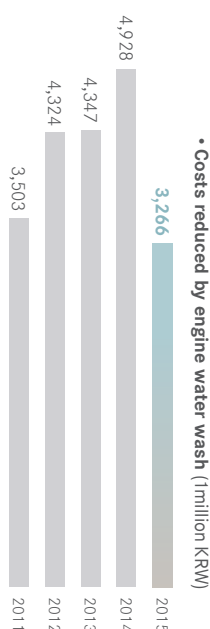
⑤ Engine Water Wash

- Remove fine dust and sediments inside the engines to improve efficiency and reduce fuel consumption



• Plan for 2016

Increase fuel reduction in flight procedures	<ul style="list-style-type: none"> • Increase participation and practice rates related to Fuel Efficiency Checklist • Standardize the fuel reduction flight procedures • Implement the fuel reduction flight procedures (green-taxi, reduced flap takeoff, idle reverse landing procedure)
Apply efficient fuel loading policy	<ul style="list-style-type: none"> • Check the flight planning reliability and stabilize application of optimal fuel loading policy • Improve efficiency of A380 flight plan • Promote application of flexible taxi fuel • Analyze and improve aircrafts/routes that consume excessive fuel
Improve efficiency of flight planning	<ul style="list-style-type: none"> • Activities performed by the economic route development team • Develop shorter/economical new routes • Develop nearby replacement airports • 2016 plan for managing fuel over destination (FOD) • Improve 1% compared to 2015
Improve efficiency of maintenance procedure	<ul style="list-style-type: none"> • Drag reduction project <ul style="list-style-type: none"> - Reduce drag based on APM fuel data - Improve the maintenance process - Manage goals for engine and fuselage • APU time optimization project <ul style="list-style-type: none"> - Use the optimal ground power by comparing APU and GPU costs of overseas airports - Reward outstanding maintenance mechanics (staff who participated in or proposed a campaign) • Active maintenance for improved fuel efficiency <ul style="list-style-type: none"> - Collect opinions of on-site staff and reflect them in policy based on fuel management-mechanic communication program - Review performance and proposed ideas for improving fuel efficiency improvement - Actively participate in maintenance-related fuel reduction forums held by international organizations



• Engine Water Wash

Since 2005, Asiana Airlines has been conducting regular engine water washes, by using the state-of-art equipment manufactured by Lufthansa. Cleaning the engines with water increases the engine compressor efficiency, improves air flow, reduces green-house gas (GHG) emissions, and enhances fuel efficiency. In 2015, we conducted 398 engine washes, by taking into account factors related to aircraft management.

Year	2011	2012	2013	2014	2015
No. of washes	290	327	350	374	398
Reduced costs(1million KRW)	3,503	4,324	4,347	4,928	3,266

- **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**

Asiana Airlines replaced cars used to move within airports with electric cars and is planning to gradually increase the replacement in the future, thus, contributing to creating environmentally-friendly airports.

Model	No. of electric cars	Dept. in charge
Electric car	3	1 managed by flight maintenance team (Incheon)/ 1 by flight management team (Gimpo)/ 1 by Incheon Cargo Service (Incheon Passenger Terminal, Gimpo Passenger Terminal, Incheon Cargo Terminal) ※ Total 3 charging stations available

ENVIRONMENT CONTROL

Asiana Airlines rigorously tries to minimize its environmental impact by keeping pollutant emissions within 50% of the legal limit. Also, our business sites conduct regular monitoring of the environmental quality of the surrounding areas as well as perform continuous monitoring and improve the facilities to comply with laws related to chemical substance handling and management. Two of our business sites were certified as ‘Green Company’ by Ministry of Environment and we conduct our environmental activities by cooperating with local authorities.

Chemical Material Management

Material Detail Information			
Material: 91233			
Material	912159	Description	COMPOUND, REFLECTIVE COATING
Material Type	20201Tech Den (Raw & Chs est)	Material Group	06001 Chem (Chs)
Basic Info			
Supplier status	22/No record	Document	LabOffice
Leave File Code	0/Reference: 1 item	Leave File Code	
Groups/Kit		Last Movement Date	2016 06 01
Part to Equip. Sps.	00/procurement [X]	Certificate Type	2024/FAA, 141, 17, 002, 662, 8005
Partch. Group	A0911-Town, Lee	Rease Group	Manufacture
Old Part Number	0-3020-5-AC030	Loading Group	0000/Dangerous Goods
			Batch Management [X]
<div> Classification Material Planning Accounting Additional data Material history </div>			
Inspection Data			
<div> Inspection Inspection Inspection Inspection Inspection </div>			
<div> <div>#217</div> <div> <div>1. 화학제품으로 표시된 화학 정보</div> <div>2. 제품명: 912159 Part A</div> <div>1. 제조사 정보</div> <div>1180000000 CLIFTON ADVANCE, INC.</div> <div>210호 : (Burgess Place, Bayview, N.J.) 07070</div> <div>3100 고안명 : 973-094-0340</div> <div>4100 제품 코드 (4100) : 2100000000 (CHEMTRIC) : 800-424-0300</div> <div>5. MSDS 정보 : 09-10-05</div> <div>202 DOT : PLAST</div> <div>202 DOT UN : UN283</div> <div>레벨 : HMTS (T10) : 2100000000 1. 화학제품 3. 반물질 0. P/B</div> </div> </div>			

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 equipment 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

We select and purchase in-flight supplies according to the approval of FAA and apply the environmental assessment of the AVEPS list when purchasing general supplies, in order to encourage purchase and use of green products. In 2015, we purchased 22 environmentally-friendly products and 5 green products, which amounted to 1,607 million KRW.

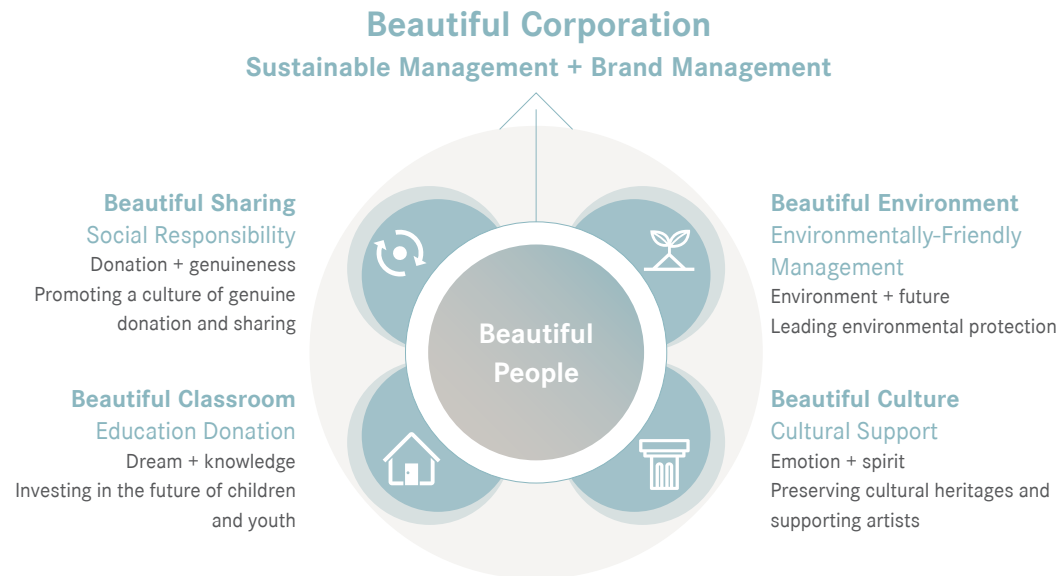
Carbon Labelling

In accordance with the GHG reduction programs and CO₂-related indexes, Asiana Airlines discloses transparent information related to its CO₂ emission caused by the entire business process, based on the systematic GHG database. As a result, we were certified by Korea Environmental Industry Technology Institute for our CO₂ emission report by route and, in 2014, for the Gimpo-Jeju route. In 2015, our certificates for Gimpo-Haneda and Gimpo-Beijing routes were renewed.

SOCIAL RESPONSIBILITY

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

Main Activities



Beautiful Sharing

Domestic

1 Breakfast for low-income children in Seoul

- Provide breakfast for low-income children, in association with Seoul Office of Education and Seoul Community Chest.
- This project was first launched in 2006 by raising funds from Asiana staff in order to provide free meals to low-income children in Gangseogu, Seoul, and has been expanded to entire Seoul.

2 1 Company 1 Village

- In 2006, Asiana Airlines became sisters with Sanchowul Village, Hongcheon, Gangwondo, and provides volunteer work for the rural community and free medical service twice per year.
- In 2014, Asiana Airlines was awarded for 'rural community contribution' for its effort to activate city-rural are exchange.



Overseas

1 Love House in Vietnam

- Since December 2014, the cabin crew club OZ UNICEF has been carrying out the "Love House Project" in which the crew members participate in building houses for the extremely poor family with children in Ben Tre province, Vietnam.

2 Support for Aeta Tribe in the Philippines

- Asiana Airlines supports the Aeta Tribe who live in Mt. Pinatubo, Philippines, approximately 30km from the Clark Airport, which is one of our destinations.
- Residents of the village are in desperate need for support for them to fight against various diseases, poverty, and lack of hygiene, and, in association with KOICA, we began to provide relevant support.

3 Support for Children in India

- Since July 2015, the staff of Asiana Airline began to join 1:1 donation program to support children in poverty-stricken towns in New Delhi, India.
- In November 2015, the staff volunteer team visited the local town and met with the children, while planning further support in the future.



Beautiful Classroom

Domestic

1 Saekdong-narae Classroom

- The Asiana Education Donation Volunteer Group consisting of over 100 members including pilots, flight attendants, mechanics, and airport service staff visit students in Korea to talk about dreams and hope.
- Officially launched in 2013, from September 2014, the volunteer team has been using remote video conference system to allow students in rural areas to attend lectures related to working for airlines (As of Dec. 2015, 1,000 lectures provided to over 100,000 students)

2 Education Donation Expo (certified as an education donation organization)

- Asiana Airline has been continuously participating in Korea Education Donation Expo since 2012, and providing opportunities to experience the airline industry based on programs such as Saekdong Creativity STEAM

3 Saekdong Creativity STEAM Class

- This convergence talent education donation program was co-developed with KOFAC, and Asiana Airline opens the state-of-art aircraft hangar and offers it for relevant workshop, according to the educational method of STEAM (science, technology, engineering, art, math), so that students can learn aviation science with fun.

4 Dream Festival

- Launched in 2012, Dream Festival is a culture and art education donation program that proposes dream, hope, and career vision to the youth and provide them with the opportunity to experience different culture and art performances.



Overseas

1 Beautiful Classroom in China

- Beautiful Classroom in China, organized in association with KOICA, selects local schools in China and improve the learning environment.
- We establish sisterhood with schools in regions that are included in Asiana Airline's destinations, providing educational supplies required by the schools as well as lectures for students who wish to work for an airline in the future.

2 Beautiful Classroom in Vietnam

- Job education support project for low-income women in Vietnam, conducted in association with KOICA
- At the Vocational Training Center in Hai Duong, near Hanoi, 150 women receive training in global manner, basic service knowledge, computer, accounting, and foreign language, based on the recognized service quality of Asiana Airline, and fostered as essential workforce that can communicate between the foreign managers and local staff in local companies.

3 Cung Nhau Library of Hope

- Since 2013, the airport service staff has raised funds and visited elementary and middle schools in Norther Vietnam to provide students with books and computers and build a library to improve the learning environment

4 Beautiful Classroom in Cambodia

- In May 2015 Asiana Airline entered into sisterhood with Cambodia to support the passion for learning of Cambodian children who attend school despite the challenging circumstances.
- The students have been provided with computers and a public school was renamed as 'Happy School' with support from Asiana Airline.





Beautiful Environment

Domestic

1 Tree planting at landfill in Metropolitan Area

- Since 2012, around the Arbor Day, Asiana Airline plants trees for the eco-parks built on landfills in the Metropolitan Area.
- In 2015, over 70 employees participated in an arbor day event organized by SIC and planted over 1,000 pine trees. We will continue our effort for environmental protection and building eco parks.



Overseas

1 Environmentally-friendly solar-power streetlamps

- Asiana Airline, in association with KOICA, has installed 51 environmentally-friendly solar-power streetlamps in Cambodia, 41 in Vietnam, and 26 in Jakarta until 2014.
- The environmentally-friendly solar-power streetlamps have been installed near the World Cultural Heritage sites around the world, preserving both the environment and culture.



Beautiful Culture

Domestic

1 Asiana International Short Film Festival (AISFF)

- AISFF has become one of the most well-known cultural support programs of Asiana Airlines and the largest short film festival in Korea (13th anniversary in 2015)
- The festival promotes screening of short films and encourages cultural diversity as well as development of the filmmaking industry in South Korea



2 Preservation of cultural heritages

- Asiana Airline conducts family-based volunteer works to protect the cultural heritages of Korea. The staff and their families participate in the volunteer work, learn about history related to and improve their understanding of cultural heritages of Korea such as 4 Royal Palaces, Jongmyo, Sajikdan, Yangcheon Hyanggo, etc.





APPENDIX

Statement of Financial Position

Awards

GRI G4 Index

Independent Assurance Statement

CONSOLIDATED FINANCIAL STATEMENT

(1 million KRW)

Classification	2015	2014	2013
Current assets	1,244,764	1,328,337	1,466,672
Quick assets	1,039,072	1,145,572	1,287,917
Inventories	205,692	182,765	178,755
Non-current assets	8,047,985	6,883,261	5,545,336
Investment assets	839,126	703,737	675,235
Property, aircraft and equipment	5,545,575	4,906,587	3,757,361
Invest property	132,363	125,802	128,226
Intangible assets	646,122	364,678	209,881
Other non-current assets	884,800	782,457	774,633
Total assets	9,292,749	8,211,598	7,012,008
Current liabilities	3,310,934	2,366,458	2,048,713
Non-current liabilities	5,130,232	4,726,017	4,059,983
Total liabilities	8,441,166	7,092,475	6,108,696
Capital stock	975,507	975,507	975,507
Capital surplus	1,149	1,149	1,149
Other components of equity	-78,228	-28,488	-28,488
Accumulated other comprehensive income	98,165	76,620	17,673
Accumulated surplus (Deficit)	-166,956	-18,918	-65,906
Non-controlling interests	21,946	113,253	3,377
Total equity	851,582	1,119,123	903,311
Total liabilities and equity	9,292,749	8,211,598	7,012,008
Subsidiaries, associate, jointly controlled entities	Equity method applied	Equity method applied	Equity method applied

SEPERATED FINANCIAL STATEMENT

(1million KRW)

Classification	2015	2014	2013
Current assets	717,668	856,949	944,905
Quick assets	515,644	676,900	767,000
Inventories	202,024	180,049	177,905
Non-current assets	6,206,383	5,623,369	5,109,326
Investment assets	921,151	914,298	873,845
Property, aircraft and equipment	4,315,229	3,854,454	3,355,719
Invest property	41,627	42,397	43,168
Intangible assets	30,970	28,337	24,669
Other non-current assets	897,407	783,883	811,925
Total assets	6,924,051	6,480,318	6,054,231
Current liabilities	2,510,291	2,009,389	1,747,810
Non-current liabilities	3,779,388	3,676,199	3,491,026
Total liabilities	6,289,679	5,685,588	5,238,836
Capital stock	975,507	975,507	975,507
Capital surplus	1,149	1,149	1,149
Other components of equity	-28,488	-28,488	-28,488
Accumulated other comprehensive income	102,247	104,806	21,180
Accumulated Deficit	-416,041	-258,244	-153,953
Total equity	634,373	794,730	815,395
Total liabilities and equity	6,924,051	6,480,318	6,054,231
Valuation method for investment securities of subsidiaries, associates and jointly controlled entities	Cost method applied	Cost method applied	Cost method applied

CONSOLIDATED COMPREHENSIVE INCOME(LOSS) STATEMENT

(1 million KRW)

Classification	2015	2014	2013
Sales	5,795,271	5,836,235	5,723,506
Cost of sales	5,118,203	5,186,770	5,159,650
Gross profit	677,069	649,465	563,857
Selling, general and administrative expenses	578,794	551,379	575,092
Operating income(loss)	98,275	98,086	-11,235
Finance income	10,776	17,791	22,641
Finance expenses	175,750	152,716	149,285
Gain/loss from equity method	-5,049	25,607	18,722
Profit (loss) before income tax	-164,378	41,112	-140,562
Income tax expense (income)	25,188	22,185	25,897
Profit (loss) for the year	-139,190	63,298	-114,665
Other comprehensive income	10,884	43,717	15,106
Total comprehensive income	-128,306	107,015	-99,559

SEPERATED COMPREHENSIVE INCOME(LOSS) STATEMENT

(1 million KRW)

Classification	2015	2014	2013
Sales	5,204,309	5,552,678	5,463,295
Cost of sales	4,653,785	4,974,194	4,999,098
Gross profit	550,524	578,484	464,197
Selling, general and administrative expenses	541,167	536,256	525,786
Operating income	9,356	42,228	-61,589
Finance income	7,655	9,186	14,270
Finance expenses	140,324	134,684	135,168
Profit (loss) before income tax	-194,620	-135,444	-180,278
Income tax expense (income)	42,688	40,209	37,179
Profit (loss) for the year	-151,932	-95,235	-143,099
Other comprehensive income	-8,425	74,570	22,865
Total comprehensive income	-160,357	-20,665	-120,234

AWARDS

ASIANA HISTORY OF AIRLINE OF THE YEAR



'15 – '16 AWARDS RECORD

	Organization	Awards won in '15 and '16	
Local	Korea Productivity Center	2015 National Customer Satisfaction Index (NCSI) 1st in International Airline	'16.3.22
		2015 National Customer Satisfaction Index (NCSI) 1st in Domestic Airline	
		2015 National Customer Satisfaction Index (NCSI) 1st in International Airline	'15.3.30
		2015 National Customer Satisfaction Index (NCSI) 1st in Domestic Airline	
	Korean Standards Association	2016 Premium Brands Index (KS-PBI)	'16.7.20
		2015 Korea Well-being Consumer Index(KS-WCI) 1st in Airline	'15.8.20
		2015 Premium Brands Index (KS-PBI)	'15.7.22
		2015 Korean Standard-Service Quality Index(KS-SQI) 1st in Aviation Industry	'15.6.25
	KMAC	2016 Korea Brand Recommendation Index 1st in Aviation Industry	'16.6.16
		2015 Best Image Value	'15.10.20
2015 National Customer Satisfaction Index (NCSI) 1st in Domestic Airline		'15.10.7	
2015 best companies to work for in Korea(K-GWPI) 1st in Aviation Industry		'15.8.27	
Korea CEO Association	2015 4th Best Customer Loyalty CEO Award – Grand Prize: CEO Kim Soo Cheon	'15.4.22	
	2015 4th Best Loyalty Brand in Korea Selected by Customer – Aviation		
Int'l	Skytrax	Skytrax 5 Star maintained for 10 consecutive years	'16.7.12
		World's Best Economy Class Airline	
		World's Best Economy Class Airline Seat	
		World's Best Economy Class Onboard Catering	
		Skytrax 5 Star maintained for 9 consecutive years	'15.6.16
		World's Best Economy Class	
		World's Best Economy Class Onboard Catering	
	Global Traveler	Best Airline Onboard Service(12 consecutive years)	'15.12.8
		Best Flight Attendants(12 consecutive years)	
	Premier Traveler	Best Overall Airline in the World	'15.12.10
		Best Flight Attendants in the World(4 consecutive years)	
		Best In-Flight Services in the World(3 consecutive years)	
		Best Economy-Class Service in the World	
		Best Transpacific Business-Class Service	
Business Traveler	Best Overall Inflight Experience in the World(Total 9 times)	'15.11.5	
	Best Overall Customer Service-Airline- Ground/Call Center:(Total 7 times)		

GRI G4 Index

General Standard Disclosures

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Specific Standard Disclosures

Labor

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G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-
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G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	
Environmental Grievance Mechanisms DMA(Disclosures on Management Approach)		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	-

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G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	N/A
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Supplier Human Rights Assessment DMA(Disclosures on Management Approach)		
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G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	N/A
G4-SO4	Communication and training on anti-corruption policies and procedures	N/A
G4-SO5	Confirmed incidents of corruption and actions taken	N/A
Public Policy DMA(Disclosures on Management Approach)		
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G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	-
Grievance Mechanisms for Impacts on Society DMA(Disclosures on Management Approach)		
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G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-
Product and Service Labeling DMA(Disclosures on Management Approach)		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling	35, 55
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N/A
G4-PR5	Results of surveys measuring customer satisfaction	35, 42, 63
Marketing Communication DMA(Disclosures on Management Approach)		
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Compliance DMA(Disclosures on Management Approach)		
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Independent Assurance Statement

To the stakeholders of Asiana Airline

The Korea Productivity Center (the “Assurer”) was requested by Asiana Airlines to provide an independent assurance on the “Asiana Airlines 2015-2016 Sustainability Report” (the “Report”) and hereby provides the following assurance statement.

Responsibility and Independence

Asiana Airline is entirely responsible for all information and opinions presented in this Report. The Assurer is solely responsible for the assurance statement on the content of the “Report”. As an independent assurance agency, the Assurer was neither involved in the process of preparing this “Report” with Asiana Airlines, nor in any conflicts of interest that may undermine our independence.

Assurance Standards

The independent assurance was performed in accordance with Type 1 and moderate level of assurance engagement based on AA1000AS (2008)1) assurance standards. The assurance statement checked suitability of inclusivity, materiality, and responsiveness by following AA1000APS (2008)2) assurance principles. Moreover, it verified whether the information on the Report is compliant to GRI G4 Guideline standards.

Limitations

The Assurer conducted an assurance engagement on the 2015 Asiana Airline’s performance by following the assurance standards above. We verified the reliability of the company’s performance on the Report in following manners: financial data were verified through the financial statement and disclosed documents audited by an auditing agency, and other data including GHG data and homepage linkage, etc. were verified with existing assurance results. Furthermore, on-site inspection was limited to the Seoul headquarter, and if further assurance process is performed, the result may change accordingly.

Methodology

The following method was used to provide the assurance about the Report:

1. Verified whether requirements from the core option on GRI G4 Guidelines were fulfilled.
2. Verified consistency with the principles dictating the content and quality of sustainability reports based on the GRI G4 Guidelines.
3. Verified objectivity and appropriateness of key issues selected and content in the Report by conducting media research and performing benchmark analysis.
4. Verified the suitability of the information and expression error through comparison analysis with other publication.
5. Verified evidence of the major data and information based on on-site inspection in the Seoul headquarter, and the internal processes and systems.
6. The scope and boundaries of the assurance process has been conducted according to the boundaries of the time period, region, and value chain of the report. Therefore, the scope of the assurance process meets 100% coverage of the non-consolidated revenue of company, and data regarding the supply chain has not been included unless otherwise specified.

Findings & Conclusion

The Assurer verified that the Report accurately and fairly illustrates Asiana Airline’s sustainability management activity and performance. Moreover, through the assurance, the Assurer verified that Asiana Airline’s Report fulfilled the requirements of GRI G4 Guideline’s Core Option.

In case of General Standard Disclosures, the Assurer verified that the Report is written in compliance with the requirements of Core Option. For Specific Standard Disclosures, the Assurer reviewed Disclosure on Management Approach (DMA) and indicators about material issues by using the reporting criteria process below. The Assurer also reviewed the indicators regarding the non-material aspects of the specific standard disclosures, and the results are included in the GRI/UNGC Index.

Sub Category	Material Issues	DMA & Indicators
General management	<ul style="list-style-type: none"> • Corporate reputation management • Investment for aircrafts and facilities • Securing the new growth engines • Reinforcing the soundness of corporate governance • Global network expansion 	DMA – Risk management, fair transaction, disclosure, ethical management EC1, EC2, SO3, SO4, SO5
Environment	<ul style="list-style-type: none"> • Environmentally-friendly flight on all routes • Observance of environmental laws, Taking measures against restriction 	DMA – Environmental management EN3, EN6, EN7, EN8, EN15, EN16, EN19, EN22, EN23, EN24, EN25, EN26, EN27, EN29, EN30
Employees	<ul style="list-style-type: none"> • Employment creation, Talent recruitment • Health care for the employees • Educations for the employees’ capacity building • Fairness in achievement evaluation, Reasonable reward 	DMA – Talent management, safety and health management LA1, LA2, LA9, LA10, LA12, LA16, HR2, HR3, HR4, HR5, HR6, HR7, HR12
Customers	<ul style="list-style-type: none"> • Perfect safety operation • Inspection for safety management, sophistication of the system • Educations for accident prevention and simulation drill reinforcement • Improvement of service quality for customer satisfaction • Promotion of the communication with customers 	DMA- Safety management, customer satisfaction improvement PR3, PR4, PR5, PR6, PR7
Social Responsibility	<ul style="list-style-type: none"> • Activation of the employees’ social responsibility • social responsibility that reflect the characteristic of business • Global social responsibility that meets the local needs • Implementation of social responsibility 	DMA – social responsibility EC7, EC8, HR8, SO1, SO2
Suppliers	<ul style="list-style-type: none"> • Fairness in partner company selection, Transparency in partner company evaluation 	DMA – Win-win management HR4, HR11

1. Inclusivity: Participation of Stakeholders

The principle of inclusivity articulates that organizations should include stakeholders in the process of developing strategic response to and achieving sustainability. In this regard, the Assurer could verify that Asiana Airline put various efforts to abide by and improve the principle of inclusivity in 2015. The Assurer verified that Asiana Airline categorizes its stakeholders into six groups – customers, shareholders/investors, government/authorities, partners, environment/society, and employees -- and that the company actively communicates with its stakeholders and collects a range of opinions. In particular, the Assurer appreciated the fact that the company operates the Voice of Customers management system as part of their effort to build a communication channel with stakeholders and expand the level of information disclosure.

2. Materiality: Significant Issue Identification and Reporting

The principle of materiality articulates that organizations should focus on issues relevant and material to both the organization and its major stakeholders. The Assurer found that Asiana Airline successfully identified issues relevant and material to the company and its major stakeholders based on a reasonable materiality analysis process. Asiana Airline analyzed material sustainable management issues based on the relevant international standard, media research, and issues in local and international aviation industries and identified 20 core issues based on the level of social interest and business impact assessment. The Assurer could verify that activities and key performance of the core issues are evenly covered in each page of the Report.

3. Responsiveness: Response to Issues

The principle of responsiveness articulates that organizations should be responsive to the issues that may influence the performance of their stakeholders. The Assurer found that Asiana Airline successfully identified issues which may impact stakeholders' performance, implemented measures to address them, and adequately presented relevant information in the Report. Asiana Airline is diligently responding to issue-related activities

and major performance indexes such as safety competence enhancement, passenger and service competence enhancement, and management competence enhancement, through Focus & Performance. The Assurer looks forward to the company's continuing effort in performance management and disclosure for continuous response to issues and results.

Recommendation

Upon appraising Asiana Airline's various efforts and performance for enhancing its sustainability, the Assurer proposes below for future publications of the Report and higher standard of sustainability:

1. We recommend that Asiana Airline manage and disclose its sustainable management performance against target by activity. Notwithstanding the quantitative and qualitative performance related to sustainable management presented by the company, it does not disclose the relevant goals and achievement rates. It is necessary, for systematic performance management and continued improvement in sustainable management, to set step-by-step goals and manage achievement rates.
2. Safety management activities, which support verification and improvement of Safety & Security Review Board, safety management system certification, and safety training and education, are essential for risk management and sustainable management of Asiana Airline. In the future, the Assurer wishes, the company will continue reinforcing its safety competence and, thereby, sustainable management competence, bringing out remarkable results.
3. For effective use of sustainable management reports and response to the quality standard of global sustainable management reports, we recommend Asiana Airlines reinforce DMA writing proposed by the GRI G4 guideline. Although Asiana Airline discloses its sustainable management activities and performance in accordance with the standards proposed in the guideline, the Assurer suggests the company put more rigorous effort in creating more thorough DMAs including specific background for selection, major results, and future plans, responding to both international report standards and demands of the stakeholders.



August 2008
Korea Productivity Center / CEO
Sun Jik Hong

Director **Dong Soo Kim** Team Leader **Tae Ho Park** Researcher **Tae Min Kim**

The Sustainability Management Center of Korea Productivity Center is an assurance agency officially certified by Accountability [organization established AA1000, the international standard for stakeholder participation and verification] and is qualified to independence assurance engagements. Our Assurance Committee is comprised of competent experts who have in-depth experience in sustainability management consulting and assurance and have completed the relevant training

- 1) AA1000AS (2008): AA1000 Assurance Standard (2008) is an international assurance standard, set by Accountability, that provides method of reporting sustainability management issues by evaluating the organization management on performances, compliance with principles, and reliability of performance information
- 2) AA1000APS (2008): AA1000 Accountability Principles Standard (2008) is an international assurance standard set by Accountability that provides principles of AA1000 standards.



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