2017/ 2018

Incheon International Airport Corporation
Sustainability Report

Incheon Airport

With
The Initiatives for Our Better Future
Connecting People and Incheon Airport

Incheon Airport

About This Report

Overview

Incheon International Airport Corporation (IIAC) has published annual sustainability reports since 2007 to share its visions, activities and performance on sustainable management with the stakeholders. Also, operating its SR Stakeholders' Committee of experts from various fields, Incheon International Airport Corporation has been incorporating opinions of various stakeholders gathered from different communication channels into its management activities to improve its sustainable management system. This report marks 11th year of reporting, conveying 4 key strategies for sustainable management, key businesses related to those strategies and important issues drawn from a materiality assessment. For detail information in regards to the environmental performance of Incheon International Airport Corporation can be found in the 'Green Report' which is published annually.

Standard

This report has been prepared in accordance with the Core Option of the GRI (Global Reporting Initiative) Standards, ISO 26000 Guidance on Social Responsibility, United Nations Global Compact (UNGC) and United Nations' Sustainable Development Goals (SDGs). The reporting standards and definitions of the financial and non-financial information in this report are based on K-IFRS, the International Financial Reporting Standards (IFRS) adopted in Korea.

Period, Scope and Boundaries

This report includes the activities and performance data from January 1, 2017 to December 31, 2017 and, some of the significant achievements during the first half of 2018. We have included the qualitative performance data from the past 3 years (2015-2017) to allow the readers to see the improvements and changes. This report includes the activities and performance in all of the business areas of Incheon International Airport Corporation and the reporting boundaries for material issues are provided separately on page 60~61.

*Subsidiaries (Incheon Airport Energy, PT.Mitra Incheon Indonesia, PJSC Khabarovsk) are excluded in this report.

Assurance

An independent third-party assurance review was carried out according to the international assurance standard, AA1000AS (2008) to ensure objectivity and reliability of this report. Review results can be found in the Appendix.

Cover Story

IIAC used the keyword, 'With' to represent its hope and efforts to share sustainable management with the stakeholders. IIAC presents the economic, social and environmental values it creates through sustainable management activities are effectively distributed to the stakeholders.

Inquiries about this report

This report is available in Korean and English and accessible to download on the Incheon International Airport Corporation website. We gather our stakeholders' opinions through various channels including phone, fax and mail.

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Message from the CEO

IIAC, leading to fulfill social responsibilities,
IIAC will bring beautiful changes to our society and
increase people value.

Dear Customers and Citizens,

First of all, I would like to send my sincere gratitude for your unwavering interest and encouragement to Incheon International Airport Corporation (IIAC). Incheon Airport celebrates its 17th anniversary this year and has been selected by the Airports Council International (ACI) as the world's best airport for the 12 consecutive years. We were able to come this far, thanks to the entire Incheon Airport Family, who endeavored to serve each and every customer with a people-first mindset.

The external conditions that IIAC faces, has become more uncertain than ever. Airports around the world are competing fiercely to become a hub airport in addition to the strong demand from the public institutions to recover publicness through management activities to protects public interest and take initiative in order to create social values for the sustainable development of our society. IIAC will wisely overcome various challenges ahead through people-centered management activities that drove IIAC to build the greatest airport in the world and, take the lead on creating social values for brighter future for all.

IIAC has been recognized for its outstanding
performance and value in sustainable management.

IIAC has been selected as one of the most admired companies in Korea for the 11th consecutive year in 2018 and has been ranked No.1 among KOSDAQ-listed companies, KOSPI-listed companies and public corporations at the 6th Good Company Conference. In 2017, Incheon Airport was ranked No.7 in the world for passenger traffic, handling 62 million passengers and was ranked No.3 in the world for air cargo, handling 2.9 million tons. Offering outstanding passenger services through customer-oriented management, Incheon Airport is constantly making new history in the world's aviation industry. Also, as one of the most admired companies in the nation and as a corporate citizen fully committed to fulfill its social responsibilities, IIAC is continuously striving to bring innovation and become a leading global airport.

IIAC promises to create greater social values.

In terms of solving social issues, all entities from every field including the government must come together with their strength and wisdom and, work together for the mutual benefits and public interest. Based on its vision entitled, "Opening Sky Paths and Growing with the People" established in 2018, IIAC newly restructured its businesses to successfully respond to changes around the world while maximizing strength in its core business areas.

First, IIAC will strive to become a safe and happy workplace. In this coming September, IIAC is launching an integrated job platform and provide a total of 110,000 positions, with 50,000 new jobs in addition to the 60,000 existing jobs at Incheon Airport. IIAC will also establish a job matching center at Incheon Airport to provide job consultation and offer training programs through its Aviation Academy for those who are seeking career in the aviation industry.

Second, IIAC will grow with the communities and the society. Using beautiful natural environment and resources around Incheon Airport, IIAC will offer consultation to communities for developing hands-on tourism products such as mudflat tour and temple stay programs and, provide support for developing the necessary tourism infrastructure. IIAC will also promote fair tourism and establish an integrated travel platform to achieve a shared and sustainable growth with the communities.

Third, IIAC will drive smart management through creativity and innovation. Working to achieve its 100 smart goals for Incheon Airport which includes developing a home check-in system, an integrated biometric immigration system and unmanned duty-free stores, IIAC will introduce advanced technologies that will innovate airport operations and services and, become a model airport of the future that offers touching experiences and happiness to the customers.

Fourth, IIAC will further strengthen Incheon Airport's position as a leading global airport. IIAC will continue to broaden its aviation and logistics networks, with an expansion of overseas projects such as the Kuwait Airport Operating Project signed in last April. We aim to become one of the 'Top 5 Airport in the World' by 2022.

IIAC will set new standards for ethical management and human rights management.

To improve future value of Incheon Airport, we disclose our data in regards to our performance and operations to all stakeholders in the most transparent way possible. IIAC will continue to support the UN Global Compact's principles on human rights, labor, environment and anti-corruption and, work to achieve sustainable development goals (SDGs) through sound, sustainable management activities.

IIAC handle various economic, environmental and social issues responsibly with dedication, based on the cooperation and participation of the members, fulfilling social values and sustainable management. We ask for your unwavering interest and encouragement to IIAC's efforts to realize a true hub in air ways and to bring prosperous future to the nation and the aviation industry worldwide.

Thank you.

August, 2018

Chung, Il-young

**President and CEO of Incheon
International Airport Corporation**

공항과 가치를 잇다, Connect to the Social Value!
2018. 6. 23(토) / 백운산   Incheon Airport

2017/18 Highlights

01.
FIRST

01 **Surpassed the 600 Million Mark in Total Accumulated Passengers**

Maintaining an average annual growth rate of 7.5% in passenger volume since the opening, Incheon Airport finally surpassed the 600 million mark in total accumulated passengers as of March 2018.

02 **Time Since the Opening of Incheon Airport**
IIAC Sets a Sales Record of KRW 2 Trillion in 2 Consecutive Years and Net Income of KRW 1 Trillion for the First

02.
BEST

01 **Opening of Passenger Terminal 2 (T2) & G-SEED (Green Standard for Energy and Environmental Design)**
Certification with Top Grade (Green Grade 1)

T2 successfully opened in January 2018 and was recognized as environment-friendly building using 40% less energy than T1

02 **Selected as One of the Most Admired Companies in Korea for the 11th Consecutive Year**

Incheon International Airport Corporation was selected as one of the most admired companies in Korea in the SOC Facility Management Category in Korea Management Association Consulting (KMAC)'s 2017 survey on Korea's most admired companies for 11 consecutive years.
(ranked as No.1 among public corporations, No.8 among 1,000 companies)

03.
GLOBAL

01 **Kuwait International Airport Terminal 4 Operation Project Winner**

IIAC's largest ever foreign airport operation project (KRW 140 bil) allowing IIAC to operate and maintain Terminal 4 of Kuwait International Airport over the next 5 years

02 **Carbon Trust Standard(CTS) Certification**

IICA was recognized for its green efforts such as installing LED lighting and high-efficient cooling units, operating Green Apron and various activities for enhancing energy efficiency and greenhouse gas reduction
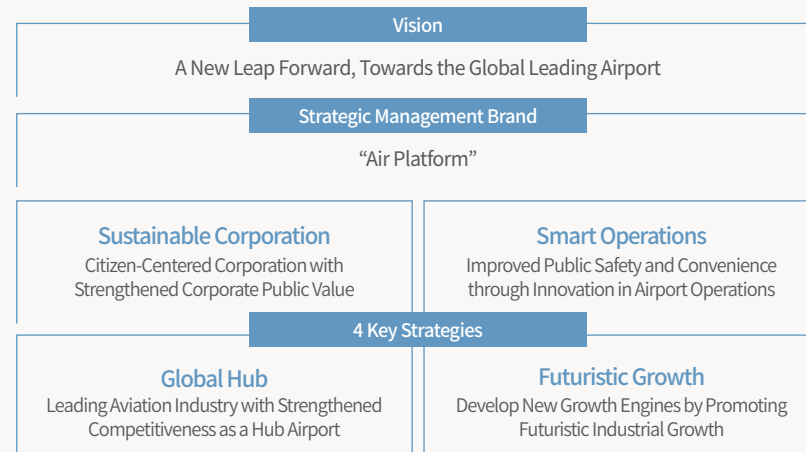
IIAC at a Glance

Overview

Incheon International Airport Corporation (IIAC) was established to ensure safe and successful air transportation and contribute to the development of national economy through efficient construction, management, and operation of Incheon Airport. IIAC is striving to become a leading global airport and a driving force for the national development.

As of July 2018

Name	CEO	Date of Establishment
Incheon International Airport Corporation	Jeong, Il-young	February 1, 1999

Competent Authority	Type of Organization	Capital
Ministry of Land, Infrastructure, and Transport	Market-Based Public Corporation	KRW 8.0414 trillion

Number of Employees	Shareholder Composition	Organization
1,345	Government 100%	5 headquarters, 3 offices(1 department), 33 divisions, 120 teams(As of May 30 2018)

Headquarters	Legal Basis of Establishment	Key Businesses
47, 424 beon-gil, Gonghang-ro, Jung-gu, Incheon	Incheon International Airport Corporation Act (Enacted in January 26, 1999)	Construction, Management and Operation of Incheon Airport / Development of Surrounding Areas, Supplementary Businesses and Other State-Commissioned Projects / Consulting Business Related to Airport Construction and Operations / Construction, Management and Operation of Foreign Airports, Development of Surrounding Areas

Vision

A New Leap Forward, Towards the Global Leading Airport

Strategic Management Brand

"Air Platform"

4 Key Strategies

Sustainable Corporation
Citizen-Centered Corporation with Strengthened Corporate Public Value

Smart Operations
Improved Public Safety and Convenience through Innovation in Airport Operations

Global Hub
Leading Aviation Industry with Strengthened Competitiveness as a Hub Airport

Futuristic Growth
Develop New Growth Engines by Promoting Futuristic Industrial Growth

Vision and Strategies

With the advent of a new presidential administration and in response to many changes in government policies and business environment, IIAC reformed its management strategies into more public-centered strategies that drive sustainable growth. IIAC is currently pushing forward with its new strategic management brand, 'Air Platform' and indicators set based on that brand to become a global mega-hub airport.

History

1992-2004

November 1991 Groundbreaking ceremony for Incheon Airport construction Construction of Termina 1 begins

February 1999 Incheon International Airport Corporation (IIAC) established

March 2001 Incheon International Airport opened

September 2003 Asia's first CAT-IIIb operated

2006-2009

March 2006 Incheon Airport Free Trade Zone opened

June 2006 Concourse and Phase 2 Construction Project completed

February 2009 Launch in overseas business

2013-2015

September 2013 Construction of Terminal 2 begins

December 2014 Incheon International Airport Corp. inducted into Global Traveler's Hall of Fame

June 2015 IIAC wins operations consulting project for the istanbul New Airport

2017-2018

April 2017 Rated No.1 for the 12th consecutive year in Airports Council International (ACI)'s Airport Service Quality (ASQ) Awards

January 2018 Incheon Airport Terminal 2 opened

April 2018 IIAC wins project for commissioned operation of Kuwait Airport's Terminal 4

Airport Network Connecting the World

90 airlines **59** countries **188** cities

■ Number of Destination Cities

U.S. **29**

North America **4**

South America **1**

Africa **2**

Europe **24**

CSI **14**

Middle East **7**

Asia **40**

Russia **2**

China **36**

South Korea **3**

Japan **24**

Oceania **9**

Leading Future Aviation Industry through International Exchange and Cooperation

24 Cooperation Agreement Made with

26 Airport Operators Across the World

● Number of Airports in Cooperation

China **3**
Russia **3**
Middle East **3**
Europe **6**
South Korea **1**

ICN

Key Figures (2017)

Aircraft Movements
360,295 flights

Passengers
62.08M

Transfer Passengers
7.32M

Cargo Amount
2.92M tons

Uninterrupted Hours of Navigation Safety Facilities Operation
150,000 hrs

Accident-Free Flights
3.7M

Revenue
KRW 2.4991T

Greenhouse Gas Emissions (10.7% ↓ than Target)
212,333 tCO$_2$

Thinking Ahead
to the Future

Two Wings,
Second Leap

In March 2001, Incheon Airport's first wing spreaded to the world.

In January 2018, a new sky passage to the world was opened with the historic opening of Incheon Airport's second terminal.

The two terminals will be the pair of wings of Incheon Airport.

Incheon Airport has just embarked on its second journey towards growth and development.

Terminal 2 Airlines

Korean Air
Delta
Air France
KLM

Terminal 1 Airlines

Asiana Airlines
Foreign airlines
Low cost carriers

Concourse

Opening to the World, Connecting People

T2, 9 Years of Journey

Incheon Airport Terminal 2, a terminal that will set a milestone in the global aviation history!

9 years of IIAC's endevor to successfully opening the second terminal for Incheon Airport, has been a passionate and remarkable journey.

Jun 2009	The 6th amendment of the Basic Plan for the Construction of Incheon International Airport (Phase 3) notified
Jun 2010	Basic design services for the Phase 3 Project (airport facilities design service in Jun 2010, architecture facilities design service in Jul 2011)
Dec 2012	The 7th amendment of the Basic Plan for the Construction of Incheon International Airport (Phase 3) notified
Jun 2013	Digging and pile foundation works for T2 initiated
May 2015	T2 architectural finishing works and supplementary facilities construction initiated
Nov 2015	IAT/BHS tunnel structure construction completed
April 2016	Celebration for the completion of T2 framework
Oct 2016	T2 BHS testing
Apr 2017	Test operation
Jan 2018	Terminal 2 opened

The Hidden Story Behind T2 in Figures

Phase 3 Construction Project

99 months
Project Period(2009.06 ~2017.09)

KRW 4.9T
Construction Cost

93,000 people
Job Creation

5.1M people
Construction Workforce

870,000 units
Equipment Input

Terminal 2

387,000㎡
Total Area

382,200㎡
T2 Parking Lot

24,403 plants
Landscaping Trees

2,808 km
T2 Electrical Cables and Wires

18M
Annual Passenger Traffic

500,000 tons
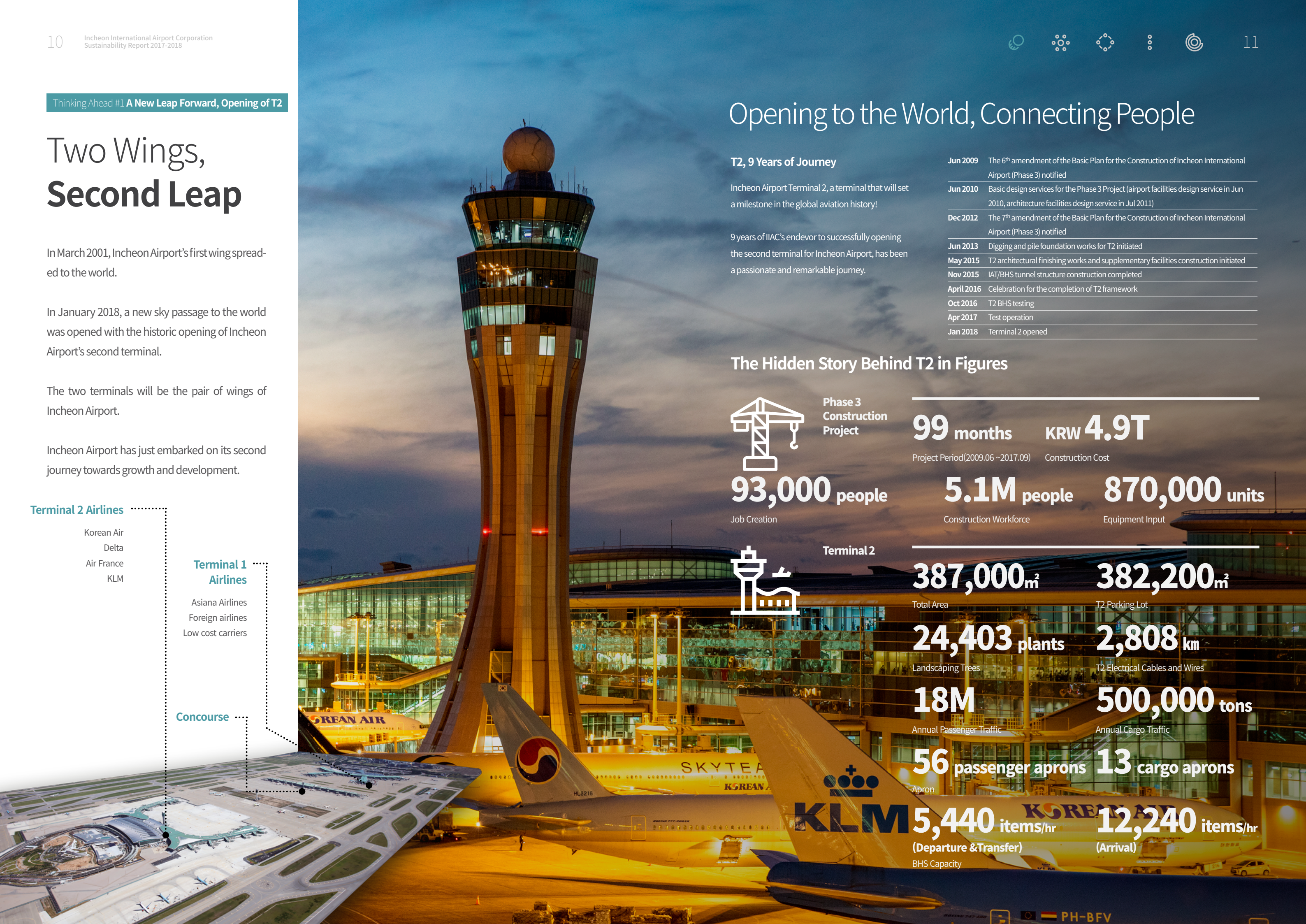Annual Cargo Traffic

56 passenger aprons
Apron

13 cargo aprons

5,440 items/hr
(Departure &Transfer)
BHS Capacity

12,240 items/hr
(Arrival)

A New Leap Forward, Opening of T2

Incheon Airport's Second Paradise,
T2

Smart airport that provides better convenience through cutting-edge technologies,
Green airport that breathes with the nature,
Art airport that offers culture and art.

This is the Terminal 2 of Incheon Airport we dreamed of. Successfully opened T2 will fulfill passengers' needs and expectations, that transform Incheon Airport into a global airport, leading world's aviation industry.

Smart Airport

Smart Services

01 Smart Check-in

The Smart Check-in Zone with self check-in and self bag drop machines installed at the center of T2 will ensure passengers fast and convenient check-in and baggage drop processes.

66
Self Check-in Kiosks

34
Self Bag Drop Kiosks

Newly Installed

02 Automated Immigration Process

In the automated immigration desk, new walk-through system is being used with enhanced convenience in biometric data recognition such as automatic height-adjusting camera installed.

52 Automated Immigration Booths

03 Smart Signage

T2 has various devices that provide passengers information about the airport and the UHD display in all these devices helps the passenger to get information more clearly and accurately. Passengers can also get a 3D map, route and the time it takes for them to get to their boarding gate by simply touching the information kiosk with their boarding pass which has a barcode. The monitors above the check-in counters also provide easily visible flight information and various other information useful for the passengers.

04 Cutting-Edge Robot Services

T2 has test-operated 15 AI robots for cleaning, carrying luggages and passenger guidance. Self-navigating guide robots are fully operating in the airport starting in the second half of 2018. The robots will not replace the airport personnel but serve as assistances and contribute to innovative passenger services and airport operations.

Smart Operations

01 Smart and Strengthened Security

With explosive detection systems (EDS) implemented in T2, it thoroughly inspects 100% of baggages. T2 is also equipped with body scanners that can detect non-metallic objects. The body scanners installed in T2 does not have the functions to save, print or transfer body images of passengers for privacy and security reasons. The images checked on the monitor only give a simplified body outline, resolving the controversy over privacy issues related to the technology.

02 Smart Baggage Handling System

T2's baggage handling system (BHS) can process baggages of 18 million passengers per year with a total length of 42 kilometers of conveyor belt. The BHS area alone covers a surface area of 20 football fields. It can handle baggages within 19 mins and departure baggages within 5 mins.

Green Airport

01 Interior Landscape 3 Times the Size of T1's

T2 is a space where nature and architecture meets in harmony. T2's natural atmosphere filled with forest and water features allows the passengers to access various airport services in a pleasant, relaxing environment. The interior landscape of T2 is 3 times the size of T1's and its air purifying plants that absorb pollutants, wonderful water facilities and gardens, recreating the nature in Incheon Airport realizing the cleanest airports in the world.

02 Leading Model of an Eco-Port

T2 which uses equipments with high energy efficiency as well as new & renewable energy such as solar and geothermal power to make Incheon Airport an eco-friendly, low-carbon airport is expected to use less than 37% of the energy T1 uses. Unlike T1, T2's roof has PV solar cells and the roof of T2's transportation center has building-integrated photovoltaics (BIPV). In addition, a large-scale solar power generating complex has been established on the Idle land near the airport.

T2's New & Renewable Energy Use

Solar Power
4,951kw

Geothermal Power
2,330RT

Korean G-SEED (Green Standard for Energy and Environmental Design)
Top Grade
(Green Grade 1)

Airport Facilities
Energy Management System
(ISO 50001)

Artistic Airport

Airport Turned into an Art Museum

To give Incheon Airport a unique identity and provide the passengers the opportunity to experience culture and arts, a variety of sculptures and artworks have been installed across the airport. Through the display, Incheon Airport provide cultural and artistic refreshment and stimulating the excitement and expectations for their trips to come.

Thinking Ahead #2 Realizing Social Values

Incheon International Airport Corporation's Endeavor to Realize Social Values

Connecting People and Airport

Since the foundation of IIAC, it has strived to continuously increase its contributions to the public interest and to fulfil its corporate responsibilities as a national corporation, being part of the society. IIAC has established a comprehensive plan for the strategies and core projects that will drive the corporation to contribute to the public interest and development of communities through its performance and values generated by its sustainable management. With this plan, IIAC will remind itself of its true role, bring creative innovations, earn public's trust and create a better tomorrow with the stakeholders strengthening its future growth engines.

Roadmap for Realizing Social Values

achieve social values and desired results, IIAC has set up three development phases and formulated objectives and plans for each phase

Introduction Period ~ 2019
- Create jobs for 30,000 people by 2020
- Job creation impact on 600,000 people
- Become one of Top 6 global airports
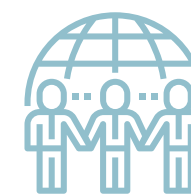- Invest KRW 40 billion to create social values

Maturing Period 2020 ~ 2022
- Create jobs for 50,000 people by 2022
- Job creation impact on 700,000 people
- Become one of Top 5 global airports
- Invest KRW 100 billion to create social values

Spreading Period 2023 ~ 2030
- Create jobs for 150,000 people by 2030
- Job creation impact on 1 million people
- Become one of Top 3 global airports
- Invest in global social values

Vision
Incheon International Airport Opening the Sky Passage and Developing with the Citizens

Vision Objective
Nation's Pride, Center of World's Aviation Industry

What Are Social Values?
It is a value which could contribute to the common benefit and development of the community in the social, economic and cultural aspects. Major fields are humanity, labor, employment, health and welfare, social support on underprivileged, shared growth, environment, participation.

People-Centered

Shared Development

Innovative Growth

Global Competition

Main Project

'Connecting People and Airport'

A Workplace for 110,000 People

Job matching for 110,000 positions and training of aviation professionals through Incheon Airport's integrated job platform Creation of 50,000 new jobs through Phase 4 Expansion and Air City development

Objective

New Jobs

2020   2022
30,000 → 50,000

Strategy

Job Ecosystem	Establishment of a job ecosystem through integration of airport-related industries
Future-Oriented	Creation of innovative jobs for the 4th Industrial Revolution
Capacity Building	Training of aviation professionals and creation of jobs for the global youth

Plan

Online
- Job matching portal for airport businesses and job seekers Established on Incheon Airport website
- Provides job posting information, job research resources, work conditions

Education & Training
- Biannual airport job fairs using Skydome and unused airport spaces
- Provides opportunities to apply for jobs in the aviation industry

Offline
- Job search and application submission made avaliable at the Job Center in Passenger Terminal
- Job consultation, counseling and interview space

Fairs
- Biannual airport job fairs using Skydome and unused airport spaces
- Provides opportunities to apply for jobs in the aviation industry

Key Project 1

'Connecting Regions and Airport'

Shared Development with the Communities

Developing Incheon Airport and its surrounding natural environment as tourism resources and driving shared development with the communities

Objective

Invest KRW 100 billion

for social value realization projects such as regional economic development projects and community contribution projects (by 2022)

Plan

Facility Improvements
Provide support and information about businesses to improve communities' tourism facilities and infrastructure

Consulting
Provide consultation and support for developing experiential transit tour products utilizing temple stay programs and shared accommodations

Key Project 2

'Connecting Travels and Airport'

The Beginning of Hope and Fair Travel

Realization of fair tourism-driven social economy by promoting social travel companies, small-to-medium travel agencies and youth travel guides on an integrated travel platform

Objective

Nurture 100 social economic organizations

including social enterprises, small aviation and travel related enterprises, CVS businesses and start-ups (by 2022)

Plan

Travel Resource Pool
Organize a resource pool of social travel companies, small-to-medium travel agencies, freelance guides and young entrepreneurs

Travel Platform
Establish a travel hub at Incheon Airport and a travel website that provides information about tourism information across the country such as transportation, accommodations and tours

Sharing in Travel
Provide opportunity to travel overseas to travel-disadvantaged groups, young entrepreneurs and outstanding students

Key Project 3

'Connecting Airport and the World'

The Center of Global Aviation and Logistics Industries

Expanding global aviation and logistics networks, exporting Incheon Airport's construction and technological know-hows to foreign airports and training of global aviation professionals

Objective

Hub for Air and Logistics Connecting the World
Become one of Top 5 global airports

Plan

Aviation
Expand Incheon Airport's global aviation network, expanding overseas projects, starting with Incheon Airport's operation of Kuwait Airport, aviation professionals training , promote exchanges and cooperation between the South and North Korean in aviation and logistics areas.

Logistics
Establish a logistics center for global freight and special types of cargo that are fast growing, attract transhipment

Strategic
Focus Areas

1. Safe Airport

2. Convenient Airport

3. Global Hub Airport

4. Futuristic Airport

Safe Airport

Strategy

Airport Disaster Safety
- Improve disaster management and response systems
- Strengthen integrated response capacities for disasters

Operational Safety
- Implement the best aviation safety operations system
- Strengthen aircraft' ground movement safety
- Implement a safe and advanced operational system

Airport Security
- Establish a flawless aviation security system
- Enhance the efficiency in security inspection processes
- Improve T2's aviation security systems

Achievement

Airport Certification Issues
ZERO

Downtime of Navigation Safety Facilities
0 hour

Aviation Accident
ZERO

Disaster Management Evaluating Rating
A (for the 7th consecutive year)

Airport Security Breach
ZERO

Evaluation

Performance Indicators	Performance Indicators	Evaluation Methods
Airport Assurance Inspection	Monthly	Self-Inspection & Workshops to Prepare for the Inspections
Downtime of Navigation Safety Facilities	Frequently	Safety Report (submitted to the Ministry of Land, Infrastructure, and Transport)
Ground Accident	Frequently	Risk Assessment & Status Report
Aircraft Accident	Frequently	Aircraft Accident Investigation Report
Disaster Management Evaluation Rating	Annually	Public Institution Disaster Management Evaluation Results (Ministry of Public Administration and Security)
Seasonal Aviation Traffic Safety Inspection	Triannually	Aviation Traffic Safety Inspection and Results of Corrective Measures
Aviation Security Breach	Frequently	Aviation Security Breach Investigation Report

Material Issues in 2017
- Aviation Security and Safety (Operational Safety, Disaster Safety)

Why It's Material to IIAC?

The risks of major accidents from natural disasters and terrorist threats are continuously rising as international air traffic constantly increases. It is being emphasized on the importance of an effective and preemptive response system for aviation and airport safety in addition to the relevant capacity building that ensure safety of airport users and providing the best airport services possible.

Relevant UN SDGs

9 Sustainable Industry, Innovation and Infrastructure

Securing Safe Sky Passage

Equipped with the World's Most Precise Navigation Control System!

Air traffic volume has increased approximately 4 times since 2001, the opening of Incheon Airport. To minimize flight delays and secure safe operation, Incheon Airport has been working to develop and imply an advanced navigation control system that ensures zero air traffic accident. In 2017, the nation's first airport collaborative decision making (A-CDM)* system was introduced in Incheon Airport to provide ATC Tower and Apron ATC Tower the flight status information in real-time. Incheon Airport also has a multilateration (MLAT)** system that can accurately detect and locate all aircraft even in the presence of obstacles. The highly trained air traffic controllers in Incheon Airport are using this system to carry out accident-free control duties. The runways at T1 and T2 are equipped with instrument landing system (ILS) CAT-IIIb which is one of the highest degrees of operational capability, to ensure precise and safe aircraft approaches and landings even in severe weather conditions like heavy rain and fog with an RVR as low as 75m and proudly holding the record of 150,000 hours of non-stop operation since the opening.

*Airport Collaborative Decision Making: A system for sharing flight information between partners

**MLAT(Multilateration) : Serveillance system based on the measurement of the difference in distance to aircraft and Ground station at known locations by broadcast signals at known times.

Smart, Aircraft Ground Movement Safety Management System

As the number of vehicles, equipment and drivers in the movement area continuously growing, in 2017, various smart systems were introduced to elevate the level of safety management of aircraft's ground movement. Incheon Airport Corporation developed the world's first smart control system that guides the ground vehicles to stop on runway crossroads by automatically locating aircraft and analyze route. Also, a pavement management system (PMS) that enables real-time monitoring of all the runways was also introduced. The ground handling satisfaction level of operators and pilots to control services was enhanced by introducing a state-of-the-art Advanced Visual Docking Guidance System (A-VDGS). Incheon International Airport Corporation will continue to work from every angle and make various preventive measures to ensure safe flights and flight punctuality.

Performance

Movement Area Violation

2017	2016
26 cases	35 cases

Surface Accidents
per 1,000 registered aircraft

2017	2016
0.19 incidents	0.21 incidents

Inside the Control Tower

Automated De-icing System: Prepared for Perfection

To prepare for perfection in heavy snow during the winter time, an automated de-icing system has been established in the terminal entry roads and the curbside area. The system predicts ice formulating points using climate and road sensors to automatically sprays environment-friendly de-icing agents in liquid form for the travelers' safely journey despite the heavy snow. Also, IIAC was able to reduce 20 minutes of de-icing time, from 102 min to 82 min, by establishing a communication channel for quick regulation of air traffic flow and stationing sufficient amount of de-icing facilities and equipment.

Pilots' Satisfaction Level Toward Operational Safety Services
2017
86.4 points

CASE STUDY

Successful Bird-Control Drone Test

In March 2018, the nation's first bird-control drone test was successfully completed in the bird habitat north of Yeongjong Island which is 2km away from the runways. The drone used for the test was manufactured by a Korean company using their original technology. The drone which can be controlled by DMS (Drone Mobile Station), is equipped with a special bird monitoring and scout technology for hovering and close-distance flying, and a bird-control technology.

IIAC will also establish a drone protection and control system to prevent trespassing of unauthorized drones and use drones to manage wild birds by collecting and establish a big data system for the bird habitats that were previously difficult to collect. IIAC has established regulations for bird control activities and tranquilizers to ensure safe operations against bird strikes or escaped animals.

Bird Strikes

2017	2016
9 cases	11 cases

18% YoY ↓

Systematic Disaster Management Response

Comprehensive Response Plan for Disaster Safety Established

IIAC has established and currently operating a comprehensive response system for disasters with key risk indicators and disaster-specific indicators drawn from its enterprise risk management analysis. The entire airport facilities are monitored 24/7 and supplies, equipment and disaster management resources are prepared at all times to prepare for natural disasters such as heavy rain and typhoons. IIAC has strengthened the situation communications system by establishing hot lines and a virtual control system and, developed a mobile app for the staff which provides individual responsibilities for each disaster type. IIAC is also making sure the airport is equipped with effective disaster response capabilities by developing complex disaster types and through repetitive training. As a result of these efforts, IIAC was rated A for the 7th consecutive year in the national infrastructure disaster management evaluation.

Complex Disaster Drills

2017
388 times

2016
316 times

23% YoY ↑

Airport-Specific Emergency Training and Disaster Response Capabilities Strengthened

In recent years, there has been a growing number of major disasters such as earthquakes and fire and, the public's interest in and demand for a systematic response system for unexpected emergencies are continuously rising. IIAC has developed complex disaster scenarios based on actual cases and trends of complex and large-scale disasters including earthquake, heavy rain, fire and heavy snow and, has been carrying out disaster training regularly for airport-specific situations like aircraft accidents and operational/navigational failures. In 2017, IIAC also started to directly manage firefighters (211) within Incheon Airport to provide job safety, strengthen Incheon Airport's expertise and ensure safety of airport users.

Disaster Responding Safety Drill

150,000 hours of Seamless Operation with Uninterrupted Power Supply

Aircraft Accident Drill

Without a single accident since its open, Incheon Airport has surpassed the record of 150,000 hours of seamless operation with uninterrupted power supply. For flawless and stable power supply, IIAC is working to continuously improve operations and management related to power supply. IIAC started to directly manage the personnel for power and automated fire monitoring and control and strengthened its disaster response capabilities by establishing a comprehensive monitoring system for power control and fire detection. IIAC also provided technical guidance and support in regards to power safety to the businesses in the airport, conducted joint power outage response training and continuously improve power supply facilities. IIAC will continue to operate flawless power supply facilities and work to become the safest and the most convenient airport in the world.

Establishment and Operation of Integrated Operations Control Tower

To ensure safe airport operations in cases of aircraft accidents, natural disasters, power outage or facilities failures, IIAC established Integrated Airport Operations Center that will service as the disaster management control tower and, expanded personnel, facilities and emergency response systems for the operation of the Center. Through organization restructuring, IIAC raised the status of the Airport Operations Center which was a team under the Passenger Services Headquarters to office status directly under the management of the vice president of IIAC and, strengthened the supervisory and control power over emergency situations by increasing the number of personnel.

Moreover, IIAC introduced various systems for monitoring airport operations. IIAC integrated about 4,000 high-definition CCTVs connected across the airport like a neural network to oversee entire airport operations including aircraft operations, passenger flow, transportation and parking. IIAC also integrated some 70 operations systems including the real-time alarm system and airport operations information system into a single airport operations system. IIAC will continue to upgrade and incorporate the state-of-art technologies of the current era of the 4th Industrial Revolution to establish smarter emergency response systems like the mobile situation management application currently being used.

'Storage and Delivery Service for Prohibited/Restricted Items on Flights' Introduced

In August 2018, IIAC introduced a storage and delivery service for prohibited items on flights at Incheon Airport to resolve travelers' inconvenience of having to give up or throw away the prohibited items they've brought to the airport. These services provided through IIAC's partnerships with courier services established at Incheon Airport, will allow the travelers to keep prohibited items by storing them at the airport or sending them to an address of their choice. Delays and congestion in the security screening process for travelers complaining about having to give up expensive and valuable items have disappeared offering these services. Security screening agents now do not have to be involved in unnecessary conflicts with travelers and can focus more on ensuring the safety of passengers and flights.

Service Procedure

Passenger baggage check-in

Information provided in case of prohibited or restricted items on flights found

send the items via courier or leave the items in the locker

Courier/locker service desk

Passenger departure

Passenger return

Claim left items

Advancement of Airport Security Systems

Explosives Related Incidents & Accidents
ZERO

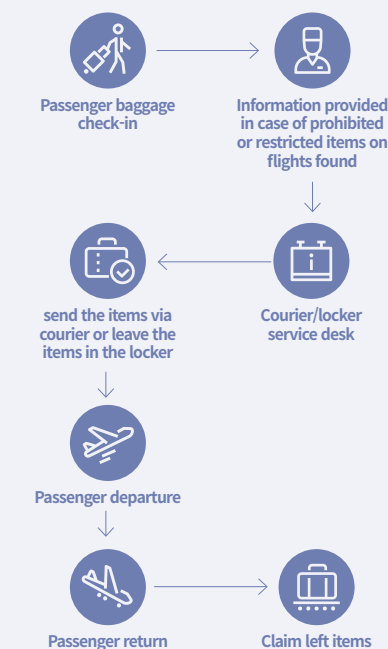Response Time for Decontamination of Biological and Chemical Substances
1 hr → **10 min**

Capabilities for Flawless Response to Terrorist Threats

IIAC is working to fully prepare for terrorist threats that are becoming more complex and ultimately improve the brand value of Incheon Airport and contribute to the development of Korea's aviation security field. Implementing continuously measures to advance airport security systems and through management of airport security levels, IIAC received the highest rating in the airport security assessment conducted by the U.S. Transportation Security Administration (TSA). IIAC also started directly managing core security personnel such as security screening agents and EOD agents, placed military CBRNE quick reaction teams and established a cooperation system to prepare for biochemical terrorist threats. IIAC also conducts aviation security seminars, international workshops, Incheon Airport Terrorism Response Group meetings, comprehensive counter-terrorism training, explosive disposal training, and joint CBRNE training with various relevant organizations to be perfectly prepared for terrorist threats.

Anti-terror Drill

Advanced Security Equipment

Actively following international organizations' implementation of strengthened security screening requirements, IIAC introduced advanced security equipment and screening systems at Incheon Airport. T2 screens all the baggage with EDS equipment. IIAC also improve the screening procedure so that travelers don't have to wait in long lines. Technological advancement has inevitable increased public concern over non-metallic explosives and explosive devices and, the importance of strengthened airport security. So, IIAC installed circular scanners that can detect 100% of non-metallic substances to ensure security of the travelers and flights.

Features of Circular Scanners

• Detection of non-metallic explosives
• 6 seconds from entry to screening
• Increased traveler satisfaction from minimal physical contact
• Automated, simplified imaging of body and objects
• Screening images completely deleted by clicking clear button after the display

Circular Scanner

Security Screening Area

4 Service Counters at the Security Screening Area

Open 365 Days

Convenient Airport

Strategy

Services that Differentiate Incheon Airport From All Other Airports
- Successful preparation of T2 operations
- Establish competitiveness global service

Convenient Arrival and Departure Services
- Maximize efficiency in terminal operations
- Enhance transport network and user convenience

World's Best Commercial Services
- Provide the world's best commercial services

Achievement

Arrival & Departure Processing Time
Departure 41min | **Arrival 27min**

Using Self Check-in
23% (Ratio of Entire Passengers)

Delayed Baggage Rate*
2 ppm * World-wide airport average for delayed baggage rate in 2017: 111ppm (Based on SITA Baggage Report)

Level of Customer Satisfaction with Commercial Facilities
87.1

Evaluation

Performance Indicators	Evaluation Cycle	Evaluation Methods
Arrival/Departure Processing Time	Quarterly	Survey of Wait Times for Arrivals and Departures at Peak Hours
Ratio of Passenger Using Self Check-In	Monthly	Monitoring of Monthly Ratio of Passengers Using Self Check-In
Delayed Baggage Rate	Monthly	Self Assessment and Internal Performance Management System
Level of Customer Satisfaction with Commercial Facilities	Semi-Annually	Outside Agency's Survey of Customer Satisfaction with Commercial Facilities at Incheon Airport

Material Issues in 2017
- Improving Services to Become a Convenient Airport
- Customer Information Protection
- Improving Customer Satisfaction

Why It's Material to IIAC?

Due to continuous increase in air transport demand, the annual travelers visiting Incheon Airport is expected to reach 62 million and the aim of IIAC is to provide a convenient departure and arrival environment through efficient airport operations. IIAC will provide airport and commercial services that go beyond customers' expectations and that differentiate Incheon Airport from all other airports and, become a global leading airport operating corporation.

Convenient Arrival and Departure Services

Incheon Airport strives to provide cutting-edge operational services with ubiquitous technologies. All the departure processes from immigration, baggage drop-off and boarding, are automated and aim to provide convenience to travels by reducing the time needed for departure. The number of passengers that used Incheon Airport during the first 2 months after the opening of T2 in January 2018, was 11.85 million with 9.9% YoY increase. 27% of those passengers which amounts to about 3.19 million used T2 and as a result, the processing time for arrivals/departures was significantly reduced and the passenger convenience was greatly enhanced.

Ratio of Passengers Using Self Check-In System at T2 Increased More than
20% Compare to T1 (2017)

T2 User Satisfaction Level
4.48 points
0.22 ↑ than T1's 4.26 in 4Q 2017

Self Check-in

Performance

Arrival/Departure Processing Time
2017	2016
41/27min	**42**/27min

Maximum Queue Length During the Summer Peak Season (60% YoY Decrease)
2017	2016
25m	**60m**

Customer Satisfaction with Customs Inspection
2017	2016
87 points	**83 points**

Arrival/Departure Processing Time Reduced

In consideration of the opening of T2 and expansion large-scale facilities in early 2018, will leave some facilities unused, IIAC implemented an integrated real-time operations response system to maximize operational efficiency by improving space utilization and reduce immigration processing and passenger inconvenience. As a result, IIAC was able to achieve the target immigration processing time even with 7.5% YoY increase in passenger volume by effectively controlling unpredictable situations and airport congestion.

Also, by promoting the use of self check-ins, self bag-drops, self-tagging, automated immigration screening and smart automated services, IIAC was able to reduce the departure processing time. Moreover, strengthening its cooperative partnerships with the government, airlines and other relevant organizations, IIAC was able to operate immigrations more efficiently and enhance satisfaction level of travelers visiting Incheon Airport. IIAC will continue to develop innovative technologies, provide quick and convenient immigration services and strengthen its position as a leading smart airport in the world.

Expected Effects of the City-Airport Terminal Project

Maximum of 11.7 Times Increase in Connections
Gyeongbu Line
8 → **61 Connections**
Honam Line
3 → **35 Connections**

Length of Time to Access Incheon Airport Reduced by a Maximum of 68 Min
48 min reduced for Busan
68 min reduced for Gwangju

Reduced Terminal Congestion and Dispersed Passenger Traffic Volume
500,000 passengers/yr

Advanced Transportation Services

Regional and night passengers had limited public transportation access to Incheon Airport and often had to wait long hours. Also, passengers driving to the airport had complaints about limited parking spaces and illegal parking. To resolve these issues, IIAC has been working to improve transportation services such as public transportation access and parking space so that users can access Incheon Airport more conveniently.

In 2017, IIAC completed Gwangmyeong Station City-Airport Terminal by cooperating with various public institutions and making strategic investment. IIAC provided support to open new bus lines between Incheon Airport and Gwangmyeong Station and 7 Korean airlines companies joined the Airport Common User System (AirCUS) The City-Airport Terminal Project is expected to increase users' access by linking the airport & railway, and reduce terminal congestion by dispersing check-in volume. To meet the growing demand for late hour transportation due to increased number of flights during non-peak hours and increased air traffic volume of low cost carriers (LCC), IIAC made Incheon Airport an 24-hour-operating airport that never sleeps by establishing a night transportation system for the regional passengers and passengers from the capital area.

Distinctive Airport Services

Passenger-Centered Terminal

The Passenger Terminal 2 (T2) of Incheon Airport which opened in January 2018 was developed incorporating the know-hows IIAC acquired operating T1 even from the design phase. Compared to T1, T2 is much closer to its transportation center where travelers arrive on KTX and airport railway and, travelers can get to the passenger terminal without getting on several elevators. There is also a direct elevator that connects the 1st floor (arrival floor) and 3rd floor (departure floor). Unlike T1 which has six immigration points, two immigration areas were established for T2 to improve efficiency and provide more convenience to the travelers.

Distance between Passenger Terminal and Transportation Center
T1
223 m
T2
59 m

T2 Transportation Center

Fast Track

Integrated One-Point Platform

IIAC established an integrated public transportation platform to provide a pleasant indoor space and convenient access for travelers by resolving various transport-related issues like long distance between the passenger terminal and railway or bus platform, long outside queues and lack of waiting areas. T2 Transportation Center has an integrated lounge where users of public transportation like bus and train can comfortably stay. This one-point Transportation Center provides ticketing service and information about transportation schedules and rates. Travelers can also check the schedule and location of their bus on the real-time bus information system (BIS).

Increased Services for Visitors Needing Assistance

For the visitors needing assistance, travelling can be a challenge. IIAC provides various services so that the visitors can enjoy travel safely with greater comfort. The curbside of T2 has disability parking space with 'help phones' which put through the nearest information desk just by picking up the phone. Shuttles buses provide wheelchair lift service for people with disabilities, conveniently connecting between the passenger terminal and Incheon Airport's long-term parking lot. Vulnerable transportation users (people with mobility impairments, young children aged 7 and under, seniors aged 70 and over, pregnant women, including up to 3 accompanying travelers) can verify their eligibility at the counter of their airline, get 'Fast Track Pass' and use the Fast Track simply showing their Fast Track Pass and passport at the immigration entrance. All the restroom are equipped with at least 1 fully-accessible stall for people with disabilities and all the information desks provideairport brochures in braille for the visually impaired travelers.

2 Lanes
Parking Lot for Vulnerable Transportation Users

2 Desks
Video Call
Service Desks

2 Tracks
Fast Tracks for Vulnerable Transportation Users

1 or More
Fully Accessible Stalls for Disabled Users Per Restroom

Customer-Centered Commercial Facilities

IIAC has established a comprehensive cultural space where travelers can enjoy shopping, games, culture and relaxation within Incheon Airport and is working from various angles to provide travelers wonderful experiences only Incheon Airport can provide. The layout of commercial facilities at T2 was implemented on an optimum level based on the passenger flow and taking into consideration of the latest airport concession trends and customer needs to maximize passenger convenience. T2 also has stores that provide hands-on experience with the products and new customer experiences never seen anywhere else. Developing customer-centered commercial facilities and continuously renewing and improving stores, IIAC is trying to respond effectively to changing trends in airport use and to set a new paradigm for airport commercial/retail industry by providing smart and unique services.

VR Experience Zone

Customer-Centered Commercial Facilities
136 Stores

Renewals and Convenience Improvement of Commercial Facilities
53 Facilities

Duty Free Shops

Multi-dimensional Customer Satisfaction Survey System

IIAC established a customer survey system to accurately and quickly identify customer needs, diversify service monitoring channels and improve customer satisfaction with airport services. IIAC installed touch-based devices measuring customer satisfaction in major stores and is now able to monitor customer satisfaction in real-time. IIAC is collecting customers' in-depth opinions about the quality elements such as taste and service quality provided by F&B stores established at Incheon Airport. Moreover, IIAC introduced 'mystery shoppers' comprised of customer satisfaction experts for field evaluation and provided professional customer satisfaction consultation for service processes.

Touch-Based CS Measuring Devices
21 Stores

'Mystery Shopping'
77 Stores
121 Sessions

Voluntary Customer Opinions/ Responses

2017	2016
10,358	**566**

Cyber Security Response System

With information and communications technology continuously advancing, the number of personal information leakage and cyber threats are growing everyday. Understanding that cyber incidents can have detrimental impact on the society, IIAC established a cyber incident response system and strengthened security policies for all security fields. In 2017, IIAC introduced separated networks for partners, strengthened security of work environment and conducted CISSP* training for system administrators. IIAC also installed integrated security management solutions on computers of those in blind spots such as personnel of Phase 3 constructors and, thoroughly inspected 1,265 computers to completely eliminate security blind spots.

To successfully respond to the 4th Industrial Revolution where data plays a critical role, IIAC has established a cyber security control center and specialized security response equipment within the airport. IIAC also conducts email hacking response training and using a cyber attacking team in preparation of actual cyber emergency situations. IIAC is continuously increasing the number of training sessions and targets to strengthen its response capabilities against cyber threats. IIAC is also eliminating all the possibilities of information leakage by continuously strengthening management and control of all personal information processes including collection, management provision and disposal of information. As a result of these efforts, IIAC have not experienced cyber incidents or personal information leakage within the reporting period.

* CISSP (Certified Information System Security Professional): An independent information security certification granted by the International Information System Security Certification Consortium, also known as (ISC2)

T2 Transit Lounge

National Intelligence Service's Information Security Management Evaluation 84.99
(8.03p increase than previous year)

Cyber Incidents & Personal Information Leakage
ZERO

Ministry of Land, Transport and Maritime Affairs' Cyber Emergency Response Training Rated
"Outstanding" (100p) for the 2 consecutive years

Global Hub Airport

Strategy

Increase Passengers
- Continuously strengthen Incheon Airport's hub competitiveness
- Overcome risks from changes in outside environment
- Expand networks and develop new transport markets
- Increase transit passenger volume

Increase Cargo Volume
- Increase international cargo volume
- Prepare a hub for new, emerging cargo segments
- Expand logistics infrastructure and innovate processes

Achievement

International Passengers
61.52 million

Transit Passengers
7.32 million

Connected Airports
188

International Cargo Volume
2.92 million tons

Transhipment
1.13 million tons

Evaluation

| Performance Indicators	Evaluation Cycle	Evaluation Methods
Number of International Passengers	Weekly/Monthly	Transport/Trend Analysis and Review Meetings
Number of Transfer Passengers	Weekly/Monthly	Review of Transit Passenger Transport and Trends
Airport Profitability	Monthly/Annually	Incheon Airport Profitability and Analytic Meetings
Connected Airports/ Routes	Monthly	Weekly Management Level Strategy Meetings
International Cargo Volume	Weekly/Monthly	Transport/Trend Analysis and Review Meetings
Transhipment	Weekly/Monthly	Transport/Trend Analysis and Review Meetings
Airport Logistics Park Cargo Volume	Quarterly/Annually	Transport/Trend Analysis and Review Meetings

Material Issues in 2017
- Response to Increase in Passenger and Cargo Demands

Why It's Material to IIAC?

The competition to become the hub airport of Northeast Asia is rapidly growing among the airports in nearby countries through aggressive growth policies and facility expansions. Also, the transport market today is changing rapidly due to external factors such as decrease in international passengers due to the THAAD sanctions or North Korean nuclear threats. In growing importance of global air logistic, international trade volume is growing coinciding with global economic recovery along the transport volume of new, emerging cargo segments (e-commerce, express cargo), demanding stratigic response to the emerging trend.

Relevant UN SDGs
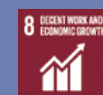
8 Decent Work and Economic Growth

Increasing Passenger Demand

Strengthening the Position as Northeast Asia's Hub Airport

Incheon Airport is known as one of the fastest, safest and the most convenient airports in the world securing its position as Northeast Asia's hub airport. IIAC has overcome the limitations in their capacity and facilities through strategic and efficient operation over limited slots (number of take-offs and landings the airport can process in an hour). IIAC established an integrated transport system between Incheon Airport and railway for increased convenience on domestic connections through exclusive domestic flights that connect other regions and Incheon. In addition, IIAC implemented a resonable fee policy taking into account of various factors including the completion of Phase 3 Construction, Incheon Airport's hub competitiveness, profitability and public value to strengthen the foundation of Incheon Airport's hub position. As a result, despite China's travel ban against Korea and North Korea nuclear threats, Incheon Airport was again ranked 7th in the top international airports in the world as with last year. As a stand-alone airport, Incheon Airport became the first airport across Korea, China and Japan to handle 60 million international passengers, reaching an undeniable position as the No.1 airport in Northeast Asia.

Continuous Creation of Passenger Demand

Working closely with the government and related organizations, IIAC is striving to make Incheon Airport a leading hub airport in the world and expand its capacity for new aviation markets. IIAC is targeting key airlines, routes and passengers and is implementing target, region and scale-specific marketing strategies to maximize its network. In 2017, IIAC is newly hosting 3 airlines and 24 additional routes in Incheon Airport, generating an annual passenger demand of 960,000. IIAC is also working to strengthen the North America-Southeast Asia network, hosting airline transfers in Incheon Airport and is expecting to generate a maximum of 1.5 million annual passengers and 400,000 transit passengers.

New Airlines **3** | **Generated Demand** **100,000**

New Routes **24** | **Generated Demand** **860,000**

Total Passengers
2017 **62.08 million** | 2016 **57.77 million**

International Passengers
2017 **61.52 million** | 2016 **57.15 million**

Transit Exclusive Domestic Passengers
2017 **430,000** | 2016 **370,000**

Response to Decline in Chinese Passenger Demand from the THAAD Conflict and Increase in Passenger Demand

When South Korea agreed to install the U.S.-owned Terminal High Altitude Area Defense (THAAD) missile defense platform on South Korean soil, the Chinese government gradually lifted economic sanctions on South Korea. The Chinese passengers started to decline after March 2017 when China banned package holidays to South Korea. In response to this, IIAC set aside its focus on the Chinese market and diversified the focus group to the travelers from Japan, Taiwan and Southeast Asian regions. Due to the effort to generate new passenger demand from Taiwan and India, the number of international passengers started to grow back.

For Japan, IIAC increased the volume of transit passengers by developing and operating joint transit products with major cities in Japan and for Southeast Asia, IIAC increased passenger volume by carrying out joint marketing with national airlines. Also, the passenger volume from America and Europe significantly increase through newly opened routes such as Barcelona, Atlanta and Mexico City.

IIAC did not give up the Chinese market either. IIAC targeted individual passengers instead of group travelers, transit passengers instead of direct passengers and direct marketing instead of indirect marketing. In May 2017, IIAC also established a Chinese office to better collect information about the Chinese market and strengthen its face-to-face marketing and consequently the Chinese passenger volume gradually started to increase back again.

(Unit: 10,000 people)

India 63% 2016: 17 | 2017: 28
Taiwan 14% 2016: 238 | 2017: 270
Japan 28% 2016: 933 | 2017: 1,193
China 22% 2016: 1,364 | 2017: 1,063
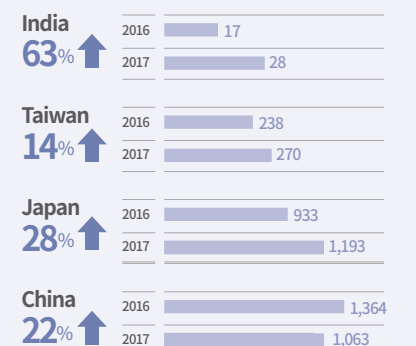
Working From All Angles to Increase Transit/Transfer Passengers

Seeing reduction in transit transport and passenger volume, IIAC developed and implemented new strategies to increase transit passenger/traffic volume by analyzing Incheon Airport's transit capacity, price competitiveness, transit network and level of convenience. IIAC understood that coordination and cooperation of various stakeholders are required to increase the volume of transit passenger so in May 2017, IIAC set up a committee for promoting transit tours comprising of the central government, local governments, tourism organizations and travel agencies and has been sharing opinions and developing cooperation plans through regularly held meetings.

Targeting individual travelers, especially the Millennials, IIAC freed itself from the traditional B2B marketing and focused on B2C & online marketing using social media and platforms that have strong impact on travelers today. IIAC continued to strengthen its marketing for its core transit markets such as the U.S., Japan and Philippines while developing new transit passenger markets in Russia, India and France. After all these efforts to increase transit passengers, in 2017, the volume of transit passengers started to show a meaningful growth.

Shower Facility

Capsule Hotel 'Darakhyu'

T2 Transit Lounge

Diversified Development and Operation of Transit Tour Attractions

IIAC is working hard to develop various transit tour services to satisfy airlines' and travel agencies' demands for increased number of passengers selecting Incheon Airport as their transit airport. IIAC is developing and marketing stopover products and 'themed transit products' that travelers can customize with entertainment programs of their preference. IIAC also provides transit services tailored to individual and group travelers, has established a variety of convenient facilities like premium bar, lounge, free internet zone, free shower facilities and transit passenger hotel to enhance transit passengers' convenient and satisfaction.

Transit/Transfer Passengers

2017	2016
7.32million	**7.16**million

Core Transit/Transfer Passengers
6.5% YoY Increase

Transit/Transfer Passengers from New Markets
20.8% YoY Increase

Skytrax's
Best Airport for Transit Passengers
(5th Consecutive Year)

Transit Tourists
70,000
(5.8 tours)

Stopover Passengers
1,200

Increasing Air Cargo Demand

Developing New Routes and Generating Cargo Demand

IIAC is adding new routes to increase its cargo supply capacity and attract new cargo volume through expanding target air cargo and adding global logistics centers. In 2017, by carrying out market surveys, route analysis and demand potential analysis, IIAC was able to add new routes to Oceania which is a major market for the companies at Incheon Airport Logistics Center. Newly adding the Oceania-Northeast Asia (Incheon)-Americas route significantly increased Incheon Airport's cargo traffic volume and air traffic volume as well as the Pacific Rim network of the airport.

IIAC also initiated marketing Incheon Airport's competitiveness as a global cargo hub using Incheon Airport's advantageous location between the US and China. IIAC participated in various international conferences and fairs to attract global logistics companies and centers to Incheon Airport's Logistics Center as well.

As a result of these efforts, in 2017, Incheon Airport's international cargo processing capacity was ranked 3rd in the world, recording its largest-ever cargo traffic volume of 2.91 tons and highest-ever cargo traffic growth rate since 2010. Incheon Airport's logistics performance was also recognized internationally and Air Cargo World, the major air logistics magazine in the U.S. awarded Incheon Airport with the 'Outstanding Global Cargo Airport Award, Outstanding Cargo Airport Award in Asia, Outstanding Special Cargo Handling Airport Award.'

International Cargo Volume
2.92million tons

Transhipment
1.13million tons

Logistics Companies
3 new companies

New Cargo Demand
50,000 tons

New Jobs
260 people

Development of Dedicated Processing Facility for Fresh Air Cargo

To meet the demand of improved transhipment processing between aircraft arising from increase in belly cargo volume and to prevent temperature- and humidity-sensitive fresh cargo' outside exposure, IIAC developed a fresh cargo processing facility by itself. IIAC made this facility a cool cargo center by analyzing fresh cargo demand and demands of airline companies and operators. As a result, the transhipment handling time was greatly reduced and an additional 60,000 tons of fresh cargo transhipment were successfully processed through Incheon Airport.

Handling Process Before

Passenger Apron
Cargo Unloading

Cargo Transport

Cargo Terminal
Storage and Transhipment Handling

Cargo Loading

Cargo Transport

Cargo Transit Area
Cargo Inspection
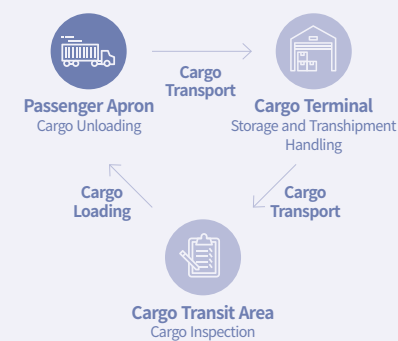
Improved Handling Process

Passenger Apron
Cargo Unloading

Cargo Transport

Cargo Loading

Cargo Transit Area
Cargo Inspection, Storage, Transhipment Handling
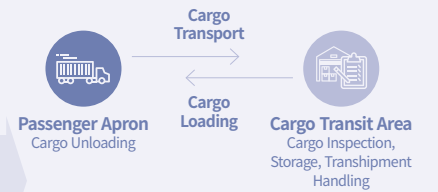
Reduced Cargo Processing Time
5hrs → 2hrs

Strengthened Competitiveness as a Logistics Hub through Improvement in Cargo Handling Process

To transport cargo to final destinations, cargo need to be transferred from airlines' pallets to logistic companies' pallets. To increase the speed of cargo handling process, IIAC standardized the pallet size of airlines and logistics companies. In 2017, through pallet standardization project in participation of 13 organizations and companies including Incheon City, Customs Office, airlines, ground handling companies and unloading companies, IIAC standardized the pallets and prepared plans for optimal management and operation of shared pallets. This project will be implemented starting in 2018 and it will save maximum of 125 min. per vehicle, 59,000 hr per year and KRW 980 million in cargo handling.

Logistics Process Using Shared Standardized Pallets

Before → After →

Unloading

Transport to Cargo Terminal

Transport to Distribution Area (Airline pallets)

Transport to Distribution Area (Communal pallet)

Pallet Transfer
125 min

Trucking

Time saved

Airline pallets

Transport pallet
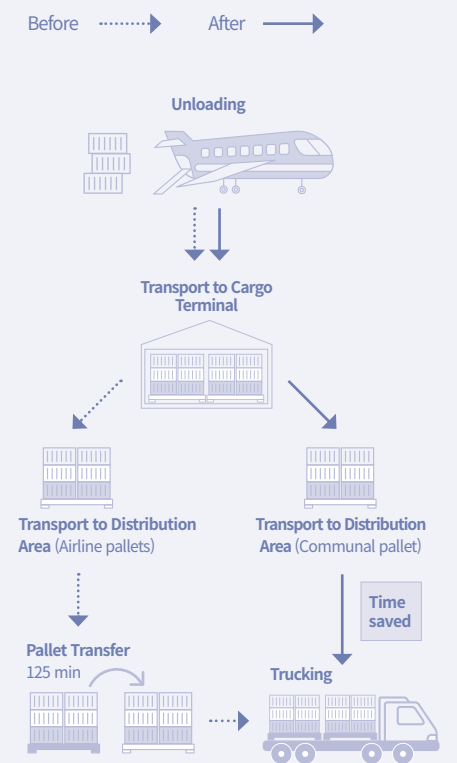
Futuristic Airport

Strategy

Air City Development
- Generate effective demand and create new jobs by developing a tourism-integrated Air City
- Develop an aviation industry cluster

Expansion of Airport Infrastructure
- Grand opening of T2
- Timely expansion of airport facilities

Development of Overseas Businesses
- Develop new growth engines by diversifying overseas businesses
- Strengthen competitiveness for winning overseas projects

Achievement

T2
Grand Open

Non-Aviation Revenue
24.3 billion

Job Creation by Air City Development
1,976 people

Overseas Business Revenue
KRW 64.4 billion

Evaluation

Performance Indicators	Evaluation Cycle	Evaluation Methods
Phase 3 Overall Progress Rate	Semi-Monthly	I-PMIS (Project Management Information System) and Field Survey
Phase 3 Construction Accident Rate	Monthly	I-PMIS and Certificate of Approval of Rehabilitation from Industrial Accident
Non-Aviation Revenue	Quarterly	Annual Internal Revenue Management System
Air City Job Creating Performance	Quarterly	Annual Report on Private Operating Job Creation Performance Reports
Integrated Resort Progress Rate	Monthly	Progress Report to Investors
Number of Overseas Project Orders	Quarterly	Quarterly Project Order Performance Inspections and Countermeasure Reports
Overseas Business Revenue	Monthly	Overseas Project Profit and Loss Management System/Quarterly Revenue Reports

Why It's Material to IIAC?

The competition in the sky is increasingly becoming more fierce and the number of passengers accessing Incheon Airport is expected to reach approximately 100 million by 2030. Each country is aggressively expanding airport facilities to become the hub airport of Northeast Asia. As a corporate citizen, IIAC believes it can contribute to the growth of the regional economy by creating new jobs and achieve sustainability by developing new growth engines that can bring stable revenue.

Relevant UN SDGs

9 Sustainable Industry, Innovation and Infrastructure

Race to the Airport of the Future, Phase 4 Expansion Project

Emerging As One of Top 3 Mega Airports

IIAC established a master plan that includes a mid-to-long term roadmap for the Phase 4 Expansion Project starting in November 2017 as well as all the final project work. By successfully implementing this master plan, IIAC will be able to prepare for the construction of T3 and Runway No.5 and, build Incheon Airport into one of the three mega airports after Singapore's Changi Airport and Dubai's Al Maktoum International Airport, servicing up to 130 million travelers.

Overview of Phase 4 Project

Project Period	November, 2017 – December, 2023
Project Cost	KRW 4.2 trillion
Summary	T2 Expansion (+28 mil travelers/year)
	Construction of Runway No.4 (3,750m),
	Aprons (73 passenger aprons, 13 cargo aprons),
	Expansion of Entry Roads

Phase 4 Project Effects

Category		By Phase 3	By Phase 4	Phase 4 (Net Increase)
Capacity (Yr)	Passengers	72 million	100 million	28 million ↑
	Cargos	5 milliontons	6.3 million tons	1.3 million tons ↑
	Flights	500,000	560,000	600,000 ↑

4-Phase Development Plan in Birdseye View

Developing the Air City of the Future

Airport is not just a place where aircraft take-off or land. It is becoming a mega industry that generates high added values in logistics, culture, tourism and commercial ground. To make Incheon Airport a leading cultural and business hub of Northeast Asia, IIAC is currently working to build a mega, Air City. Based on the International Business Center (IBC)-II Development Project, IBC-I Phase 2 Development Project and IBC-III Development Project, IIAC plans to transform Incheon Airport into a global tourism and business landmark.

Expected Effects of Air City Development
2.9 million foreign tourists per year

Intergrated Air City

Job Creation by Development of Mega Air City

IIAC plans to develop new, quality jobs by generating new demands. This is possible through the successful development of the Integrated Resort which is a core facility of Air City and an emerging service industry. The development of Air City which includes development of Paradise City and Inspire Resorts, will require an investment of KRW 4 trillion by 2020 but it will generate new jobs for a total of 15,000 people, KRW 8.4 trillion worth of production and high added value amounting to KRW 3.3 trillion The first opening of Paradise City Resort in 2017 resulted in generation of new jobs for 1,976 people and the first opening of Inspire Integrated Resort in 2020 is expected to generate new jobs for 9,767 people.

Air City Master Plan

IBC - I
Phase 1 - T1 Operations Support Facilities and Residential Facilities
Phase 2 - Large-Scale Entertainment Facilities Cluster
→ Paradise (Total Project Cost: Approx. KRW 2.2 trillion)

IBC - II
T2 Operations Support Facilities and International Business
→ Attract investment in hotels, business and residence facilities

IBC - III
Large-Scale Entertainment Facilities Cluster
→ Inspire IR (Total Project Cost: Approx. KRW 6 trillion)

Total Project Cost
KRW **4 trillion**
(~2020)

Employment **15,000** people
Production Inducement KRW **8.4** trillion
Added Value KRW **3.3** trillion

Inspire Integrated Resort

On the 'Integrated Resort Development Project Plan Bidding' posted in 2015 by the Ministry of Culture, Sports and Tourism, Inspire Resort was selected as an integrated resort operator after a highly competitive selection process. To quickly proceed with the development project, Inspire and IIAC negotiated land use and project direction and finally signed on the 'Concession Agreement for Development of an Integrated Resort within the International Business Center of Incheon International Airport' in August 2016. Inspire Resort will be developed in phases investing a total of USD 5 billion for a in 2,674,000 ㎡ space, aiming to open the resort in 2021. To this end, an infrastructure task force and outside advisory group were formulated to oversee the design and construction of large-scale infrastructure.

Inspire Integrated Resort is not an ordinary casino facility. It will be the world's greatest, integrated entertainment resort crossover between Korea's mainstream cultural content like Hallyu and sports and, America's advanced know-hows in global entertainment industry.

Birdseye View of Inspire Integrated Resort

Generating Transit Passenger Demand through Integrated Resort Development

IIAC launched a public golf course development project linked with the Integrated Resort Development to provide a public leisure facility that can attract transit tourists and promote Incheon International Business Center. With reasonable greens fees and offering discounts to the locals, this public golf course will will flourish with the communities and generate social values. Building this golf course on its reserved land, IIAC will be able to increase its non-aviation revenue and also attract a substantial number of transit tourists by promoting Paradise City Resort.

Opening of Paradise City

The Phase 1 Opening of the integrated resort, Paradise City established at the center of Incheon Airport's Air City, was successfully completed in April 2017. Paradise City is comprised of a hotel, convention center, casino, shopping mall, themed attractions and various other exciting entertainment facilities that provide quality services and experiences to airport users. The massive scale, 'integratedness' and added value of this tourism product are in line with the direction of today's tourism industry. Cooperating with Paradise Sega Sammy Co., Ltd., IIAC also developed a tour program called 'Stopover in Paradise' which offers transit tourists special deals at Paradise City Resort and on various exciting entertainment programs. IIAC will continue to develop more exciting and unique stopover products to strengthen Incheon Airport's hub competitiveness and generate new transit passenger demands.

New Jobs in the Private Sector (2017)
1,976 people (Phase 1)

Additional New Jobs (~2022)
+3,071 people (Phase 2)

Globally Expanding Foreign Airport Development Projects

Based on its successful completion of Phase 1 to 3 constructional project and having to be ranked as the No.1 airport for the 12th consecutive year, IIAC is expanding its business across the world with advanced know-hows in systematic airport construction and operation technology. To become one of the top 5 airport operators in the world, IIAC is using its know-hows accumulated from building and operating T2 and its global brand value to win investment projects across the world. IIAC have been diversifying investment and development projects by participating in project bidding like the investment project for an airport in the Philippines and a public-private partnership (PPP) project for a Serbian airport. IIAC's revenue from overseas projects in 2017 amounted to KRW 6.43 billion with the total accumulated project orders amount totalling approximately USD 220 million.

* PPP(Public-Private Partnership)

Overseas Projects
14 Countries **28** Projects

Accumulated Order Amount
Approx. **USD 220 million**

Middle East
• 4 Airports
• 4 Projects

Central & South America
• 2 Airports
• 3 Projects

Europe
• 3 Airports
• 5 Projects

Asia
• 10 Airports
• 15 Projects

As of the end of May, 2018

Kuwait International Airport Terminal 4 Operation Project

In April 2018, IIAC was finally selected to operate, manage, maintain, and develop Terminal 4 of Kuwait International Airport after a fierce competition. The project will generate a stable overseas revenue estimating KRW 140 billion (USD 127.6 million) over the next 5 years and also provide businesses opportunities for Korean companies to enter airport operation markets in overseas.

IIAC will run test operations, complete preparing for the opening of Terminal 4 of Kuwait International Airport and be in charge of operating and maintenance of Terminal 5 for the next 5 years. Kuwait Airport is currently aiming to complete Terminal 2 which will service more than 13 million travelers, by 2022 so IIAC is planning to successfully complete its 5-year operation project and leverage that performance to win the operation contract for Terminal 2 as well.

This Terminal 4 Operation Project is a meaningful project especially for IIAC because it is the single largest project among those won by IIAC and one that surpasses IIAC's total accumulated orders of USD 93.44 million (As of Dec. 2017). After successful completion of the Kuwait project, IIAC will continue to expand project opportunities overseas including Saudia Arabia, Philippines and Indonesia to build the second and third Incheon Airport overseas.

Project Cost
Approx. **KRW 140** billion

Project Period
5 years

Kuwait International Airport, T4

Passing On Operational Know-Hows to Uzbekistan's Gateway Airport!

In November 2017, IIAC signed a MOU with Uzbekistan Airways which operates Tashkent International Airport, for a project on improving Tashkent International Airport's operation and providing development strategies. In 2016, IIAC successfully carried out a feasibility survey for construction of International Terminal 4 at Tashkent International Airport and this time, IIAC will be providing consulting services to improve the operations of Terminal 2. IIAC will strengthen its partnership with Uzbekistan Airways through this project and actively develop airport operation businesses in the Central Asian region.

MOU with Uzbekistan Airways

Project Cost
Approx. **400** million

Project Period
4 months

Work
Development of Plans for Efficient Terminal Operations

Sustainability
Performance

1. Talent Management

2. Shared Growth and Win-Win Cooperation

3. Community Participation

4. Environmentally Friendly Airport

Talent Management

Our Approach

The executives and employees play a critical role in making Incheon Airport a leading global airport. Based on a corporate culture that have immense respect for diversity and individuals' ability, characteristics and qualities, IIAC offers equal opportunities and support for the talented individuals at IIAC to develop their capabilities. IIAA strengthens its organization competitiveness based on trust, innovation, reasonable standards and principles and, it endeavors to become a sustainable organization by establishing a sound, win-win labor-management relationship and providing an enjoyable and healthy work environment for all employees.

As a public institution, IIAC will create quality jobs, fulfilling its social responsibilities and support the government's 'zero non-regular workers' goal by moving towards changing all temporary employees into regular, full-time employees.

Our Key Performance

'2017 Blind Recruitment Competition'
Minister of Employment and Labor's Award

Training Time per Person **146** hrs

Certified for Both Family and Leisure-Friendly Company

Satisfaction with Communication **3.4** P

Relevant UN SDGs

3 Good Health and Well-Being
4 Quality Education
5 Gender Equality
8 Decent Work and Economic Growth

Human Rights and Diversity

Respect for Human Rights

Violation of human rights has become a serious issue in the society and business sector and with perpetrators and victims getting more diverse, the stakeholders of corporations are becoming increasingly more aware of the importance of human rights and are demanding a sound policy for human rights to be established and firmly implemented. IIAC is striving to establish a considerate and respectful culture that values diversity and to build a healthy organization by preventing human rights risks in advance. As a participant of the United Nations Global Compact, IIAC supports the UN Global Compact's ten principles in the areas of human rights, labour standards, the environment, and anti-corruption and, comply with all local labor laws in every market where we operate as well as international standards for human rights protection. IIAC does not tolerate physical violence, sexual harassment, verbal abuse or any inappropriate behavior or language that violate its principles for human rights and, takes prompt actions when violations of human rights occur while making sure the preventive measures are carried out. IIAC provides education on preventing sexual harassment to all executives and employees in addition to operating reporting process. In 2017, seeing a number of incidents related to people with disabilities and recognizing the importance of enhanced awareness of people with disabilities, IIAC established a specialized education course on disability awareness, total of 825 individuals have completed the course over 7 sessions.

Respect for Diversity

Equal Opportunity

According to its employment and personnel regulations, IIAC provides an equality opportunity and operate a fair evaluation on all of its executives and employees. IIAC offers equal wage and welfare benefits for men and women with the same job title. IIAC strictly prohibits discrimination on the basis of gender, sex, religion, education, age, social status, where people are from, nationality, marriage status, pregnancy, childbirth, family status or political belief in hiring, evaluation and compensation.

Blind Recruitment

Hiring scandals and unfair hiring practices among public institutions have become a serious social issue. Recruitment process in the public sector is continuously losing public trust. To establish a fair, job competency-based hiring process, in 2017, IIAC entirely reformed its competency verification tool. IIAC applied the blind reviewing system which was originally only implemented in the interviews to all the steps of its hiring process and completely stopped collecting basic information about the job applicants. Also, to improve its recruitment system into one that can substantially verify job candidates' competencies, IIAC improved its interview process. IIAC introduced a multidimensional, 3-step (field-oriented, observation, in-depth) interview process and a new 3-month-long internship program that offers a job position through 360° evaluation (supervisor/team member/coworker/expert). IIAC also has been working to strengthen the fairness of its hiring process based on the National Competence Standards (NCS) introduced in 2015. As a result of these efforts, IIAC was able to win the Minister of Employment and Labor's Awards at the 2017 Blind Recruitment Competition.

Socially Fair Recruitment

As a public institution, IIAC strives to fulfill its social responsibilities and to increase recruitment of socially disadvantaged groups by taking into account of the government's goal for the 'Socially Fair Recruitment Initiative' in its recruitment plans. IIAC is working to ensure fairness and realize social values in recruitment by operating a transitional internship program, holding recruitment seminars for high school graduates, offering job opportunities to women whose careers have been interrupted and offering preference in employment to outstanding regional candidates and to people with disabilities.

Performance

Largest Ever Youth Employment **91** People

High School Graduate Recruitment
22%
10%
2016 2017
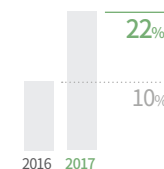
2016 36%
2017 **41%**
Regional Recruitment

Exceeded Government Recommended Quota (20%))   Exceeded Government Recommended Quota (35%)

3-Step Interview Process

1 Field-Oriented Interview

Role Play
Verification of problem-solving skills, job knowledge and job ethics through work-related role-plays

Practical Interview:
Verification of candidates' field competencies

2 Observation Interview

Debate
Arriving at a conclusion after a 40-min debate → Verification of job knowledge and communication skills

Behavior Observation
Observation of candidates in the waiting area and in group activities → Observation of candidates' natural behaviors

3 In-Depth Personality Interview

In-Depth Personality Analysis
Experts' counseling-like interview → Analysis of individual strengths, weaknesses and characteristics In-Depth Personality Report → Used for the interview by the management level

Fair Performance Evaluation and HR Policy

Reasonable Evaluation and Compensation

IIAC established a performance management system to effectively achieve management goals and working hard to strengthen the link between the corporate strategies and performance indicators and between the organizational key performance indicators (KPIs) and management by objectives (MBO) so that the participation and efforts of the employees can drive performance and generate results. Also, IIAC strengthened its ability to evaluate employees' job engagement and the evaluation process' discriminatory power by improving the index system and, introduced a fairness index to the satisfaction survey to draw up tasks that can be carried out to substantially improve the performance management system.

IIAC has been working to establish a reasonable job-based compensation system and is continuously expanding the system all across the corporation. In 2017, to establish a foundation for the job-based pay system, IIAC reformulated its job classification system based on IIAC's unique roles and job category specified in the National Competency Standards (NCS). IIAC will strive to spread and established a performance-centered corporate culture and drive sustainable growth of the corporation and its executives and employees.

Fair and Transparent HR Policy

IIAC operates a fair HR management system that is solely based on individuals' competencies and performance. In 2017, to build an open organization that encourages more communication, IIAC changed its employee performance evaluation method from a top-down, qualitative evaluation method into a communication-centered evaluation method that is based on quantitative targets and that brings the management and employees together. IIAC established a transparent promotion system by incorporating CEO's in-depth verification of candidates for promotion, multidimensional evaluation, employees' opinions and survey of employee integrity to make only the qualified individuals to become leaders.

IIAC also applies a nondiscriminatory HR policy by offering high school graduate employees pay equivalent to that for regular employees solely based on their competencies and performance and offering them promotional opportunity every 2 years of continuous service.

Building Executives' and Employees' Competencies

Strategic HRD System

To continuously improve and strengthen individuals' competencies, IIAC has established and is operating systematic HRD system and policy based on management strategies, corporate needs, individuals' needs and competency diagnosis. IIAC encourage self-directed, organic and cooperative education and training that are based on IIAC's HRD plans.

HRD Strategy System

Direction for 2017	Key Tasks for 2017
Production of Creative and Innovative Leaders	• Basic competency-building training • Leadership training • Strengthen communication and organizational activationcommunication and organizational activation
Production of Specialists	• Strengthen job training • Strengthen CS training • Strengthen security training to prepare for the opening of T2
Globalization of IIAC's Incheon Airport Aviation Academy (IAAA) into World's Hub for Aviation Training	• Strengthen global competency training • Expand global educational projects • Expand global network
Strengthening of Global Competency Building Training and Education	• Strengthen foreign language skills • Strengthen global competencies for future leaders • Domestic and overseas training

HRD Goal

Production of Global Professionals that Set the Standards for the World's Aviation Industry

HRD Training that will Lead Future Aviation Industry

IIAC is operating competency-building programs to produce global individuals who can actively respond to changes in the internal and external business environment like the 4th Industrial Revolution and, to timely train and allocate security personnel while strengthening airport security capacities to pre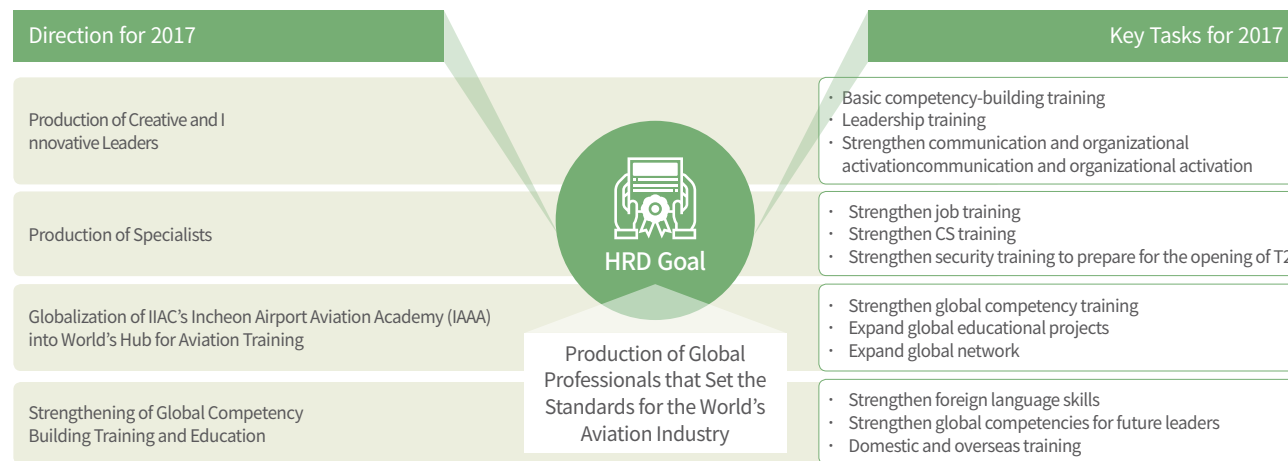pare for the opening of T2. In 2017, IIAC newly established a specialized training program to develop human resources with global competencies and additional training programs to strengthen airport staff's language skills. Also, IIAC is continuously carrying out overseas training to develop team member-level employees' global business competencies. IIAC carried out security training with newly hired security personnel to prepare for the successful opening of T2 and, developed and has been operating new safety courses to strengthen security personnel's capabilities to respond to emergency situations. By analyzing organization and individual needs for education/training and strengthening the necessary competencies, IIAC is constantly trying to improve employees' satisfaction to training and the field applicability of the training.

BEST PRACTICE

Establishes itself as the World's No.1 Aviation Training Institution

To develop Incheon Airport's unique competitiveness in response to growth and increased competition among international training institutions, IIAC established a mid-to-long term roadmap to strengthening IIAC's global training power in March 2017. IIAC generated new demands for training by developing quality training courses and overcame regional limitations for global training by establishing an e-learning platform. Also, by signing MOUs on strategic educational cooperation with training institutions at home and in Ethiopia, Tunisia, Senegal and Vietnam, IIAC strengthened the local foundation required for global marketing.

Awarded by ICAO for
Highest Number of Trainees Enrolled in an STP (Standard Training Package)

Re-certified by ICAO as
Regional Training Centre of Excellence (RTCE)

Increasing the Number of Female in Senior Management and Executive Positions & with Employment Gap

IIAC is dedicated to establishing a plan for hiring female across all positions and increasing the ratio of women in management positions which is currently at 6% to 8.1% by 2022. By hiring individuals without discriminating based on gender, IIAC allows the women to become experienced and skilled leaders at IIAC. IIAC also offers women opportunities for a stable job and to realize their dreams by running a returnship program for women with employment gap.

Performance

Internationally Certified Education Experts **17** people

Team Members Sent on Overseas Training **6** people

Women Promoted to Management Positions and Ratio **8** people / **6** %

Field Applicability **4.55** p

New Security Personnel Allocated to T2 **1,200** people

Career-Interrupted Women **7** people newly hired

Work-Life Balance

Good Place to Work

IIAC is working hard to spread fun and happy corporate culture. IIAC also has been collecting employees' free and honest opinions about the working environment, employee welfare and benefits, conducting online surveys with all employees on their satisfaction with the welfare and benefits IIAC provides. Based on employees' valued opinions, IIAC will continuously make communication more open, motivate creativity and support employee engagement to build a sound and futuristic corporate culture.

Promoting Flexible Workplace Policy

IIAC has been introducing a wide variety of flexible work arrangements so that its employees can find balance between their work and life. IIAC has been diversifying the variety and duration of flexible work arrangements, simplifying the working hour approval process and reducing the requirements for earning KPI points while the management level actively participating in those policies, to establish a pleasant and flexible working environment.
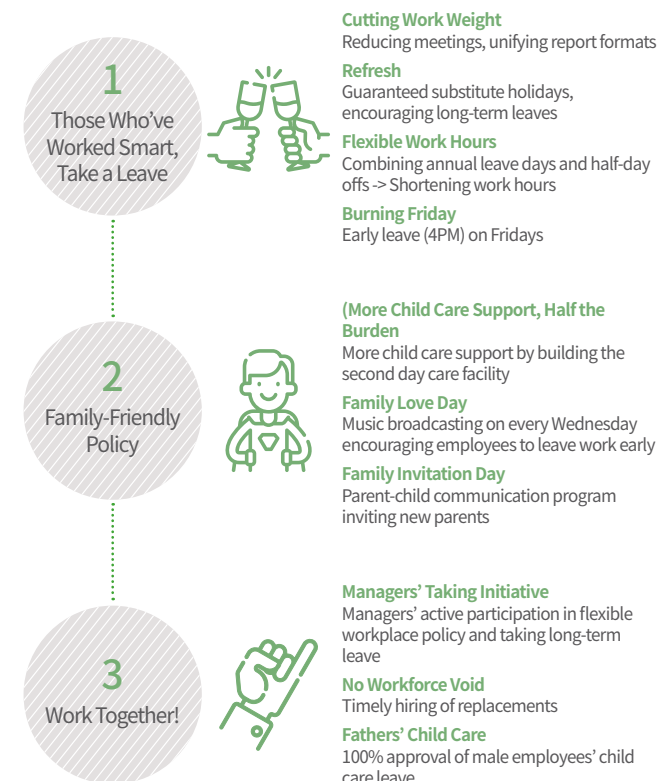
Promoting Family-Friendly Policies

IIAC started a work-family balance movement to realize a true family-friendly management. After continuous efforts to provide work-life balance to its employees, IIAC became the first Class-I public institution to earn both Family-Friendly Company Certificate (Ministry of Gender Equality and Family) and Leisure-Friendly Company Certificate (Ministry of Culture, Sports and Tourism) and, the number of male employees taking child care leave has been continuously increased over the past 3 years.

Employees' Safety and Health

IIAC operates Joint Labor-Management Industrial Safety and Health Committee for deliberating and making decisions in regards to key matters related to executives' and employees' safety and healthy and, has established an advanced industrial safety management system to build a safe working environment. IIAC also holds Safety Inspection Day every month and provides industrial safety education every month for more than an hour (IIAC provides medical checkup as well as follow-up checkups and consultation according to individuals' health level based on the health level policy. Also, IIAC requires all of its employees to complete the Employee Assistance Program (EAP) which manages employees' work stress and personal mental health). Along with the annual medical checkups, IIAC also manages the health of its executives and employees by thoroughly monitoring employees' stress over 8 diagnostic sessions. In 2018, to promote EAP, IIAC increased the number of consultation areas from 3 to 5, and added a physical and mental health care program and a health care program for shift workers.

Work-Family Balance Movement

1
Those Who've Worked Smart, Take a Leave

Cutting Work Weight
Reducing meetings, unifying report formats

Refresh
Guaranteed substitute holidays, encouraging long-term leaves

Flexible Work Hours
Combining annual leave days and half-day offs -> Shortening work hours

Burning Friday
Early leave (4PM) on Fridays

2
Family-Friendly Policy

(More Child Care Support, Half the Burden
More child care support by building the second day care facility

Family Love Day
Music broadcasting on every Wednesday encouraging employees to leave work early

Family Invitation Day
Parent-child communication program inviting new parents

3
Work Together!

Managers' Taking Initiative
Managers' active participation in flexible workplace policy and taking long-term leave

No Workforce Void
Timely hiring of replacements

Fathers' Child Care
100% approval of male employees' child care leave

Industrial Safety and Health Committee

Labor Members
10 persons, same as the management members
(Article 11, Safety Management Regulations)

Proportion from Total Number of Employees
0.82 %
10 out of 1,318 employees

Improving Labor-Management Relations

Improving Labor-Management Relations

IIAC's trade union was founded in November 1995 under the Federation of Korean Public Industry Trade Unions of the Federation of Korean Trade Unions (FKTU). The level-3 employees and under are eligible to join the trade union and as of the end of December 2017, the total number of employees eligible to joint the trade union was 1,117 which accounts to 84% of the total employees at IIAC. And, 99% (1,115) of them are members of the trade union. IIAC is in full compliance with domestic and international labor relations laws and always coordinates with the trade union in regards to any major business or organizational change that could impact the working environment and employment conditions.

Promoting Open Communication

IIAC operates various cooperative labor-management channels like Labor-Management Committee, labor-management meetings and collective bargaining to establish a sound and reasonable relationship between labor and management that solves issues through cooperation and communication. Also, IIAC actively encourages communication so that individuals can share ideas more freely and generate creative results. In 2017, IIAC formulated key tasks for fostering communication by conducting an awareness survey and has been working on communication activities to achieves the set goals. IIAC also operates a program for improving trust and understanding between the individuals. This program called Bridge Talk aims to promote teamwork and emotional bond between the new employees and team members and in 2017, a total of 46 teams and 390 people participated in the program. The individuals within the department (Department Day) or from different departments come together and work on strengthening trust and understanding operating and organizing the program as they wish.

Labor-Management Committee

System for Preventing Labor-Management Conflicts

IIAC added more detail to the employee awareness survey for improving labor-management relations and increased the response rate by diversifying responder analysis. Also, by analyzing internal and external labor environment and corporate issues, IIAC tries to understand the conflicts and their causes and, solves the conflicts through Conflict Resolution Committee. Through preventive conflict management efforts, in 2017, IIAC achieved zero conflicts and zero disputes.

Principle-Based Conversion of Temporary Employees into Regular, Full-Time Employees

In May 2017, IIAC announced its plan for principle-based conversion of its temporary employees amounting to about 10,000 into regular, full-time employees following the new administration's 'Zero Temporary Employees in Public Institutions' Initiative. IIAC first established 'Good Job Creation TF' with the CEO as the chief of the TF. Also, IIAC established Joint Labor-Management Experts' Committee for Converting Temporary Employees into Regular Employees, Labor-IIAC-Advisory Group's three-way discussion meetings and Deliberation Committee for Temporary-Regular Conversion. The policy on switching temporary employees to regular employees was a sensitive issue due to the differences interests among the employees. The employees and trade union worried about disadvantages that may arise because of the new policy and the trade union fought as a group to protect employees' labor conditions. Even in these difficulties, IIAC held CEO's seminar, meetings and public hearing for the employees to openly communicate with the employees about the issues and earn their trust and understanding for IIAC's efforts to create good jobs.

Through many ups and downs, and overcoming the conditions that make especially difficult for IIAC to convert temporary employees into regular employees compared to other institutions, in late December of 2017, IIAC's labor and management agreed on IIAC's direct hiring of fire fighters and security personnel who are closely linked to public well-being and safety out of 9,785 subcontracted employees and converting of 6,845 temporary employees working in airport operations and facilities & systems management into regular employees under a subsidiary of IIAC. Also, IIAC plans to create a total of 80,000 new jobs, hiring 30,000 more people by 2020 and 50,000 more people by 2025 through T2 operation, Phase 4 airport expansion project and development of integrated resorts and MRO (Maintenance, Repair, Overhaul) Center.

2017 Summer Breeze

Major Communication Activities and Achievements

Category		Summary	Activity
Strengthening Bottom-Up Communication	Smart Board	Suggestion of ideas about management to the CEO by 20 employee representatives from all positions	11 times
	Management Innovation Competition	Competition on creative ideas and best practices for improving publicness, efficiency and customer value	205 exhibits
	Direct Communication with the CEO	1:1 chat room with the CEO, CEO's message, CEO's activities posted online	Frequently
Strengthening Communication between Individuals	Opinion Ground	Open online board for opinion sharing and free discussions	97 posts
	Emotion Recharging Station	Cultural and art events that promote natural communication between individuals	260 people applied, 70 people participated
	Creative Travel Group	Domestic travel program for promoting creative thinking and natural communication between colleagues	58 people applied, 34 people participated
	Bookcovery	Open book club that meets once a month for a book discussion; shares the discussion on an online board with all the employees	Monthly
Strengthening Position-by-Position Feedback	Empathy Road	Group meetings on opinions gathered from all positions and departments involved in management innovation	3 times
	Position-by-Position Meetings	New employees' meetings, position-by-position meetings and interview with supervisors	Frequently

Shared Growth and Win-Win Cooperation

Our Approach

Meeting society's demands for shared growth of public institutions and small and medium-sized enterprises (SMEs) and, eliminating risks related to human rights, environment and labor have become crucial in running a business. Incheon Airport is the gateway to South Korea for travelers from all over the world and building trust and partnership with more than 40,000 people working at Incheon Airport is crucial for ensuring flawless airport safety and security and for providing quality airport services. IIAC regards all the partners and businesses in Incheon Airport as the members of 'Airport Family' and, is striving to achieve shared growth by establishing fair trade principles, jointing improving competitiveness and sharing values. IIAC will promote shared growth with the people working and businesses established at Incheon Airport and pursue sustainable growth in economic, social and environmental areas by continuously strengthening CSR management systems.

Our Key Performance

Level of Satisfaction with IIAC's Win-Win Cooperation Program for Partners	94.7 p
Public Institution Shared Growth Rating	Average
SLA Incentives	KRW 6.5 billion
Purchases of Products from SMEs	KRW 833.3 billion

Relevant UN SDGs

4 Quality Education
8 Decent Work and Economic Growth

Shared Growth and Win-Win Cooperation

Strengthening Partners' Competitiveness

Strategies for Shared Growth

Internalizing the government's shared growth policy, IIAC is aimed at spreading a culture of win-win cooperation and generating mutual gains by strengthening the competitiveness of its partners and SMEs in Incheon Airport. In 2017, IIAC continued providing support for the growth of businesses in Incheon Airport by focusing on vitalizing joint R&D with its small and medium-sized partners and on improving the Win-Win Program for Partners. IIAC's Win-Win Management Group is carrying out activities that can drive shared growth and win-win cooperation and a consultative group meeting with the stakeholders is operated to facilitate those activities. IIAC also shares performance in maintaining service quality with the partners according to the Service Level Agreement (SLA) and is spending KRW 6.5 billion every year to provide incentives to the partners according to their performance.

Invigorating Joint R&D with Small and Medium-Sized Partners

IIAC is working to develop and commercialize advance airport technologies by continuously developing projects that the government, IIAC and small and medium-sized enterprises can jointly carry out. Currently, 10 joint research projects including the development of an automatic FOD (foreign object & debris) detection system are being carried out with the Ministry of Land, Infrastructure, and Transport, Ministry of SMEs and Startups (Formerly Small and Medium Business Administration), Inha University and 20 small and medium-sized enterprises participating in the projects. In 2017, IIAC carried out 5 joint research projects and generated KRW 10.2 billion revenue by commercializing the developed technologies and, received Minister of SMEs and Startups' Award for achieving shared growth through technological cooperation with SMEs. IIAC will continue to carry out joint R&D projects and pursue shared growth and added value with various SMEs.

Improving Win-Win Program for Partners

Supporting Small and Medium-Sized Partners' Productivity Enhancement
To support small and medium-sized partners' productivity enhancement and improve the overall quality of airport services, IIAC is participating in the Industrial Innovation Movement organized by the Ministry of Trade, Industry and Energy. IIAC selected 1 partner each from the Management Innovation category and Technological Innovation category, supported professional consultation and provided improvement ideas and testbeds funding its Shared Growth Investment Resources.

Program for Improving Partners' Workplace Satisfaction
IIAC operates a field-centered communication channel and has introduced Win-Win Program for Partners. By evaluating the satisfaction level of the partners' employees with IIAC's Win-Win Program, IIAC found areas for improvement and expanded the number of beneficiaries and budget of the program. IIAC improved the quality of the program by expanding the overseas training which offers program participants the opportunity to benchmark foreign airports and explore other cultures. Also, by opening the second day care facility earlier and raising the quota of the number of children of the partners' employees, IIAC tried to support the partners' families, relieving the partners' cost burden. Through these efforts, in 2017, the level partners' satisfaction with IIAC's Win-Win Program showed an average score of 94.7p. The satisfaction level over the past 3 years all scored higher than 93p.

Strengthening Support for Continuous Growth of Small and Medium-Sized Enterprises

IIAC increased the number of duty-free concessions of small and medium-sized enterprises, expanded the commercial sector and allowed the SMEs to establish shops within the core commercial area. Also, cooperating with the Ministry of SMEs and Startups, IIAC developed new stores (3) and expanded sales channels for outstanding Korean products and products from outstanding SMEs. IIAC also increased the budget for supporting SMEs (approx KRW 2.5 bil → KRW 4.7 bil) and held meetings with the SMEs regularly to resolve their difficulties and issues. By actively expanding the concession rights for SMEs, IIAC is contributing to making new jobs and IIAC is continuously trying to improve the leasing system to make it reasonable based on the sales of the stores and achieve shared growth by reducing business operators' financial burden.

Providing Exclusive Land for SMEs & Expanding Freight Volume-Based Incentives

IIAC is currently developing a specialized complex for SMEs within its Logistics Park. IIAC has provided three small but highly accessible sites out of the seven undeveloped sites to SMEs. Also, through conferences with airlines and logistics companies and meetings with individual companies, IIAC has gathered their opinions on current incentive policy for transport and logistics companies and is working on developing an improved policy. In 2017, to strengthen shared growth with SMEs, IIAC revised the incentive policy to provide incentives even to SMEs within Incheon Free Economic Zone.

Fair Trade

Fair Trade Strategies and Implementation System

IIAC improved its bidding procedure and system, worked on protecting SMEs and subcontractors and increased public procurement from SMEs. sales channels. Also, IIAC organized Voluntary Fair Trade Compliance Committee comprised of the Contracts Team, Shared Growth Team and Legal Affairs Team to facilitate systematic and efficient implementation of fair trade strategies. IIAC is currently managing and supervising implementation of fair trade strategies through monitoring fair trade activities monitoring, public procurement monitoring and 'Clean Call' monitoring.

Fair and Transparent Contract

IIAC is continuously improving relevant regulations and systems. In 2017, IIAC revised its international regulations to require disclosure of minutes as well as the results of SOQ evaluation. IIAC improved its 'Bidding Notification System' so that SMEs can receive SMS push notifications in real-time base (In 2017, IIAC sent a total of 2,706 SMS notifications on 420 out of 674 bidding notices).

Establishing Order in Fair Trade

IIAC introduced a new incentive policy for businesses showing outstanding performance in creating jobs and startups. Also, by strengthening small businesses bidding competitiveness through reduction of bid bonds, relaxation of performance requirements, giving additional points during qualification reviews and revision of regulations related to private contracts, IIAC supported growth of excellent job-creating enterprises.
IIAC inspects overdue payments to subcontractors and expanding the coverage of its 'Subcontractor Protection Program.' After inspecting overdue payments to subcontractors and expanding the scope of the 'Subcontractor Protection Program' to cover all types of construction, in 2017, IIAC was able to achieve 'Zero Overdue Payments to Subcontractors'.

Promoting Public Procurement

To actively follow government's policy that encourages public procurement, IIAC has improved its policies on public procurement and is currently operating 'Preliminary Preferential Public Procurement Reviewing Policy' and 'External Evaluation Index'. IIAC improved the performance rate by double-checking the public procurement performance and included 4 areas (Technologically Advanced Products, Green Products, Products Manufactured by Persons with Severe Disabilities, Products Manufactured at Disabled Veterans' Villages) from the qualitative indicators of public procurement subject to government management evaluation, in its internal key performance indicators (KPI). By doing so, the ratio of purchases from SMEs to total purchases increased YoY by 10.4%p to 48.2%.
IIAC also strengthened internal and outside training, held purchasing seminars (2 sessions) for companies related to public procurement and shared information to promote public procurement from SMEs and help SMEs expand distribution channels.

Community Participation

Our Approach

Corporate social responsibility (CSR) is not a choice but a necessity for management activities of businesses today. Social contribution activities that satisfy the needs and expectations of the stakeholders built a foundation for sustainable growth and increases the corporate value as well.

To fulfill social responsibilities and become a company trusted by the public, IIAC has made 'Building Trust with the Community', 'Sharing Empathy with the Public' and 'Global CSR' as the three strategic directions for social contribution and is working continuously to solve community issues. The CSR Team at IIAC which is in charge of IIAC's social contribution activities, develops programs that can substantially benefit the communities and encourages the executives, employees, partners, airlines and relevant institutions to actively participate in the programs. Moreover, together with the executives and employees, IIAC operates the Incheon Airport Volunteer Group which the public can also participate in, to spread the value of sharing.

Our Key Performance

Volunteer Hours	**2,640** hrs
Korean Sustainability Index (KSI)	**Ranked No.1** (8th consecutive year)
Won the 4th	**CSV Porter Prize**

Relevant UN SDGs

1 No Poverty
3 Good Health and Well-Being
4 Quality Education
11 Sustainable Cities and Communities

Community Participation

Building Community Trust
'Open Innovation' Social Contributions to Local Communities

IIAC is striving to earn communities' trust through open communication with the locals and social contribution activities that meet their needs. Communicating and discussing closely with the local communities and NGOs, pending issues within local communities are drawn and IIAC tries to contribute to generate values for the communities by carrying out support projects tailored to characteristics of specific areas in the education, environment and welfare sectors. In 2017, IIAC focused more on educational projects such as improving local educational environment and field experience program for students on the free semester period.

Educational Projects

IIAC operates stage-by-stage HRD programs for young children to university students with the aim of fostering talented individuals of the future. Since 2016, IIAC has been providing students in their free semester period the opportunity to explore their career in airport operations, immigrations management and ground operations and offering industry-academy field trainees from industry-academy cooperating institutions the opportunity to experience airport operations and airline services. To improve the local educational environment, IIAC also provided various discretional and after-school programs on aviation science, orchestra and theater to over 9,000 students every year over the last 12 years through 'Regional School Specialization Project.' Also, IIAC operates 'Incheon Airport Scholarship Program' for outstanding local students and university students majoring in aviation science and logistics to cultivate talented individuals who can generate future values. By March 2018, supporting a total of KRW 1.06 bil. to a total of 420 students over the past 14 years, IIAC tried to help the local students and promising students of aviation science and logistics become the leaders of the nation.

Kimchi Sharing Event

IIAC Briquet Delivery

Environmental Projects

Cooperating with Forest For Life, IIAC has established the 'Forest of World Peach' on a 470,000m² area near the New Airport Town and has been contributing to building an urban environment where the nature and people harmoniously coexist by continuously supporting local residents' afforestation activities and communicating with the communities on forest development. In 2017, IIAC used KRW 38 mil. raised from donations made to the 'Forest of World Peace Development Fund' for the ecological maintenance of the Forest of World Peace, purchasing trees for community tree planting activities and forest festivals to share the value of building a cultural, community spirit based on forest development efforts.

Cultural & Welfare Projects

For the rof Yeongjong and Yongyu areas who have limited cultural access compares to those living in major cities, IIAC built 'Sky Culture Center' near the New Airport City in 2012. Sky Culture Center has a become a wonderful place where the people living near Incheon Airport can interact with others and enjoy various cultural and sports activities. Every year, IIAC also holds 'Sky Festival', 'Putting Wings on Culture' Campaign and various cultural and art programs so that people living near Incheon Airport and airport users can enjoy cultural events for free. IIAC also carries out various support activities for the disadvantaged groups and has spent approximately KRW 3.6 billion for social welfare projects in 2017.

Woods of World Peace

Sharing Empathy with the Public
Empathizing with the Public through Social Contribution Activities

IIAC is striving to ensure its CSR activities reach everyone and that no one is left in blind spots. Taking advantage of the fact that airport is used by a great number of people, IIAC carries out CSR activities that airport users and the general public can participate in.

Supporting the 2018 Pyeongchang Winter Olympics

IIAC supported the 2018 Pyeongchang Winter Olympics by providing quick and convenient immigration services to Olympic teams visiting Korea. IIAC operated exclusive immigration facilities for Olympic teams, provided exclusive domestic flights connecting Incheon-Yangyang connection and placed airport guide personnel all across the airport to provide convenient and seamless travel experiences to Olympic teams. Also, wishing for a successful Winter Olympics, IIAC worked in various angles to promote Pyeongchang Winter Olympics across the world. Cooperating with Narita International Airport in Tokyo, Japan, IIAC installed video displays and posters promoting Pyeongchang Winter Olympics in the departure and arrival lobbies at Narita Airport. Moreover, IIAC distributed various information and news related to Olympic games through Incheon Airport website and social media and posted banners and ads promoting Pyeonchang Airport on Incheon Airport website, IIAC newsletters and Incheon Airport newsletters.

Promotion of National Sports

In March 2017, IIAC signed an agreement with Korea Incheon Football Association promising to support the 2017 Incheon Youth Football Tournament for a year as the title sponsor. IIAC will actively support the dreams and talents of Incheon's youth football athletes and contribute to the development of Korea's national sports. IIAC also signed an agreement with Badminton Korea Association (BKA) to sponsor the 2017 Incheon Airport Badminton Korean League and the National Amateur Badminton Competition. Incheon Airport Badminton Korean League and the National Amateur Badminton Competition is the largest badminton tournament in Korea and IIAC supported KRW 600 mil. for the competition as the title sponsor. The competition has a special meaning because it will be the first competition that will combine the competitions of elite athletes and amateur athletes. IIAC will continue to provide support in promoting less popular sports in Korea.

2017 Incheon Youth Football Tournament

Global CSR Activities
Global Social Contributions Incorporating Airport Jobs and Operations

IIAC carries out global CSR activities that are integrated with overseas projects. To solve global issues, IIAC carries out education-focused volunteer and physical volunteer activities in poor and developing countries.

Incheon Airport's bbb Movement to Break Down Language Barriers

bbb (before barbel brigade) is the world's first talent-sharing volunteer movement that provides free mobile phone interpretation service on 19 languages through volunteers who are skilled in foreign languages. As a global airport operator, to make Incheon Airport an airport without language barriers, IIAC signed an agreement with bbb Korea in 2009. IIAC has been funding bbb services and carrying out various promotional activities for bbb service as well as 'bbb Day Campaign' during peak season for Incheon Airport users. People can access Incheon Airport Hotline using bbb interpretation application and in 2017, Incheon Airport Hotline was used a total of 1,185 times (41% YoY increase, 839 times in 2016). IIAC also appointed Special Incheon Airport bbb Volunteers comprised of 249 highly experienced interpretation volunteers to improve the response rate of the interpretation services and break down the launguage barriers within the airport.

Aviation Education and Training for Developing Countries

Using its world-class aviation education and training systems, IIAC is operating a free aviation training program for aviation professionals in developing countries. As a global airport operator, IIAC uses its experiences and knowhows accumulated over the years to improve the competencies of aviation personnel in developing countries and to contribute to the development of

Aviation Training in Developing Countries

Global Volunteer Activity

bbb Translation Volunteer

the world's aviation industries. In 2017, IIAC carries out 8 sessions of aviation training program for 159 trainees across 60 nations.

Global Volunteer Activities

Integrating with overseas projects, IIAC has sent Incheon Airport Family International Volunteer Group comprised of the executives, employees and trade union of IIAC as well as partners, national airlines and businesses at Incheon Airport to Indonesia for 7 consecutive years. In 2017, the Volunteer Group visited boarding schools and elementary schools in Indonesia and carried out educational and cultural volunteer activities, communicating with the children, providing a variety of programs and sharing the true joy of learning.

BEST PRACTICE

Successful CSV Business Model, Opening of a Silver Cafe

To establish a successful airport-based CSV (Creating Shared Value) business model, create decent jobs for the elders and improve customer satisfaction providing great services at reasonable prices, IIAC opened a silver cafe called 'Kaffee G. Braun' in January 2018. To stabilize and strengthen the competitiveness of Kaffee G. Braun where 20 or so baristas aged 65 and over are working, IIAC will carry out training on operations and services. IIAC is hoping that this first silver cafe opened at Incheon Airport will serve as one of the major attractions of the airport, a new life stage for the socially disadvantaged elders and an exemplary model of CSV business.

Silver Cafe 'G. Braun' Opens

Environmentally-Friendly Airport

Our Approach

In response to the Paris Agreement on climate change, the Korean government has announced its goal of reducing greenhouse gas emissions by 37 percent from business-as-usual (BAU) levels by 2030. IIAC complies with all domestic and international environmental regulations, is continuously expanding its preventive environment management system and provides monitoring results on its website at all times. Also, as an institutions participating in the Korean Emissions Trading Scheme (ETS), IIAC actively supports government-wide efforts to reduce GHG emissions and is striving to become a leading public institution taking initiative for the national new and renewable energy expansion policy. IIAC has acquired and is maintaining ISO 14001 (Environmental Management System) certificate for its airport operations and constructions, ISO 50001 (Energy Management Systems Standard) certificate for its airport facilities, Airports Council International's (ACI) Level III Airport Carbon Accreditation (ACA) and other international environmentally-friendly management standards certificates.

Our Key Performance

Exceeds Government's GHG Emissions Reduction Target by **10.7 %** CO₂

T2 G-SEED (Green Standard for Energy and Environmental Design) Certification with Top Grade (Green Grade 1)

5th Consecutive Winner of League of American Communications (LACP)'s Vision Awards (Platinum Winner)

Aircraft Noise Complaints **1**

Relevant UN SDGs

6 Clean Water and Sanitation
7 Affordable and Clean Energy
13 Climate Action
15 Life on Land

Environmentally-Friendly Airport

Low-Carbon Environmentally-Friendly Management

Low-Carbon Environment-Friendly Management System

To become a 'Leading Global Low-Carbon, Environment-Friendly Airport'. By implementing its 4 core actions plans which include 'Improve Environmentally-Friendly Management', 'Improve Energy Efficiency', 'Expand Low-Carbon Operations' and 'Strengthen Environmental Resources Management', IIAC has been improving its energy use efficiency and expanding new and renewable energy use. IIAC has established and operates an organizational system that ensures successful energy management. IIAC also has made decision-making and work processes quicker by establishing the Energy Management Team and Committee for the Promotion of GHG Reduction and Energy Saving which serves as an advisory body for the CEO.

Strategic Plan for Low-Carbon Environmentally-Friendly Management

1 Vision

Leading Global Low-Carbon Environment-Friendly Airport
ACI Level 3 Airport Carbon Accreditation

2 Objectives

100% LED & 3% Energy Independence
GHG Reduction by 66,000tCO₂
Environmental Performance Index (EPI) 130

3 Action Plans

Improve Environment-Friendly Management
Improve Energy Efficiency
Expand Low-Carbon Operations
Strengthen Environmental Resources Management
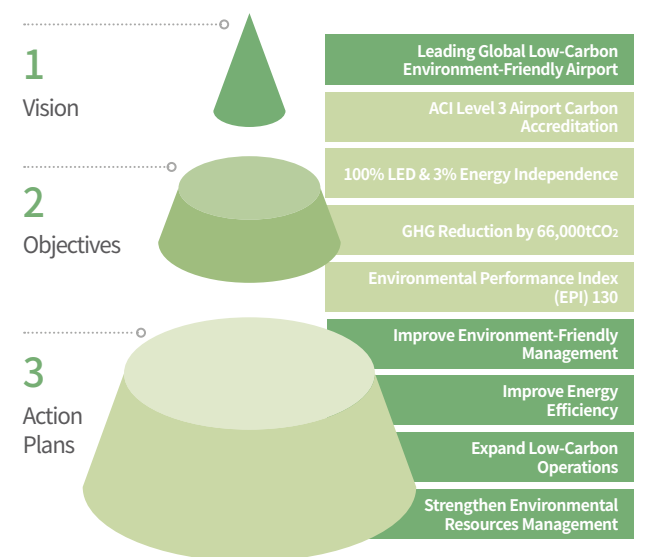
Green Report

IIAC is working from various angles to manage and improve its performance in low-carbon environmentally-friendly management. To share its efforts and activities with the stakeholders, IIAC publishes 'Green Report' every year separately from the annual sustainability report. You can find out about various issues related to ' environmentally-friendly airport' and the details of IIAC's activities and performance in the Green Report posted on IIAC website.

Frontal Exterior Solar Panel Roof in T2

Greenhouse Gas and Energy Management

IIAC has been reducing the use of fossil fuel, operating low-carbon, 'Green Aprons' and has been successfully exceeding its target to reduce greenhouse gas emissions. Also, IIAC is maintaining optimal energy efficiency by replacing low energy-efficient equipment with high-efficient equipment and eliminating all potential sources of energy loss.

IIAC is also preparing for the increase in energy use by expanding new and renewable energy use in phases and is striving to achieve energy independence. IIAC also has a plan to generate 10,531 MWh of solar power per year and 3,609 MWh of geothermal power per year by 2020. To fulfill government's policy to supply a set percentage (21%) or more of energy used by newly constructed buildings with new and renewable energy, IIAC has established a policy to continuously expand its solar and geothermal power generating facilities. Moreover, IIAC makes sure more than 70% of the newly acquired vehicles are eco-friendly vehicles and is planning to increase the percentage of eco-friendly vehicles it uses by introducing hydrogen-powered vehicles for patrol work that require long-range operations and where electric vehicles cannot be used. Also, taking into account of the growing number of electric vehicles it operates, IIAC has established a total of 23 stations by 2017 and will establish 26 additional stations by 2020.

Energy Management for Airport Operations

· Energy management systems (ISO50001) for airport facilities
· ACI Level 3 Airport Carbon Accreditation renewals
· Development and operation of Airport Collaborative Decision-Making (A-CDM) System for air traffic controllers and airlines

Operation of Low-Carbon Airport Facilities

· Air Craft-Ground Power Supply (AC-GPS)
· Expand low-carbon apron operations (16 flights in 2017 → 30 flight in 2018 after opening T2)
· Additional electric vehicle charging stations (17 more stations) and equipment continuously replace with more energy-efficient equipment

Energy-Saving Designs

· G-SEED (Green Standard for Energy and Environmental Design) Certification with Top Grade (Green Grade 1) acquired for T2
· Development of solar roof panels and energy management system for T2
· Agreements for fuel cell power generation projects

Cooperative Energy Saving

· Public campaign on energy saving through participation in community energy network (cooperation of 3 organizations)
· LEDs installed at traditional markets in Incheon, Carbon Offset Fund provided for Pyeongchang Winter Olympics
· Partners and commercial facilities reviewed on energy-saving activities

GHS Reduction Target Achieved

Recognizing global warming as a major issue the world must together resolve, IIAC has been working hard to reduce GHG emissions as much as possible. By expanding the use of new and renewable energy, replacing lights with energy-efficient LED lights and establishing Energy Storage System (ESS), IIAC was able to greatly reduce GHG emissions from its GHG permits and exceed its GHG reduction target by 10.7% in 2017.

Expand New & Renewable Energy Use

· **Solar Power**
Install 953kW by 2016, Install 3,997kW additionally by 2017
· **Geothermal Power**
Install 859kW by 2016, Install 5,250kW additionally by 2017

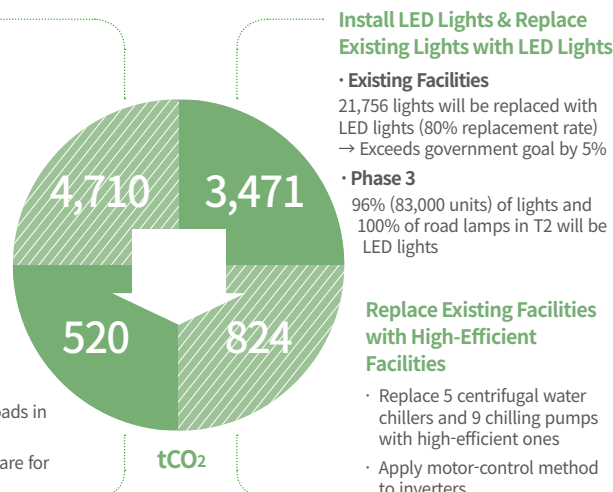### Establish and Operate ESS Facilities

· Establish and operate 2MW facilities (recharge the battery in nighttime and supply power to loads in daytime)
· Operate the facilities also to prepare for national electricity crisis

4,710   3,471
520   824
tCO₂

Install LED Lights & Replace Existing Lights with LED Lights

· **Existing Facilities**
21,756 lights will be replaced with LED lights (80% replacement rate) → Exceeds government goal by 5%
· **Phase 3**
96% (83,000 units) of lights and 100% of road lamps in T2 will be LED lights

Replace Existing Facilities with High-Efficient Facilities

· Replace 5 centrifugal water chillers and 9 chilling pumps with high-efficient ones
· Apply motor-control method to inverters

Minimizing Environmental Impact

Environment Monitoring System Operation

IIAC has been pursuing environmental management by applying requirements stronger than legal requirements to its overall airport operations and constructions and, has been strengthening its preventive, environmental management system by requiring the private business operators within the airport to enhance their performance in environment management. IIAC also monitors air quality, aircraft noise and indoor air quality 24/7 in real-time and operates a remote system that monitors water discharged from all water treatment facilities. IIAC's Environment Management Office located within the Airport Integrated Communication Center (AICC) collects and analyzes the data sent in real-time by each monitoring station and system to track and monitor environmental changes within Incheon Airport and its surroundings. Also, to minimize environmental impact of constructions, IIAC entrusts professional assessment agencies to conduct environmental impact assessments.

Indoor Air Quality Management

To provide airport users a pleasant indoor environment, IIAC has installed indoor air quality measuring devices in passenger terminals and concourse and, is monitoring indoor air quality 24/7 according to the Indoor Air Quality Control Act. IIAC is managing indoor air quality applying standards far higher than those advised in relevant laws and is trying its best to maintain optimal indoor air quality introducing a fine dust warning system and conducting relevant training.

Water Resources Management

Incheon Airport recycles wastewater and sewage generated in airport grounds by treating them at Grey Water Treatment Facility having a daily treatment capacity of around 30,000 tons, located within the Incheon International Business Center. The grey water purified at the Greywater Treatment Facility is reused for cleaning restrooms, cooling and cleaning machinery and for landscapes. A portion of the surplus grey water is discharged to the ocean through retarding basins. In 2017, IIAC used grey water effectively by replacing the air diffuser of the bioreactor and conducting timely maintenance for the Grey Water Treatment Facility. As a result, IIAC's grey water recycling rate increased 21%, saving approximately KRW 530 million on water treatment.

Waste Management

IIAC operates a resource sorting facility that can comprehensive management all types of waste from general waste to designated waste that requires rigorous treatment processes and, a resource recovery facility (fluidized-bed incineration facility) with a high incineration rate. IIAC processes generated waste through airport operations through recycling, incineration and burial and is always working to find ways to reuse waste. IIAC reuses/recycles waste, avoids unnecessary use of materials during airport operations and is currently developing an eco-factory that makes products using recycled materials.

Real-Time Environment Monitoring Facilities

Ganghwa Island (Seongmo Island)
Ganghwa Island (Yangdo)
Ganghwa Island (Hwado)
Jangbong Island (W)
Jangbong Island (Eungam)
Modo Island (N)
Sido Island
Jangbong Island (E)
Modo Island (S)
Sindo Island
New Airport City
North of Runway 1
North of Runway 3
Near Runway 1
Eulwang-dong
Free Trade Zone
Nambuk-dong 1
T2 Construction Site
North Basin
Nambuk-dong 2
Sammok Island (2)
Airport Area
South of Runway 1
Deokgyo-dong
South of Runway 3
South Basin
Muuido Island

Enlarged
Concourse
Passenger Terminal

● Noise Measuring Stations (20)
● Air Quality Measuring Stations (3)
● Construction Fine Dust Measuring Stations (3)
● Water Quality Measuring Stations (2)
● Indoor Air Quality Measuring Stations (3)

Environment Management

Indoor Air Quality Measuring Station

Air Quality Survey Vehicle

Noise Management

The demand for noise management has increased with the revision of the Act of Controlling Aircraft Noise and Assisting Noise Affected Areas in July 2017 and, the noise concern of the residents living in these areas is rising due to airport expansion projects and increase in aircraft movements including night-time aircraft operations. To better communicate and strengthen relations with the residents of the noise affected areas, IIAC operates various support programs and holds public meetings and seminars to gather public opinions. IIAC, Seoul Regional Office of Aviation (SROA) and airline companies hold quarterly meetings to discuss pending noise issues, countermeasures and areas to improve. In 2017, after reviewing the opinions drawn from the meetings, IIAC stopped operating high-noise aircraft (DL/UA-B747) and has been resolving noise issues by sharing aircraft noise measurement with all relevant entities. Through these efforts, there was only a single case of aircraft noise related complaint during the year of 2017(1 case in 2016).

Our Approach
to Sustainability

1. Ethical Management

2. Governance

3. Stakeholder Engagement

4. SR Stakeholders Committee

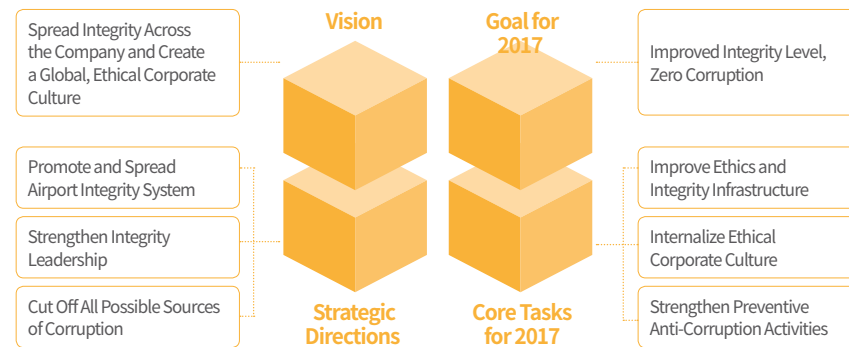5. Materiality Assessment

6. Risk Management

Ethical Management

Ethical Management System

'Integrity First' Ethical Management System

To maintain public's trust, IIAC is working to make every individual at IIAC to practice ethical principles and management. In 2017, IIAC made 'Improved Integrity, Zero Corruption' its goal for ethical management, has been sharing the importance of ethical management with every person working at Incheon Airport and has been striving to promote and strengthen the culture of corporate integrity and ethics.

Strategic Plan for Ethical Management

Vision
- Spread Integrity Across the Company and Create a Global, Ethical Corporate Culture
- Promote and Spread Airport Integrity System
- Strengthen Integrity Leadership
- Cut Off All Possible Sources of Corruption

Goal for 2017
- Improved Integrity Level, Zero Corruption

Strategic Directions

Core Tasks for 2017
- Improve Ethics and Integrity Infrastructure
- Internalize Ethical Corporate Culture
- Strengthen Preventive Anti-Corruption Activities

Bodies Supporting Ethical Management

Bodies	Social Contribution Team (Ethical Management) ● Integrity Audit Team (Anti-Corruption)					
	Ethical Management Committee Anti-Corruption and Integrity Promotion Group	Code of Conduct Officer	Ethics Officer	Partners' Ethics Officers		Integrity Ombudsman
Roles	Senior Position · Policy Decision-Making	Supervisor Consultation	Working-Level Personnel · Promoti of Corporate Ethics	Partners' Working-Level Personnel Promoti of Corporate Ethics	Outside Advice	

Bodies Supporting Ethical Management

To strengthen its expertise in ethical management, in 2017, IIAC restructured its ethical management body, Integrity Audit Team, diving it into CSR Team (ethical management) and Integrity Audit Team (anti-corruption). IIAC's senior ethics reviewing bodies, Ethical Management Committee and Anti-Corruption and Integrity Promotion Group makes key decisions relevant to corporate ethics and integrity and IIAC tries to promote the culture of corporate ethics by designating an ethics officer for each team/department.

Ethical Management Internalizing Activities

Strengthening Incheon Airport's Ethical Management System

IIAC is operating an ethical management system that all professionals working at Incheon Airport as well as its teams, executives and employees participate in to spread and internalize the culture of ethical management throughout Incheon Airport. In 2017, IIAC conducted Anti-Corruption Policy Assessment on all of its subsidiaries and included anti-corruption activities in the SLA Assessment Index for IIAC's partners. Also to manage risks related to violation of the Anti-Graft Law and to strengthen its compliance with international laws and regulations, IIAC strengthened documentary requirements and reporting period in regards to outside lectures and, added an article requiring full compliance to international laws and regulations by revising its Ethics Regulations in October 2017.

Corruption-Free Completion of Phase 3 Airport Expansion Project

The Phase 3 Airport Expansion Project which required a total investment of KRW 4.9 trillion over 9 years was successfully completed with zero corruption. To carry out ethical and corruption-free Phase 3 Airport Expansion Project, IIAC had diversified reporting channels by establishing easy and convenient, on- and offline channels and a mobile channel, applied 'One Strike' Policy and implemented a reporting system for unethical solicitations to eradicate corrupt practices. In 2017, IIAC set jobs and stakeholders vulnerable to corruption and developed improvement tasks. By promoting voluntary integrity leadership and anti-corruption activities across all personnel and teams, IIAC was able to complete 113 integrity improvement tasks. As a result of these efforts, IIAC's Anti-Corruption Index (Transparency and Responsibility) for the External Integrity in the Integrity Assessment conducted by the Anti-Corruption and Civil Rights Commission improved from 8.62p in 2016 to 8.76p in 2017.
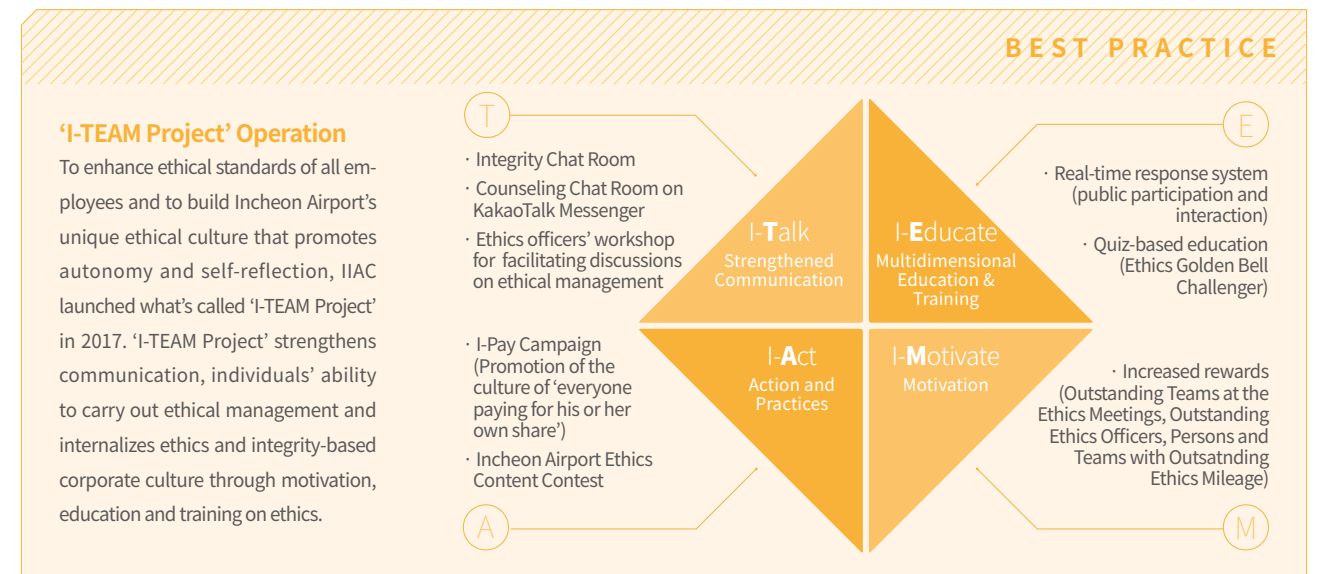
Counseling Systems

IIAC has established and is operating Integrity Reporting Platform and a mobile reporting system where people can make reports on IIAC executives' or employees' involvement in corruption, job-related solicitations, bribery and other corruptive practices that can harm public interest. To protect the reporters identity, IIAC uses an anonymous 'Help Line' operated by an outside institution. To provide protection against any unjustified treatment or threat for any person who reports in good faith, IIAC protects the reports through confidentiality, physical protection and protective measures.

Ethics and Integrity Education & Training

IIAC provides ethical management education and training that can strengthen ethics of executives and employees and that can be substantially applied in the field. Group training is provided to newly hired employees, promoted employees and supervisors and, ethics and integrity training is provided position by position. To internalize ethical management across the organization, IIAC provides education and training regularly and, is planning to strengthen top-down training approach that focuses on training of the management positions and training aimed at breaking down bad customs and unethical business practices people are accustomed to.

Ethics and Integrity Training Program

Entities or Areas Trained	Training Methods	Cycle
All Employees	Group & Face-to-Face Training	Annually
	Cyber Training	All Year Round
	Internal Team Training	Voluntarily
	Quiz-Based Training	All Year Round
Areas Vulnerable to Corruption	Training on Areas Vulnerable to Corruption	Quarterly
Life Cycle	New Employees	When Newly Hired
	Promoted Personnel	When Promoted
	Supervisors & Managers	All Year Round
Outside Training	Outside Training (Anti-Corruption Training Institute at the Anti-Corruption and Civil Rights Commission (ACRC))	All Year Round
Subsidiaries & Partners	Internal Ethics and Integrity Training	All Year Round

BEST PRACTICE

'I-TEAM Project' Operation

To enhance ethical standards of all employees and to build Incheon Airport's unique ethical culture that promotes autonomy and self-reflection, IIAC launched what's called 'I-TEAM Project' in 2017. 'I-TEAM Project' strengthens communication, individuals' ability to carry out ethical management and internalizes ethics and integrity-based corporate culture through motivation, education and training on ethics.

I-Talk Strengthened Communication
- Integrity Chat Room
- Counseling Chat Room on KakaoTalk Messenger
- Ethics officers' workshop for facilitating discussions on ethical management

I-Educate Multidimensional Education & Training
- Real-time response system (public participation and interaction)
- Quiz-based education (Ethics Golden Bell Challenger)

I-Act Action and Practices
- I-Pay Campaign (Promotion of the culture of 'everyone paying for his or her own share')
- Incheon Airport Ethics Content Contest

I-Motivate Motivation
- Increased rewards (Outstanding Teams at the Ethics Meetings, Outstanding Ethics Officers, Persons and Teams with Outstnding Ethics Mileage)

Ethical Management Monitoring and Assessment

IIAC monitors ethical management through Self Integrity Assessments (monthly), Ethics Quiz (7 quiz sessions), Ethics Messages (weekly) and through various ethics improvement activities and channels like Integrity Chat Room, Ethics Meetings and workshops. Also, by introducing Ethics Mileage System and Personal Certification System, IIAC improved assessment and feedback systems for ethical management activities. The anti-corruption/integrity activities and integrity assessment results of IIAC can be found on IIAC website.

Internal and External Assessment of IIAC's Ethical Management

Overall Integrity Level Given by the Anti-Corruption and Civil Rights Commission (ACRC)
- 2015: 8.21
- 2016: 8.24
- 2017: 8.39
(Unit: Point)

Internal Integrity Survey
- 2015: 9.33
- 2016: 9.53
- 2017: 9.54
(Unit: Point)

KoBEX SM (Korean Business Ethics Index - Sustainability Management) (Ethical Management)
- 2015: 100
- 2016: 99.20
- 2017: 99.37
(Unit: Point)

ACRS's Evaluation of IIAC's Anti-corruption policy
- 2017 Outstanding
- 2016 Outstanding
- 2015 Excellent

Governance

Board of Directors

The Board of Directors is the highest decision-making body of IIAC and it makes decisions on key strategies and policies related to IIAC, supervises management issues and provides management support. The Board is comprised of 6 executive directors and 7 non-executive directors. The independence and integrity of the Board is maintained by requiring the non-executive directors to make up the majority of the directors. The senior non-executive director serve as the chairman of the Board, maintaining the system of checks and balances.

To secure independence and fairness when organizing the board of directors, the Director Recommendation Committee is set up and director candidates who meet the qualifications IIAC has set, are recommended for a director position. The CEO is appointed by the President of the Republic of Korea through a recommendation of the Minister of Land, Infrastructure, and Transport. Executive directors are appointed by the CEO through Shareholders' General Meetings and non-executive directors are appointed by the Minister of Strategy and Finance through the same meetings. The CEO serves a 3-year term and, the directors serve a 2-year term and can serve consecutive 1-year terms.

Composition
as of June, 2018

Category	Name	Age	Gender	Position/Expertise	Role
Executive Directors	Chung, Il-young	60	Male	President & CEO	
	Park, Yong-Suk	55	Male	Chief Corporate Auditor	
	Lee, Kwang-Soo	56	Male	Executive Vice President	
	Kim, Young-gyu	59	Male	Facilities O&M Division Vice President	
	Kim, Jong-seo	53	Male	Administration & Innovation Division Vice President	
	Yim, Nam-soo	53	Male	Passenger Service Director	
Non-Executive Directors	Yu, Jae-yoon	68	Male	Accounting/Business Management	Auditor
	Choi, Tae-hee	51	Male	Business Management/Overseas Business	Planning and Budget Officer
	Lee, Seung-don	65	Male	Marketing/Economics	Planning and Budget Officer
	Hea, Jong-sik	56	Male	Policy	Auditor
	Jung, Hong-sik	50	Male	Finance/Administration	Planning and Budget Officer
	Hong, Se-gil	67	Male	Aviation/HR Management	
	Yoon, Suk-Koo	61	Male	Finance/Marketing	

Independence and Expertise of the Board of Directors

To ensure expertise and diversity in the decision-making process, IIAC considers various expertise and experiences of the director candidates. Non-executive directors are comprised of experts who have sufficient, professional knowledge and experience in their fields such as economy, business administration, marketing, service, accounting and finance. They are assured of participating in management through advice and recommendations based on those expertise and experiences. Non-executive directors' management recommendations are actively incorporated into corporate management activities and the results are reported as feedback before the opening of the next board of directors' meeting. IIAC also operates Board of Non-Executive Director comprised only of non-executive directors to review agenda before they are brought in to the Board of Director's meetings and provide substantial assistance to the decision-making process.

Board of Directors Operation

IIAC establishes goals for operating the board, monitors the performance and maintains the effectiveness of the board so that the board of directors can play its roles effectively. Also, by setting clear, quantitative goals of the board and a board schedule for each year, IIAC improves the board's operational efficiency. IIAC also holds preliminary seminars to provide information and explanation about key management issues and agenda. The board meetings are held regularly and extraordinary meetings are held when necessary. In 2017, board meeting was called a total of 17 times. The average attendance rate was 947% and a total of 41 items were discussed. IIAC also stipulates that directors are prohibited from voting or participating in meetings on any agenda or items in which he/she is either directly or indirectly interested. Except for special matters, IIAC transparently discloses information about the composition of the board and its committees, board performance and key resolutions of the board on its website and the public institutions' integrated information system, ALIO (All Public Information In-One).
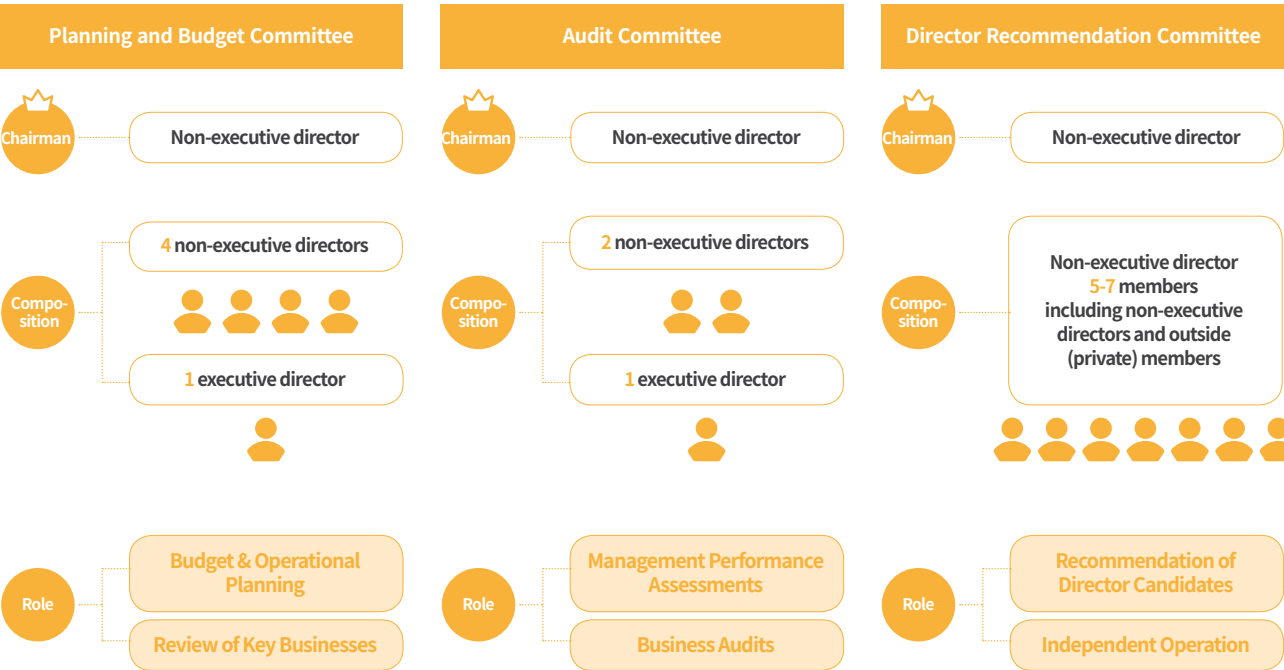
Board of Directors Operational Status

Category		2015	2016	2017
Number of Resolutions/Agenda		49/36	47/45	41/33
Number of Board Meetings		16	17	17
Attendance(%)	Board of Directors	93.7	93.4	94.7
	Non-Executive Directors	91.1	95.1	95.3

Non-Executive Directors' Management Engagement

Category	2015	2016	2017
Non-Executive Directors' Management Advice	5	5	7
Non-Executive Directors' Management Recommendations	22	24	29
Management Recommendations Adopted	22	20	25

Committees within the Board

Planning and Budget Committee
Chairman: Non-executive director
Composition: 4 non-executive directors / 1 executive director
Role: Budget & Operational Planning / Review of Key Businesses

Audit Committee
Chairman: Non-executive director
Composition: 2 non-executive directors / 1 executive director
Role: Management Performance Assessments / Business Audits

Director Recommendation Committee
Chairman: Non-executive director
Composition: Non-executive director 5-7 members including non-executive directors and outside (private) members
Role: Recommendation of Director Candidates / Independent Operation

Key Resolutions of the Board in 2017

Meeting No.	Date	Agenda
17-3	Feb 22, 2017	11 items including the approval of the 18th financial statements (FY2016)
17-4	Mar 15, 2017	7 items including a plan for the establishment of and operational support for the City-Airport Terminal at KTX Gwangmyeong Station
17-8	Jun 28, 2017	5 items including a mid-to-long term financial management plan for 2017-2021
17-10	Aug 08, 2017	Plans for the establishment of a special purpose corporation
17-11	Aug 23, 2017	5 items including the mid-to-long term management goals for 2018-2022
17-12	Sep 13, 2017	Plans for terminating contracts with partners to convert temporary employees into full-time, regular employees
17-14	Oct 25, 2017	2 items including a plan for sponsoring the 2018 Pyeongchang Winter Olympics
17-17	Dec 26, 2017	Plans for converting temporary employees at Incheo Airport into full-time, regular employees

Board Compensation and Assessment

The president who is the head of IIAC is evaluated based on the Assessment of the Management Performance of Public Institutions and the Assessment of the Management Performance of CEO of Public Institutions by the Ministry of Strategy and Finance. Executive directors are evaluated on their efforts to realize management principles and contributions to management goals, based on the Assessment of the Management Performance of Public Institutions and the Assessment of Management Contract Implementation Performance. The directors are compensated according to the regulations and as decided upon at a Shareholders' General Meeting and, their compensations are disclosed to the public according to the relevant regulations and laws.
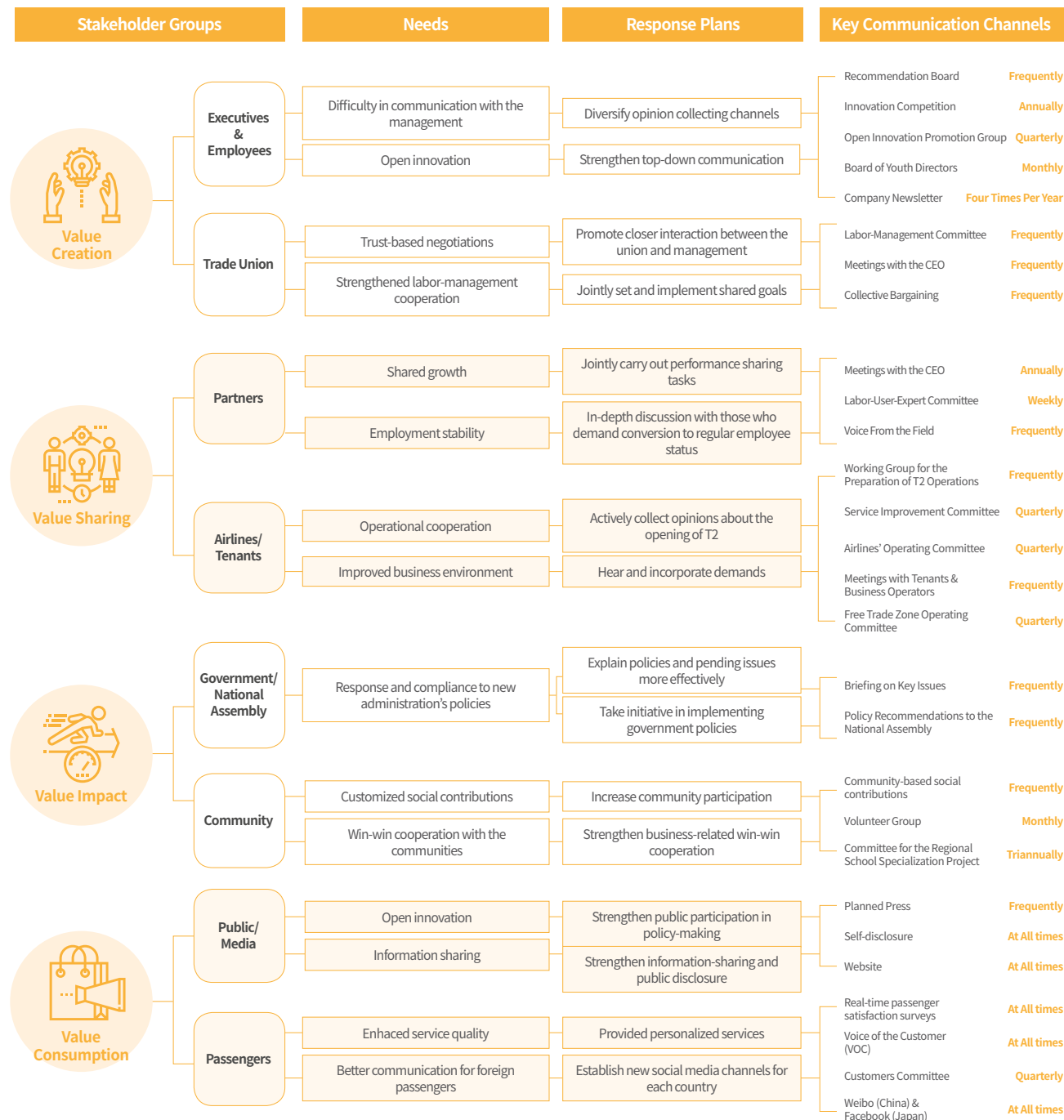
Stakeholder Engagement

Defining and Communicating with Stakeholders

To enhance the future value of Incheon Airport where various institutions and businesses are located at, communication and cooperation with the stakeholders is very important. IIAC has categorized the stakeholders based on legal, financial and operational responsibilities, their influence and the flow of value through management activities and, is sharing sustainable management issues with the stakeholders through various communication channels.

In 2017, responding to changes in communication environment, IIAC categorized the stakeholders into more detailed groups and strengthened communication programs for the stakeholders, focusing on further enhancing stakeholder inclusion and communication. Cooperating with the stakeholders in sustainable management activities, IIAC is striving to establish health and trustful relationships with the stakeholders.
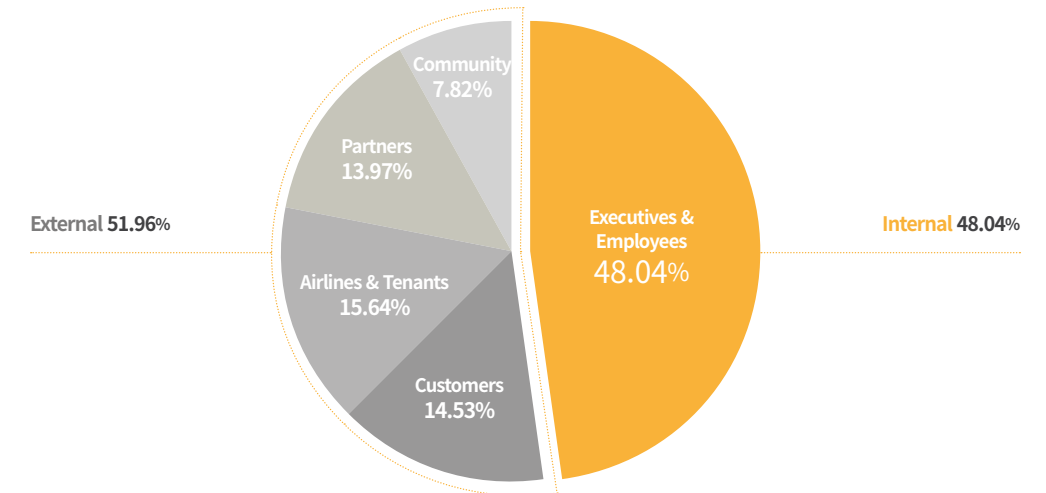
Stakeholder Groups & Communication Channels

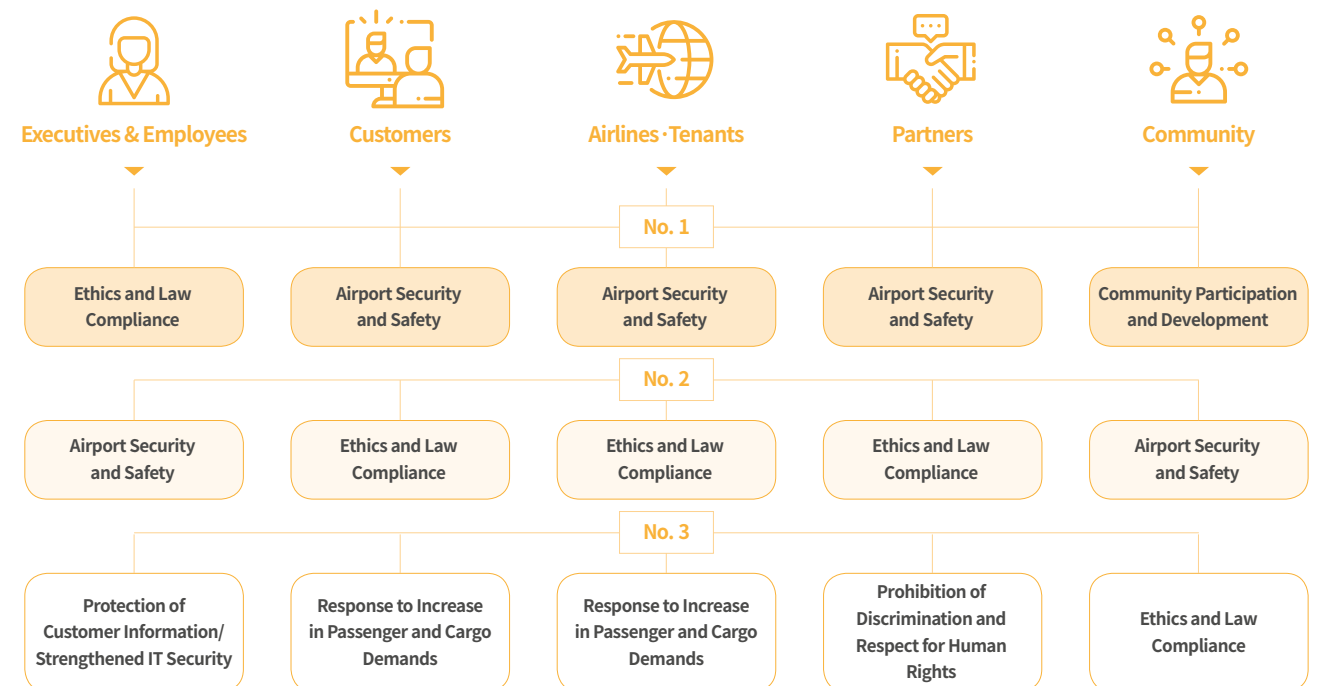| Stakeholder Groups		Needs	Response Plans	Key Communication Channels	
Value Creation	Executives & Employees	Difficulty in communication with the management	Diversify opinion collecting channels	Recommendation Board	Frequently
				Innovation Competition	Annually
		Open innovation	Strengthen top-down communication	Open Innovation Promotion Group	Quarterly
				Board of Youth Directors	Monthly
				Company Newsletter	Four Times Per Year
	Trade Union	Trust-based negotiations	Promote closer interaction between the union and management	Labor-Management Committee	Frequently
				Meetings with the CEO	Frequently
		Strengthened labor-management cooperation	Jointly set and implement shared goals	Collective Bargaining	Frequently
Value Sharing	Partners	Shared growth	Jointly carry out performance sharing tasks	Meetings with the CEO	Annually
				Labor-User-Expert Committee	Weekly
		Employment stability	In-depth discussion with those who demand conversion to regular employee status	Voice From the Field	Frequently
	Airlines/ Tenants	Operational cooperation	Actively collect opinions about the opening of T2	Working Group for the Preparation of T2 Operations	Frequently
				Service Improvement Committee	Quarterly
				Airlines' Operating Committee	Quarterly
		Improved business environment	Hear and incorporate demands	Meetings with Tenants & Business Operators	Frequently
				Free Trade Zone Operating Committee	Quarterly
Value Impact	Government/ National Assembly	Response and compliance to new administration's policies	Explain policies and pending issues more effectively	Briefing on Key Issues	Frequently
			Take initiative in implementing government policies	Policy Recommendations to the National Assembly	Frequently
	Community	Customized social contributions	Increase community participation	Community-based social contributions	Frequently
				Volunteer Group	Monthly
		Win-win cooperation with the communities	Strengthen business-related win-win cooperation	Committee for the Regional School Specialization Project	Triannually
Value Consumption	Public/ Media	Open innovation	Strengthen public participation in policy-making	Planned Press	Frequently
				Self-disclosure	At All times
		Information sharing	Strengthen information-sharing and public disclosure	Website	At All times
	Passengers	Enhaced service quality	Provided personalized services	Real-time passenger satisfaction surveys	At All times
				Voice of the Customer (VOC)	At All times
		Better communication for foreign passengers	Establish new social media channels for each country	Customers Committee	Quarterly
				Weibo (China) & Facebook (Japan)	At All times

Stakeholder Surveys

Surveys

In pursuit of sustainable management, to understand the issues stakeholders are interested in and the materiality of those issues, IIAC conducts a stakeholder survey every year. By conducting these surveys, IIAC has learned about the materiality of the issues IIAC must preferentially respond to and manage to fulfill social responsibilities and become a sustainable corporation. The valuable opinions gathered from these surveys will be incorporated into IIAC's sustainable management strategies and tasks.

Community 7.82%
Partners 13.97%
External 51.96%
Airlines & Tenants 15.64%
Customers 14.53%
Executives & Employees 48.04%
Internal 48.04%

Survey Result

The stakeholder survey was designed to assess the materiality and impact of sustainable issues from 4 areas (General, Economy, Society, Environment) on IIAC's strategic and systematic implementation of sustainable management. According to the survey results, the stakeholders chose 'Airport Security and Safety' and 'Ethics and Law Compliance as the most important issues. Also, the stakeholders considered 'Response to Increase in Passenger and Cargo Demands', 'Governance Transparency and Expertise', 'Prohibition of Discrimination and Respect for Human Rights' as important issues to respond to and manage.

	Executives & Employees	Customers	Airlines·Tenants	Partners	Community
No. 1	Ethics and Law Compliance	Airport Security and Safety	Airport Security and Safety	Airport Security and Safety	Community Participation and Development
No. 2	Airport Security and Safety	Ethics and Law Compliance	Ethics and Law Compliance	Ethics and Law Compliance	Airport Security and Safety
No. 3	Protection of Customer Information/ Strengthened IT Security	Response to Increase in Passenger and Cargo Demands	Response to Increase in Passenger and Cargo Demands	Prohibition of Discrimination and Respect for Human Rights	Ethics and Law Compliance

SR Stakeholders Committee

SR Stakeholders Committee Meeting in 2018

Recognizing the importance of 'Stakeholder Engagement', IIAC has been working to build a positive and trustful relationship with various stakeholders through communication. To share various activities and performance of IIAC and to incorporate valued opinions of stakeholders to its sustainable management strategies and activities, IIAC has been holding stakeholders committee meetings annually since 2012.

In the SR Stakeholders Committee meeting in 2018, IIAC's outside experts on sustainable management areas looked at various topics and issues in IIAC's sustainable management and carried out an in-depth discussion on the strategic tasks and development plans IIAC need to take on in the future. Also, IIAC's personnel and supervisors overseeing IIAC's sustainable management participated in the meeting as an inside panel to share IIAC's policies and direction for sustainable management activities.

Topic	Examination of IIAC's CSR Activities and Recommendations for Development
Date	July 3 (Tue), 2018
Location	Conference Room, West Hall, IIAC Building

Stakeholders Committee Members of 2018

SR Areas	Attendees	SR Areas	Attendees
Chairman	Professor Lee Sang-cheol, Pusan National University	Shared Growth	Director Nam Jeong-sik, Director, FMASSOCIATES
Customer Service	Lee Min-wook, Customers Committee at IIAC	Community	Son Byeong-il, Team Chief, Incheon Community Chest of Korea
Safety & Security	Kim Yong-in, Manager, Asiana Airlines	Environment	Shin Hae-young, Team Chief, Forest for Life
Growth & Development	Ko In-hee, Vice Manager, Shilla Duty Free Shop	Ethics	Cho Chang-hoon, Director at Sogang University Compliance Center

Suggestions on Sustainable Management Development

Chairman: Professor Lee Sang-cheol
Pusan National University

The fundamental goal all organizations pursue is sustainability and IIAC should never overlook the importance of sustainability.

The most important question IIAC should ask when pursuing sustainable management is "What do we have to do to achieve sustainable management?" and this approach should also be applied to realizing social values. Realizing social values is important but it is one area among many areas of sustainable management and it is not a superordinate concept that represents a company's philosophy towards corporate sustainability. I believe it is more appropriate for IIAC to work on realizing social values following the government's policy direction while focusing on ensuring its sustainability.

Nam Jeong-sik, Director
FMASSOCIATES

IIAC must strive to convert temporary employees to regular, full-time employees based on continuous communication, discussion, principles and according to a proper procedure.

After expressing a clear will to convert temporary employees to regular, full-time employees for the first time in 2017, IIAC has since been discussing the details for the plan. The sheer number of temporary employees that have to be converted to regular employees and conflicts of interest among various stakeholders brought up many issues but IIAC has been communicating continuously with the stakeholders and has been working very hard to ensure procedural validity of the plan. To reach a desired conclusion, IIAC must always keep in mind to work and make decisions based on sound principles and procedures.

Lee Min-wook, Customers Committee at IIAC

IIAC's sustainable management should be centered around Incheon Airport's business areas, jobs and users.

Until now, the bidding and selection process for tenants and concessions centered around primarily around major corporations. And because of this, some costs were passed on to the customers and the customers did not have access to the services they want. If IIAC can designate and lease a portion of airport facilities to social enterprises and SMEs, airport users will be able to receive new services and IIAC will be able to fulfill its social responsibilities as well.

Son Byeong-il, Team Chief
Incheon Community Chest of Korea

IIAC must carry out unique CSR projects of its own.

As a public corporation, IIAC must participate in communities regardless of profit and carry out activities that are expected of public corporations. IIAC must show more interest and provide more support towards the socially disadvantaged groups and the groups left in the blind spots even if the activities do no guarantee visible outcomes. Instead of doing what every other companies are doing, IIAC should focus on carrying out community contribution projects for public interest.

Kim Yong-in, Manager
Asiana Airlines

IIAC must try its best to ensure on-time performance while maintaining the highest security and safety standards.

Security and safety are two of the most important elements for airport operations and for travelers using airports, the most important thing is the on-time performance of the airlines and aircraft. I believe Incheon Airport has made efforts from various angles to ensure perfect security and safety since its establishment. The latest trend at home and abroad is smart airport. I hope Incheon Airport transforms into a true smart airport that offers fast and convenient services to its users while ensuring flawless security and safety.

Shin Hae-young, Team Chief
Forest for Life

There needs to be consideration for and countermeasures to fine dust and biodiversity.

Fine dust and air quality have become some of the most important issues recently and I believe IIAC should take environmental issues into account in terms of achieving sustainable management. I expect IIAC to take responsibilities as a public corporation for causing damages to the Yeongjongdo Mudflat which is a habitat for many endangered migratory birds from airport constructions and causing fine dust from aircraft and airport facilities. I sincerely hope IIAC participate in various activities to reduce fine dust and to monitor, preserve and restore the ecological system in Yeongjongdo.

Ko In-hee, Vice Manager
Shilla Duty Free Shop

To achieve sustainable management that ensures shared growth and coexistence with various businesses and professionals at Incheon Airport, IIAC must work on improving the labor conditions of the employees of the airport tenants.

Many workers have to get to the airport very early in the morning but currently, the shuttle busses cannot service all the workers sufficiently. Opening of T2 has made it coming to work more difficult and I sincerely hope IIAC to solve this issue for people working at the airport. Also, it would be great if IIAC can make it more convenient for the workers to get to the training sites where they have to complete the required security training.

Cho Chang-hoon, Director
Sogang University Compliance Center

Reporting of material issues and Stakeholder Engagement need to be improved.

Sequential reporting of changes in the material issues drawn from materiality assessments and analysis of the changes in priorities of those issues will help IIAC better understand the material issues in sustainable management. Also, IIAC should consider improving the internal stability of stakeholder-participating programs like the SR Stakeholders Committee. Instead of operating a one-time advisory body comprised of stakeholders, IIAC should find ways to feedback various opinions the stakeholders provide.

Materiality Assessment

Materiality Assessment Process

Selection of material issues is one of the most important processes required for efficient and systematic reporting of various sustainable management issues. IIAC conducted a materiality assessment based on the ISO 26000 Standards and the four principles defining reporting content (Sustainability Context, Materiality, Completeness, Stakeholder Engagement) which are recommended by the GRI Standards and, chose material issues for IIAC's sustainable management. Among various sustainable management issues, IIAC prepared the table of contents of this report with the issues that are most relevant to IIAC's sustainable management and businesses as well as those stakeholders are most interested in.

Materiality Assessment Results

IIAC's stakeholders have assessed the materiality of various sustainability issues and IIAC has selected 16 key sustainability issues that have the highest average materiality scores. In 2018, the key issues which the executives, employees and stakeholders of IIAC have considered the most material issues were, 'Airport Security and Safety', 'Response to Increase in Passenger and Cargo Demands' and 'Service Improvement for Building a Convenient Airport' which are closely linked to IIAC's airport operations.

IIAC collected opinions towards those material issues from the stakeholders of IIAC's 7 key sustainable management areas through the SR Stakeholders Committee meeting held annually. The members of the SR Stakeholders Committee chose 'Shared Growth with and Support for Partners and SMEs' and 'Community Participation and Development' as the most important issues that were not selected as material issues but that IIAC need to manage with focus to achieve sustainable management. IIAC included those issues in the table of contents and reported its activities and performance regarding them.

Materiality Assessment Process

Step 1. Identification

Identification of key sustainable management issues through analysis of internal and external environment

Global Standards Analysis

Review reporting standards and guidelines of the GRI Standards, ISO 26000, UNGC and DJSI

Media Analysis

Analyze articles on IIAC to understand public awareness of IIAC

Benchmarking

Identify issues other relevant companies are preferentially reporting by analyzing sustainability reports published by similar companies at home and abroad

ISO 26000 Implementation Analysis

Analyze IIAC's CSR implementation performance based on the ISO 26000 assessment tool developed by the Ministry of Knowledge Economy and draw issues that IIAC shows weaknesses in

Step 2. Prioritization

Prioritization of material issues through relevance/significance assessments

Relevance Assessment

Assess relevant of sustainable management issues drawn from analysis of internal and external environment and draw 34 issues

Significance Assessment

Carry out an online stakeholder survey from May 23, 2018 to May 30, 2018, prioritize the issues and choose a total of 16 material issues
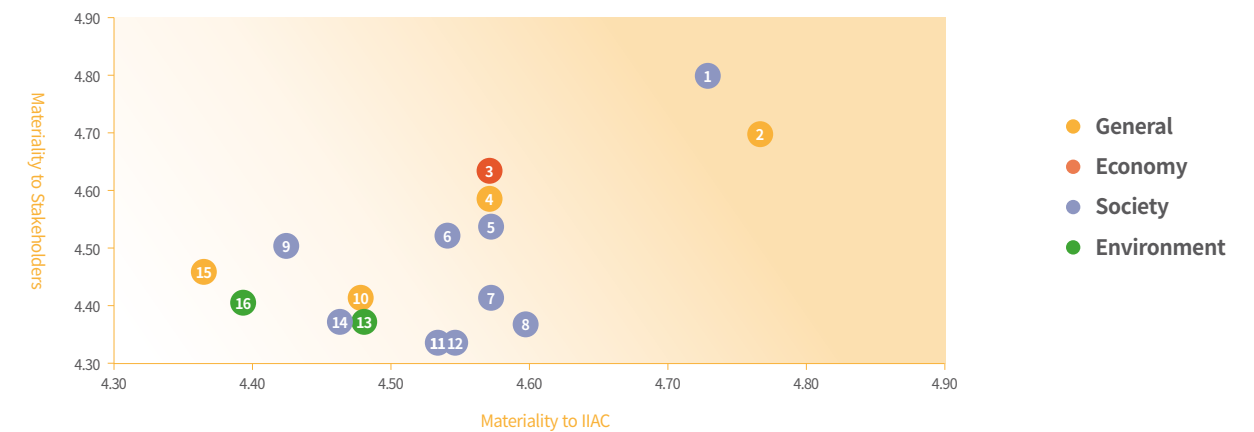
Step 3. Validation

Validation of material issues

· Verify at TF meetings and SR Stakeholders Committee meetings whether the 16 materials issues chosen are important issues for IIAC's sustainable management

· Decide on the scope, boundaries and period for reporting the material issues and, establish a report development plan

Materiality to Stakeholders / Materiality to IIAC

- General
- Economy
- Society
- Environment

Material Issues and Table of Contents

No.	Material Issues	Table of Content	Reporting Boundaries	Pages	Ranking in 2017
1	Airport Security and Safety (Operations Safety, Disaster Safety)	Safe Airport	Executives, Employees, Customers	18~21	2
2	Ethics and Law Compliance (Economic, Social and Environmental Regulations)	Ethical Management	All Stakeholders	52~53	11
3	Response to Increase in Passenger and Cargo Demands	Global Hub Airport	Executives, Employees	26~29	New
4	Governance Transparency and Expertise	Governance	Executives, Employees	54~55	4
5	Prohibition of Discrimination and Respect for Human Rights	Talent Management	Executives, Employees, Partners	36~41	18
6	Service Improvement for Building a Convenient Airport	Convenient Airport	Executives, Employees, Customers	22~25	6
7	Executives' and Employees' Safety and Health	Talent Management	Executives, Employees	36~41	New
8	Work-Life Balance	Talent Management	Executives, Employees	36~41	New
9	Protection of Customer Information	Convenient Airport	Executives, Employees, Customers	22~25	23
10	Management of Economic, Social and Environmental Risks	Risk Management	All Stakeholders	62	New
11	Fair Performance Evaluation and Reasonable Compensation	Talent Management	Executives, Employees	36~41	New
12	Establishing Trustful Labor-Management Relations	Talent Management	Executives, Employees	36~41	New
13	Waste and Wastewater Management	Environment-Friendly Airport	Executives, Employees	47~49	New
14	Improving Customer Satisfaction	Convenient Airport	Customers	22~25	3
15	Stakeholder Engagement (Expanding Communication Channels, Responding to Interests)	Stakeholder Engagement	All Stakeholders	56~59	14
16	Indoor Air Quality Management	Environment-Friendly Airport	Executives, Employees	47~49	New
Added	Shared Growth with and Support for Partners and SMEs	hared Growth and Win-Win Cooperation	Executives, Employees, Partners	42~43	1
Added	Community Participation and Development (CSR activities, community investment)	Community Participation	Executives, Employees, Communities	44~46	7

Risk Management

Risk Management System

IIAC is striving to achieve a foundation for sustainable growth through systematic management of various risks that can arise from uncertain business environment and activities. In 2017, operating an Enterprise Risk Management (ERM) 24/7, IIAC strengthened the internal stability of its risk management. Also, IIAC revised and improved its Key Risk Indicators (KRIs) and Early Warning Indicators (EWIs) and, strengthened its ability to detect risks in advance. To stably carry out businesses and projects in the future, IIAC classified 29 key corporate risks into 3 categories based on predictability and controllability. Then, IIAC set a management direction for each category to preemptively respond to risks that may arise. IIAC monitors risks at all time based on its Key Risk Indicators (KRIs) and responds to them based on its response manual which provides guidelines for responding to 4 levels of risks (Moderate, Substantial, Severe, Critical).

At IIAC, the Planning and Coordination Division is in charge of management risks (Strategic Management Group) and the Integrated Operations Center (IOC) manages operational risks (Internal Control Group and Crisis Response Group). These primary risk management bodies establish and operate standards for risk management work, general management of regulations and manuals related to risk management and general monitoring of emergency response activities. The 29 key risks are handled by designated teams and these teams take initiative towards risk management and response by establishing and managing risk manuals, monitoring risks 24/7 and determining signs of crisis. In crisis, the offices and divisions where the risk management departments belong to, formulate a crisis response body (control tower) and systematically responds according to the severity of the crisis following company-wide risk control measures directed by the CEO and CRO (Chief Risk Officer).

Risk Management by Risk Category

Category	Management Direction	Key Risks	Management System Improvements
Internal Control Group (16 risks)	**Detection of risk signs using early warnings**	① **Shuttle train failures** ② **15 risks including illegal entry**	· **EWI for shuttle train operations changed** - Number of Events → Number of Inspections/Measures Carried Out
Crisis Response Group (10 risks)	**Development of preparatory response capabilities**	① **Earthquake damage** ② **9 risks including traffic congestion**	· **Revise situation management guidelines for different sizes of earthquakes** - Revised KRIs to reflect different sizes of earthquakes
Strategic Management Group (3 risks)	**Strategy/policy response**	① **Reduced sales of duty free shops** ② **2 risks including overall reduction in airport demands**	· **Revised KRIs/EWIs for sales reduction in duty free stores** - Accumulated sales during the same period in the previous year reviewed

※Strategic Management Group (Risks in Future Businesses/Operations), Internal Control Group (Risks in Airport Operations), Crisis Response Group (Disaster-Related Risks)

Management of Risks in Future Businesses

In 2017, IIAC has set 'Exit of Operators of Airport Duty Free Store) as a risk, analyzed risks and revenue estimate for all possible risk cases and prepared for interruption of sales from duty free stores, measures to minimize traveler inconvenience and additional exist of duty free store operators in the future.

Performance in Managing Risks in Future Businesses/Operations

1 Risk Occurrence
Possibility of withdrawal of Company 'L', the largest operator of duty free stores at Incheon Airport, raised

2 Risks Analysis
KRI Analysis:
Risk assessment reviewing case-by-case revenue estimates

3 Risk Analysis Results
All possible cases (①~④) were rated 'Critical'
→ CEO of IIAC organized a response headquarters

Case-by-Case Response Plans

① · Prepare in advance to launch a tender for duty free stores taking into the period when the current operator would be pulling out as well as applicable laws/regulations
②,③ · Strengthen competitiveness of commercial facilities: Consider establishing online duty free stores and duty free stores in the arrivals hall
④ · Promote mid-to-long term future projects
   · Improve business models and materialize airport charges

Expected Effects

· Minimized sales interruption in duty free stores and traveler inconvenience by quickly filling concessions with new operators
· Reduced risks of operators pulling out in the future by carrying out constructions by itself and introducing improved business models for commercial facilities
· Current revenue structure that focuses on commercial revenue restructured by diversifying revenue streams

Appendix

1. Sustainability Performance

2. Third Party Assurance Report

3. ISO 26000 Performance Assessment Results

4. GRI & ISO 26000 Index

5. UNGC / UN SDGs

6. Key Awards and Memberships

Sustainability Performance

Economic Performance

Summary of Consolidated Statements of Financial Position

19th: January 1, 2017 - December 31, 2017
18th: January 1, 2016 - December 31, 2016
17th: January 1, 2015 - December 31, 2015

Incheon International Airport Corporation and its Subsidiaries		(Unit: KRW)		
	Items	19th	18th	17th
I.	Current Assets	877,353,824,344	592,945,210,582	345,815,126,075
	1. Cash and Cash Equivalents	502,724,825,699	281,867,978,793	96,901,782,660
	2. Current Financial Assets	820,203,896	1,163,531,683	1,467,939,007
	3. Trade and Other Receivables	331,778,070,864	270,697,308,550	223,742,712,680
	4. Inventories	22,502,605,857	19,757,410,341	18,018,769,544
	5. Current Tax Assets	97,970,516	106,096,403	201,677,151
	6. Other Current Non-Financial Assets	19,430,147,512	19,352,884,812	5,482,245,033
	Non-Current Assets	11,479,456,083,115	10,359,093,286,932	9,091,696,716,327
	1. Other Non-Current Financial Assets	31,071,987,126	32,058,496,652	31,002,767,346
	2. Long-Term Trade and Other Receivable	31,372,825,097	50,961,538,875	79,742,446,983
	3. Properties and Equipment	10,583,500,595,113	9,472,778,737,704	8,229,156,468,631
II.	4. Investment Properties	366,748,920,070	363,151,089,038	366,201,598,363
	5. Goodwill	177,398,443,930	177,398,443,930	177,398,443,930
	6. Intangible Assets Other than Goodwill	75,603,628,837	52,104,968,915	58,383,268,798
	7. Deferred Tax Assets	138,418,180,690	126,030,120,047	126,861,616,665
	8. Non-Current Non-Financial Assets	75,341,502,252	84,609,891,771	22,950,105,611
Total Assets		12,356,809,907,459	10,952,038,497,514	9,437,511,842,402
I.	Current Liabilities	1,307,653,463,904	701,725,442,511	588,658,058,911
	1. Trade and Other Payables	478,766,105,413	256,831,591,295	197,878,415,443
	2. Current Financial Liabilities	546,486,912,400	195,823,959,591	181,446,147,684
	3. Current Income Tax Liabilities	219,467,735,368	196,646,353,877	161,766,247,231
	4. Other Current Non-Financial Liabilities	44,613,253,484	37,890,901,023	34,961,851,441
	5. Current Provisions	18,319,457,239	14,532,636,725	12,605,397,112
	Non-Current Liabilities	3,007,721,211,274	2,980,542,714,499	2,273,583,349,719
	1. Long-Term Trade and Other Payables	1,075,827,119,776	944,549,654,075	914,735,955,331
	2. Non-Current Financial Liabilities	1,800,000,000,000	1,907,301,799,800	1,210,857,014,623
II.	3. Non-Current Non-Financial Liabilities	123,774,321,980	118,758,980,323	135,008,322,183
	4. Employee Benefit Liabilities	8,119,769,518	7,520,610,952	8,712,416,900
	5. Non-Current Provisions	0	2,411,669,349	4,269,640,682
Total Liabilities		4,315,374,675,178	3,682,268,157,010	2,862,241,408,630
I.	Paid-In Capital	3,617,845,480,000	3,617,845,480,000	3,617,845,480,000
II.	Retained Earnings (Deficiencies)	4,424,909,799,712	3,652,643,257,966	2,958,346,889,422
III.	Other Equity Components	(341,673,086)	335,465,438	144,173,493
IV.	Equity Attributable to Owners of the Parent	8,042,413,606,626	7,270,824,203,404	6,576,336,542,915
V.	Non-Controlling Interests	(978,374,345)	(1,053,862,900)	(1,066,109,143)
Total Equity		8,041,435,232,281	7,269,770,340,504	6,575,270,433,772
Total Equity and Liabilities		12,356,809 ,907,459	10,952,038,497,514	9,437,511,842,402

Summary of Consolidated Statements of Comprehensive Income

Incheon International Airport Corporation and its Subsidiaries		(Unit: KRW)		
	Items	19th	18th	17th
I.	Revenue	2,499,104,360,348	2,241,343,498,014	1,940,591,950,986
II.	Cost of Sales	866,636,220,132	804,821,000,619	767,556,236,150
III.	Gross Profit	1,632,468,140,216	1,436,522,497,395	1,173,035,714,836
IV.	Selling and Administrative Expenses	168,320,722,786	128,445,164,856	119,378,180,453
V.	Operating Profit	1,464,147,417,430	1,308,077,332,539	1,053,657,534,383
VI.	Other Revenue	3,348,860,584	6,451,959,723	500,544,024
VII.	Other Expenses	21,900,936,131	11,562,438,736	18,762,790,144
VIII.	Other Gains (Losses)	42,514,125,425	(2,469,607,415)	13,585,354,859
IX.	Financial Income	8,852,356,467	6,194,868,204	10,063,946,273
X.	Financial Costs	27,725,772,139	25,932,888,737	33,440,412,324
XI.	Profit Before Tax	1,469,236,051,636	1,280,759,225,578	1,025,604,177,071
XII.	Income Tax Expenses	352,434,660,485	315,770,077,563	254,240,092,416
XIII.	Profit From Continuing Operations	1,116,801,391,151	964,989,148,015	771,364,084,655
XIV.	Profit	1,116,801,391,151	964,989,148,015	771,364,084,655
XV.	Other Comprehensive Income (Net of Tax)	2,176,801,113	125,685,953	(2,485,647,087)
XVI.	Total Comprehensive Income	1,118,978,192,264	965,114,833,968	768,878,437,568
	Attributable Profit	1,116,801,391,151	964,989,148,015	771,364,084,655
XVII.	1. Profit Attributable to Owners of the Parent	1,116,726,531,483	964,977,379,371	771,323,499,869
	2. Profit (Loss) Attributable to Non-Controlling Interests	74,859,668	11,768,644	40,584,786
	Attributable Comprehensive Income	1,118,978,192,264	965,114,833,968	768,878,437,568
XVIII.	1. Comprehensive Income Attributable to Owners of the Parent	1,118,902,569,302	965,102,502,389	768,838,945,617
	2. Comprehensive Income Attributable to Non-Controlling Interests	75,622,962	12,331,579	39,491,951

Summary of Statements of Financial Position

(Unit: %)

Category		2015	2016	2017
Stability	Debt Ratio	43.5	50.7	53.7
	Equity-to-Asset Ratio	69.7	66.4	65.1
Profitability	Operating Profit Ratio	54.3	58.4	58.6
	Return On Assets	8.2	8.8	9.0
	Pretax Profit Margin	52.9	57.1	58.8
Growth	Revenue Growth Rate	10.6	15.5	11.5
	Total Assets Growth Rate	14.9	16.0	12.8
	Properties and Equipment Growth Rate	13.1	15.1	11.7

Performance in Air Transport

Category		2015	2016	2017
Aircraft Movements	Total Movements	305,446	339,673	360,295
	International Movements	300,634	334,528	355,162
Passengers	Total Passengers	49,281,210	57,765,397	62,082,032
	International Passengers	48,720,319	57,152,206	61,520,572
	Transit Passengers	7,416,850	7,155,109	7,319,144
	Transfer Rate (%)	15.1	12.4	11.8
Cargo	International Cargo (Tons)	2,595,554	2,714,217	2,921,635
	Transit Cargo (Tons)	1,033,002	1,072,560	1,130,949
	Transfer Rate (%)	39.8	39.5	38.7

Performance in Airport Operations

(Unit: KRW 100 mil.)

Category		2015	2016	2017
Revenue		**18,785**	**21,860**	**24,306**
Aeronautical Revenues	Flights	3,319	3,552	3,671
	Passengers	3,534	4,133	4,493
Non-Aeronautical Revenues	Commercial & Retail	10,040	12,177	14,050
	Rent/Utility	1,810	1,917	2,008
	Overseas and Others Businesses	81	81	84

Distribution of Financial Value

(Unit: KRW 100 mil.)

Stakeholders	Items	2015	2016	2017
Executives and Employees	Labor Cost*	987	1,059	1,241
Partners	Outsourcing Costs**	3,172	3,486	3,645
Shareholders and Investors	Dividends	2,706	3,473	4,725
	Interests	309	208	231
Government	Tax and Dues, Corporate Tax	2,829	3,489	3,892
Community	Contributions	99	68	181
Other	Facility Management Fees, Rents	8,683	3,970	4,533

* Labor Cost: Pay+Allowances+Miscellaneous Pay+Retirement Benefits+Welfare Benefits
** Outsourcing Cost: Airport industry is a labor-intensive industry and IIAC creates jobs for more than 6,000 people outside

Social Performance

Overview of Executives and Employees

(Unit: People, %)

Category		2015	2016	2017
Total		**1,179**	**1,241**	**1,345**
Gender	Male (%)	898(76.2)	937(75.5)	1,017(75.6)
	Female (%)	281(23.8)	304(24.5)	328(24.4)
Number of Employees Who Have Retired or Left to Work for Other Company	Male (%)	26(2.2)	20(1.6)	15(1.1)
	Female (%)	14(1.2)	9(0.7)	10(0.7)
Types of Employment	Regular	1,142	1,204	1,301
	Indefinite Term	2	2	5
	(Directly Hired) Temporary	35	35	39
	Indirectly Hired	6,485	6,863	9,219
New Employees	Male (%)	47(68)	51(64)	88(75)
	Female (%)	22(32)	29(36)	30(25)
Region	Domestic	1,171	1,225	1,334
	Overseas	8	16	11
Position	Executives	5	5	6
	Supervisors & Managers	408	427	452
	Employees	766	809	887
Age	20s (%)	278(23.6)	301	324
	30s (%)	335(28.4)	350	379
	40s (%)	418(35.5)	404	430
	50s and Older (%)	148(12.5)	186	212
Types of Employment	Regular		1,142	1,204	1,301
	Temporary	Indefinite Term	2	2	5
		Directly Hired	35	35	39
		Indirectly Hired (Outsourcing)	6,485	6,863	9,219
Diversity	Number of Female Employees (%)	281(23.8)	304(24.5)	328(24.4)
	Number of Females in Management Positions (%)	19(4.7)	21(4.9)	24(5.3)
	Percentage of People with Disabilities (%)	3.2	3.5	3.2
New Employees	Male (%)	47(68)	51(64)	88(75)
	Female (%)	22(32)	29(36)	30(25)
	People with Disabilities	4	3	1
	High School Graduates	3	8	26
	Men of National Merit	3	3	7
	Outstanding Regional Human Resources	18	29	48

Training and Education

Category		Unit	2015	2016	2017
Training & Education Hours Per Person	Male	Hr	136	159	162
	Female		137	130	132
Training & Education Budget Per Person		KRW 10,000	238	244	253
Number of People Trained by Position (%)/Hr	Level 1~2	People (%)/Hr	127(11)/8.587	151(12)/11,760	163(12%)/13,036
	Level 3		279(25)/22,302	318(26)/28,383	334(25%)/37,070
	Level 4		381(34)/34,260	390(32)/43,341	450(34%)/49,789
	Level 5 and Under		337(30)/17,872	365(30)/24,915	388(29%)/42,991
Satisfaction Level (Out of 5 Points)		Point	4.66	4.74	4.73
Applicability (Out of 5 Points)			4.36	4.52	4.55

Human Rights Training and Education

Category	Unit	2015	2016	2017
Training and Education Hours	Hr	8,350	6,341	12,175
Number of People Trained	People	1,059	1,167	1,271
Ratio	%	100	100	100

Use of Flexible Work Arrangements and Short-Term Work

(Unit: People)

Category		2015	2016	2017
Hourly Work		15	19	29
Flexible Work Arrangements	Personalized Starting & Departure Times	77	199	306
	Personalized Work Hours	26	64	366
	Compressed Work Schedule	-	-	5
	Personalized Working Method & Schedule	-	-	-
Remote Work Policy	Work-From-Home	-	-	-
	Smart Work	31	231	106

Use of Parental Leave

(Unit: People, %)

Category		2015	2016	2017
Number of Users	Male	3	6	8
	Female	27	42	46
Number of Employees Returned	Male	1	2	6
	Female	12	8	20
Number of Employees Retained for 12 Months After Returning	Male	1	2	6
	Female	10	8	16
Return Rate	Male	50.0	100.0	100.0
	Female	100.0	100.0	100.0
Continuous Service Rate	Male	100.0	100.0	100.0
	Female	93.3	83.3	100.0

Environmental Performance

Energy Use

Category	Unit	2015	2016	2017
Electricity		2,608	2,739	3,281
Medium Temperature Hot Water	TJ	490	489	670
Other		60	61	71
Total		3,158	3,289	4,022
Energy Use Intensity (Energy Use/Revenue)	TJ/KRW 1 mil.	0.00182	0.00147	0.00161

Executives' and Employees' Safety and Health

Category	Unit	2015	2016	2017
Number of Employees with Injuries and Illnesses	People	0	0	0
Incidence of Injuries and Illnesses	%	0	0	0
Number of Lost Work Days from Injuries and Illnesses	Day	0	0	0
Percentage of Lost Work Days from Injuries and Illnesses	%	0	0	0
Work-Related Deaths	People	0	0	0
Absence Rate	%	0	0	0
Number of Employees with Occupational Diseases	People	0	0	0
Incidence of Occupational Diseases	%	0	0	0

Shared Growth

(Unit: Points)

Category	Unit	2015	2016	2017
Shared Growth Assessment Rating		Average	Average	Average
Partners' Satisfaction with the Win-Win Cooperation Program	Point	93.3	94.4	94.7
SLA Budget		65	68	65
Purchases from SMEs	KRW 100 mil.	4,226	7,246	8,333
Airport R&D Revenue		4.9	68.2	102

Greenhouse Gas Emissions

(Unit: tCO$_2$)

Category	Direct Emissions	Indirect Emissions	Total	GHG Intensity (GHG Emissions/Revenue, tCO$_2$/KRW 1 mil.)
2015	20,923	149,968	168,891	0.097
2016	22,770	154,290	177,060	0.079
2017	23,346	188,987	212,333	0.085

Water Resources Management

Category	Unit	2015	2016	2017
Water Use	m^3	1,058,210	1,645,543	2,039,943
Water Use Intensity	l/Passenger	21.5	28.5	32.9
Sewage Volume	m^3	4,809,813	5,079,378	5,232,007
Amount of Water Recycled		3,426,172	2,616,649	3,274,577

Community Participation

Category	Unit	2015	2016	2017
Number of Volunteer Participants	People	1,244	503	362
Volunteer Hours	Hr	4,159	2,979	2,640

Customer Satisfaction Surveys

(Unit: Points)

Type	2015	2016	2017
Satisfaction with Departure Services	86	81	87
Satisfaction with Arrival Services	82	83	85
Satisfaction with Transit Services	83	81	87
Satisfaction with Airlines' Services	86	89	91

Waste Generation

Category	Unit	2015	2016	2017
Waste Generated		36,596	31,010	32,780
General Waste	Ton	15,756	17,568	17,481
Designated Waste		1,372	1,430	1,402
Construction Waste		19,468	12,012	13,896

VOC Operations

Category	Unit	2015	2016	2017
Number of Cases Registered	Case	5,763	5,426	6,083
Number of Cases Processed		5,763	5,426	6,083
Process Rate	%	100	100	100

Waste Processing

Category	Unit	2015	2016	2017
Recycling	Ton	25,357	18,195	19,108
Percentage of Waste Recycled	%	69.4	59.7	58.3
Incinerated	Ton	10,118	11,613	12,493
Buried		1,121	1,203	1,179

Third Party Assurance Report

To the Management of Incheon International Airport Corporation

The Institute for Industrial Policy Studies (hereinafter referred to as "Auditor"), hereby presents the following statement of assurance, upon the request for auditing the 2017/18 Incheon International Airport Corporation Sustainability Report (hereinafter referred to as "Report") as a licensed sustainability assurance provider.

Responsibility & Objective

Incheon International Airport Corporation (hereinafter referred to as "IIAC") is responsible for the sustainability performance measures and all statements contained in this report. The objective of the assurance is to offer professional counsel to improve the quality of the report by; checking whether there were any errors or bias present in the Report; by assessing whether the data collection system is in appropriate working order; and by examining the process of identifying issues of material importance to sustainability management.

Assurance Type & Level

The Auditor referred to AA1000APS(2008)*, ISAE3000** and GRI Standards*** for the assurance of the Report.

Assurance Scope	Economic, environmental and social dimensions of the report's performance measures and objectives
Assurance Type & Level	Type II - Moderate level
Assurance Criteria	• "IPS Assurance Manual™" to verify compliance against the three core principles of AA1000AS (2008) • "IPS Performance Indicators Assurance Criteria™" to assess the reliability of performance indicators based on ISAE3000 • GRI Standards: "Core Option" criteria

* AA1000 – Accountability Principles Standard 2008: one of the sustainability report assurance standard series established by the non-profit organization AccountAbility based in the UK, in order to audit corporate social responsibility and sustainability development, thus explaining a set of auditing principles. Other standards include AA1000AS(2008) for assurance process standards and AA1000SES(2008) for stakeholder engagement process standards.

** International Standard on Assurance Engagements 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information" established by the International Federation of Accountants (IFAC)

*** The Global Reporting Initiative (GRI) is a non-profit organization established in 1997, by the Coalition for Environmentally Responsible Economies (CERES) the United Nations Environment Programme (UNEP), releasing a sustainability reporting framework in 2000 for multinational organizations. Followed by the revised G4 version developing on areas of supply chain, governance, ethics & integrity, anti-corruption, GHG emissions & energy disclosures, the latest GRI framework released in 2016 has modular structure, making them easier to update and adapt.

Assurance Process and Activities

The Auditor confirmed ① the inclusivity, materiality, and responsiveness of the reported content; ② the reliability of the reported performance data; and ③ the GRI Standards "In accordance" criteria.

• Review of IIAC's identification process of material issues and following results
• Review of the stakeholder engagement process
• Review of data samples, other than financial statements, used as sources for economic, environmental and social quantitative performance measures
• Review of reference materials underlying economic, environmental and social qualitative performance measures
• Review of the Report's compliance with GRI Standards

In-person interviews with sustainability reporting management and staff, within IIAC, were not held due to the conditions of the assurance agreement, however, assurance measures were conducted through written correspondence.

Assurance Findings

The Auditor discussed about the Report's editing with IIAC though written correspondence and reviewed the final draft of the Report to confirm whether our requests and recommendations for revision were reflected. As a result, the Auditor could not find any inappropriate contents violating the following assurance principles, or any evidence showing major errors or bias in the performance information or claims stated within the assurance scope.

Inclusivity
Were IIAC's stakeholder engagement plans and processes appropriate?
It is the Auditor's view that IIAC has put in place a process for stakeholder engagement to better reflect stakeholder views in its actual management activities, in recognition of the importance of stakeholder participation for pursuing sustainability management. It has been confirmed that IIAC is identifying its key stakeholders and operating engagement channels, in addition to placing efforts to reflect stakeholder opinions in its overall sustainability strategies and activities, specifically through the "SR Stakeholder Committee." The Auditor has not found any important stakeholders left out from this process.

Materiality
Does the Report offer substantive information of material importance to IIAC's economic, environmental and social stakeholders?
The Auditor has confirmed that through a "materiality assessment process," IIAC is identifying together with stakeholders material issues affecting the corporation's management activities, and is appropriately sharing the management status those issues. In particular, the identification of sustainability issues through "ISO 26000 performance assessment," and the facilitation of methods to prioritize material issues through the "SR Stakeholder Committee" appears to be IIAC's core "materiality assessment process." No omissions were discovered by the Auditor, in terms of sustainability management information important to the corporation.

Responsiveness
Does the Report provide an adequate response to stakeholder demands and interests?
The Auditor confirmed that IIAC is operating diverse engagement channels appropriate for each key stakeholder, and is identifying material issue reports through those opinions collected in the process. The introduced themes of "T2 Opening" and "Realizing Social Value" in the Report were found to be areas of high stakeholder interest according to the "SR Stakeholder Committee" and survey results. It has been found in this process that the corporation has appropriately reacted to stakeholder demands and interests.

GRI "In Accordance" Criteria
The Auditor has recognized that the Report is in accordance with the "Core Option" of the GRI Standards (GRI 102).

Reliability of Performance Indicators
The Auditor confirms that the performance indicators presented in the Report are free from bias or error that would affect stakeholders' judgement of IIAC. Following are the key performance indicators the Auditor has recognized.

Category	Issue	Performance Indicator
Safe Airport	Airport Security & Safety	Navigational safety facilities/operating hours without power shortage: 150,000 hours
Ethics Management	Ethical & Law Compliance	Perceived integrity scores: Anti-corruption Index (8.70), Anti-corruption Risk Index (8.76)
Global Hub Airport	Response to Increase in Passenger and Cargo Demands	Annual performance in creating new passenger demand: 960,000 persons
Governance	Transparency & Professionalism of the Governance Structure	Number of board resolutions/reports: 41/33
HR Management	Work-life balance	Male employees on paternity leave in recent 3 years: 3→6→8
Convenient Airport	Service Improvements for a Convenient Airport	Customer satisfaction scores on immigration processing: 87
Environment-friendly Airport	Waste & Wastewater Management	Improvements on year on year reuse water recycling rates: +21%p

* 43 Qualitative and 23 quantitative performance indicators on 18 issues were reviewed, but only a few are presented in this assurance report

Recommendations

The Auditor highly values the Report's endeavor to ① establish material issues closely associated with IIAC's four core management strategies; ② appropriately reflect the key interests of every stakeholder through the case analysis "Thinking Ahead to the Future;" ③ transparently open stakeholder opinions regarding airport operations and show the corporation's problem-solving process so that a balance may be achieved.

Recommended in future reports are the following
• **Comparability** additionally providing analysis in time series, trends or ratios when presenting performance indicators so that they may be comparable with internal and external sources
• **Accuracy** enhancing accuracy by specifying used measuring or calculating methods when presenting performance indicators

Independence of the Auditor

The Auditor does not have any for-profit or commercial affiliation with IIAC and did not involve in any of the preparations of the Report, with the exception of this third party assurance statement.

Qualifications of the Auditor

The Institute for Industrial Policy Studies is a "Third Party Assurance Provider" providing sustainability report assurance for corporations and public organizations nationwide. The auditing team participating in the assurance of this report consists of experts specialized in disciplines of management, accounting, environment and sociology, and also accumulated with years of experience and professional training in areas regarding ethics management, CSR and sustainability.

AA1000
Licensed Assurance Provider
000-24

IPS

August 1, 2018
Tae Hyun Kim
Chairman
The Institute for Industrial Policy Studies

ISO 26000 Performance Assessment Results

Assessment Standard

As part of the service provided to the Korean Agency for Technology and Standards, Korea Standard Association ("We") developed an assessment checklist for the evaluation of IIAC performance on social responsibility. This assessment report provides the results and improvements in JB Financial Group's performance related to social responsibility processes and 7 core subjects of ISO 26000

Assessment Scope

We assessed Incheon International Airport Corporation (IIAC)'s processes and performance related to social responsibility. More specifically, we assessed IIAC's long-term strategy and execution thereof, Stakeholder Engagement and social responsibility activities, etc.

Assessment Method

We performed the following activities to collect the necessary data and information based on the assessment criteria of the ISO 26000.

- Review of IIAC's internal data related to activities and performance in corporate social responsibility.

- Interviews with IIAC's personnel in charge of each corporate social responsibility subject

I. ISO 26000 Performance Assessment Results by Process

In response to growing social demands for corporate social responsibility and to share its activities and performance in sustainable management,

in the process of publishing its sustainability report, IIAC conducted a performance assessment based on ISO 26000 which is an International Standard providing guidelines for social responsibility. It is promising to see that IIAC is regularly inspecting its CSR process to effectively implement and manage CSR and that IIAC's ability to fulfill CSR is continuously improving. Also, the fact that IIAC values inclusion of and communication with the stakeholders in fulfilling CSR all throughout the organization and the fact that IIAC is continuously expanding activities that promote Stakeholder Engagement can be regarded very highly.

CSR Process Assessment Results
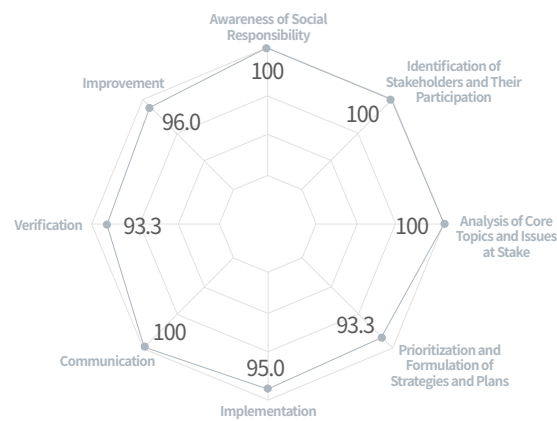
Awareness of Social Responsibility	Examination of the current level of awareness organization based on the management's will
Identification of Stakeholders and Their Participation	Examination of stakeholders' interests and demands, and, formulation of strategies to promote their participation
Analysis of Core Topics and Issues at Stake	Formulation of a list of core topics through examination of issues and analysis of internal competencies
Prioritization and Formulation of Strategies and Plans	Prioritization of core issues to be improved and formulation of strategies and plans based on the organizational capacities
Implementation	Implementation of the strategies, vision, goal and implementation plans, and regular monitoring of social responsibility performance
Communication	Communication with stakeholders through performance reports
Verification	Activities and reporting for enhancing the reliability of the performance
Improvement	Periodical evaluation of performance for continued improvements

II. ISO 26000 Performance Assessment Results by Seven Core Subjects

Organizational Governance

Based on the strong will of the CEO towards CSR, IIAC has established and has been operating strategic management systems that emphasize publicness and social values. The Board of Directors which is the highest decision-making body, is making important decisions on CSR, relevant strategies and tasks and, receives quarterly reports on performance in each strategy implementation. It is also inspiring that IIAC is sharing teams' best practices and failures through Vision Workshop and performance briefing, sharing them with shift-workers through broadcasting and is working hard to improve its performance in fulfilling CSR.

Human Rights

IIAC has established its own standards for surveying human rights conditions and is conducting surveys on its partners as well as on itself. We also found that human rights standards are included in the assessment for the Service Performance Agreement (SPA) for partners and that they are used for selecting and managing partners. Also, IIAC's various activities promoting human rights awareness such as introducing 'One Strike' Policy, conducting periodic human rights training, operating Joint Labor-Management Grievance Committee and conducting position-by-position meetings are notable. We advise IIAC to carry out human rights impact assessments with all personnel related to airport operations and to continue expanding activities that promote human rights awareness.

Labor Practices

IIAC's labor practices throughout all areas were considered to be excellent. As the employment stability, working environment and welfare of the partners' employees that are working hard in airport operations are emerging as important issues and it was found that IIAC recognizes this importance and is making various efforts to convert the partners' employees to IIAC's regular employees. We advise IIAC to continuously work on understanding the areas that need to be improved to enhance the working environment and health of many people working together for Incheon Airport and on improving their satisfaction as well.

The Environment

We found that as a global, environment-friendly airport operator, IIAC has a responsible attitude towards climate change, energy saving and resource issues and, is carrying out strategies and activities to predict the future of global environment, create new opportunities and improve the sustainability of itself and the environment. However, GHG emissions, waste and water use are rising due to the construction of T2 and increase in passenger traffic but the waste and water recycling rates are declining. Facilities expansion and increase of passenger traffic are inevitable for airport operations but we advise IIAC to prepare long-term plans and specific action plans to minimize its environmental impact in the future.

Fair Operating Practices

Aimed at realizing the vision to 'Spread Integrity Across the Company and Create a Global, Ethical Corporate Culture' and to strengthen its expertise in ethical management, in 2017, IIAC reformed its ethical management body and operated an ethical management system for all personnel working for the airport. The fact that IIAC has strengthened its Win-Win Cooperation Program for Partners to spread the culture of shared growth and has been expanding support to strengthen its partners' competitiveness is regarded highly. We advise IIAC to determine and focus on business areas that are vulnerable to corruption and to develop practical plans to promote CSR culture among all personnel working for Incheon Airport including the partners.

Consumer Issues

IIAC carried out consumer-related activities and responses excellently, establishing facilities for vulnerable transportation groups such as those with disabilities, installing bumpers on baggage carts, providing services for people with hearing disabilities, replacing children's facilities within the airport with safer and more environment-friendly facilities, providing education and training on information protection, operating safety management systems and operating various complaints reporting channels. Also, the fact that IIAC is ensuring consumers' rights by operating a consumers committee with airport users, carrying out field surveys, sharing improvements and providing benchmarking opportunities was notable.

Community Involvement and Development

We regard highly of the fact that IIAC is making decisions on social contribution activities on its discussions with Incheon City, Jung-gu of Incheon and local autonomous entities and the priorities that are urgent for the communities. It is also inspiring that IIAC is operating social contribution programs with the voluntary participation of the executives and employees and that IIAC is promoting the participation of government officials and airport users as well. However, we advise IIAC to consider the fact that the number of participants and hours of community volunteer activities are declining and, to achieve social sustainability by carrying out support projects the communities really need.

CSR Performance Assessment Results

Organizational Governance	Practices that comply with the principles of social responsibility principles and incorporate those principles to existing systems, policies, and practices
Human Rights	Practices that protect and have respect for human rights within the organization and the area where its influence reaches
Labor Practices	Labor policies and practices that have effects on employees' labor conditions, within JB Financial Group and its partners
The Environment	Comprehensive approach to minimizing environmental impact of the decision and practices of the organization
Fair Operating Practices	Practices that are interested in maintaining transactions among JB Financial Group, its partners and suppliers ethical
Consumer Issues	Activities for protecting consumer rights such as consumer education, disclosure of fair and transparent marketing information and promotion of sustainable consumption
Community Involvement and Development	Recognizing and having respect for communities' rights and, maximizing the support and opportunities towards ensuring those rights

III. Conclusion

According to the ISO 26000 Performance Assessment, Incheon International Airport Corporation (IIAC) was found to be at SR performance level IV, scoring 350 out of 360 for process, 616 out of 640 for performance and a total of 966 points. IIAC has established strategies and a roadmap to realize social values that will drive Incheon Airport to develop with the public, communities and the world and, is carrying out sustainable management activities to satisfy stakeholders' expectations and demands. We hope to see IIAC continuously share its activities and performance in regards to CSR and sustainable management with stakeholders through sustainability reports and to become a leading sustainable public institution by realizing the social values IIAC is pursuing.

July 2018
Lee, Sang-jin
CEO, Korea Standard Association

GRI & ISO 26000 Index

Universal Standards

GRI 102: General Disclosures

	Disclosures	ISO 26000	Page	Assurance
Organizational profile				
102-1	Name of the organization		6	●
102-2	Activities, brands, products, and service		6~7	●
102-3	Location of headquarters		6	●
102-4	Location of operations		6~7	●
102-5	Ownership and legal form		6	●
102-6	Markets served	6.3.10 / 6.4.1-6.4.2 /	6~7	●
102-7	Scale of the organizatio	6.4.3 / 6.4.4 / 6.4.5 / 6.8.5 /	6~7, 66~67	●
102-8	Information on employees and other workers	7.8	67	●
102-9	Supply chain		42~43	●
102-10	Significant changes to the organization and its supply chain		6~7, 41	●
102-11	Precautionary Principle or approach		62, 76	●
102-12	External initiatives		72~73, 76~77	●
102-13	Membership of associations		78	●
Strategy				
102-14	Statement from senior decision-maker	4.7 / 6.2 / 7.4.2	2~3	●
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	4.4 / 6.6.3	52~53, website	●
102-17	Mechanisms for advice and concerns about ethics		52~53, website	●
Governance				
102-18	Governance structure	6.2 / 7.4.3 / 7.7.5	54~55	●
Stakeholder engagement				
102-40	List of stakeholder groups		56	●
102-41	Collective bargaining agreements		40	●
102-42	Identifying and selecting stakeholders	5.3	56	●
102-43	Approach to stakeholder engagement		56~59	●
102-44	Key topics and concerns raised		56~59	●
Reporting practice				
102-45	Entities included in the consolidated financial statements		About This Report	●
102-46	Defining report content and topic Boundaries		About This Report	●
102-47	List of material topics		61	●
102-48	Restatements of information		Not applicable	●
102-49	Changes in reporting		Not applicable	●
102-50	Reporting period	7.5.3 / 7.6.2	About This Report	●
102-51	Date of most recent report		Aug. 2017	●
102-52	Reporting cycle		About This Report	●
102-53	Contact point for questions regarding the report		About This Report	●
102-54	Claims of reporting in accordance with the GRI Standard		About This Report	●
102-55	GRI Content Inde		74~75	●
102-56	External assurance		70~71	●

Topic-specific Standards

Topic		Disclosures	ISO 26000	Page	Assurance
	GRI 200 Economic topics				
Economic Performance	103	**Management Approach**		**26, 30**	●
	201-1	Direct economic value generated and distributed	6.8.1-6.8.2 / 6.8.3 / 6.8.7 / 6.8.9	66	●
	GRI 300 Environmental topics				
Water	103	**Management Approach**		**47**	●
	303-3	Water recycled and reused	6.5.4	69	●
Emissions	103	**Management Approach**		47	●
	305-1	Direct (Scope 1) GHG emissions		69	●
	305-2	Energy indirect (Scope 2) GHG emissions	6.5.5	69	●
	305-5	Reduction of GHG emissions		48	●
Effluents and Waste	103	**Management Approach**		**47**	●
	306-1	Water discharge by quality and destination	6.5.3 / 6.5.4	69	-
	306-2	Waste by type and disposal method	6.5.3	69	●
	GRI 400 Social topics				
Employment	103	**Management Approach**		**36**	●
	401-1	New employee hires and employee turnover	6.4.3	67	●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4.4 / 6.8.7	36~41	●
	401-3	Parental leave	6.4.4	68	●
Labor / Management Relations	103	**Management Approach**		**36**	●
	402-1	Minimum notice periods regarding operational changes	6.4.3 / 6.4.5	40	●
Occupational Health and Safety	103	**Management Approach**		**36**	●
	403-1	Workers representation in formal joint management–worker health and safety committees	6.4.6	39	●
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.4.6 / 6.8.8	68	●
Training and Education	103	**Management Approach**		**36**	●
	404-1	Average hours of training per year per employee	6.4.7	67	●
	404-2	Programs for upgrading employee skills and transition assistance programs	6.4.7 / 6.8.5	38~39	●
Diversity and Equal Opportunity	103	**Management Approach**		**36**	●
	405-1	Diversity of governance bodies and employees	6.2.3 / 6.3.7 / 6.3.10 / 6.4.3	54, 67	●
Non-discrimination	103	**Management Approach**		**36**	●
	406-1	Incidents of discrimination and corrective actions taken	6.3.6 / 6.3.7 / 6.3.10 / 6.4.3	Not applicable	-
Local Communities	103	**Management Approach**		**44**	●
	413-1	Operations with local community engagement, impact assessments, and development programs	6.3.9 / 6.5.1-6.5.2 / 6.5.3 / 6.8	44~45, 68	●
Customer Health and Safety	103	**Management Approach**		**18**	●
	416-1	Assessment of the health and safety impacts of product and service categories	6.7.1-6.7.2 / 6.7.4 / 6.7.5 / 6.8.8	19~21	●
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.6 / 6.7.1-6.7.2 / 6.7.4 / 6.7.5 / 6.8.8	Not applicable	●
Customer Privacy	103	**Management Approach**		**22**	●
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer dat	6.7.1-6.7.2 / 6.7.7	Not applicable	●

UNGC

UNGC Advanced Level

Promising to fulfill corporate social responsibilities, Incheon International Airport Corporation (IIAC) joined the United Nations Global Compact in March 2007 and has been complying with the Ten Principles in the areas of human rights, labor, the environment and anti-corruption and has been reporting its implementation performance. To promote fulfillment of social responsibilities by companies and to promote companies' communication with their stakeholders, the UN Global Compact established Advanced Level on the 'Communication on Progress(COP)' and this sustainability report contains the activities IIAC has carried out to achieve Advanced Level status by meeting the 21 criteria of the COP differentiation programme. The UNGC Advanced Level status means that IIAC has officially established and reported its sustainable governance and management processes based on the 'Blueprint for SDG Leadership' and 'UN Global Compact Management Model.'

No.	Criteria	Content of Report
1	The COP describes mainstreaming into corporate functions and business units	IIAC at a glanc
2	The COP describes value chain implementation	Thinking Ahead #2. Realizing Social Values
3	The COP describes robust commitments, strategies or policies in the area of human rights	Talent Management
4	The COP describes effective management systems to integrate the human rights principles	
5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	
6	The COP describes robust commitments, strategies or policies in the area of labor	
7	The COP describes effective management systems to integrate the labor principles	
8	The COP describes effective monitoring and evaluation mechanisms of labor principles integration	
9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	Environment-Friendly Airport
10	The COP describes effective management systems to integrate the environmental principles	
11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	
12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	Ethical Management
13	The COP describes effective management systems to integrate the anti-corruption principle	
14	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	
15	The COP describes core business contributions to UN goals and issues	Thinking Ahead #2. Realizing Social Values
16	The COP describes strategic social investments and philanthropy	Community Participation
17	The COP describes advocacy and public policy engagement	IIAC at a glance
18	The COP describes partnerships and collective action	Shared Growth and Win-Win Cooperation
19	The COP describes CEO commitment and leadership	Message from the CEO
20	The COP describes Board adoption and oversight	Governance
21	The COP describes stakeholder engagement	Stakeholder Engagement

UN SDGs

Efforts to Meet the UN SDGs

The Sustainable Development Goals (SDGs), agreed upon by 193 countries in September 2015 at the United Nations are comprised of 17 goals and 169 targets the international community must strive to achieve over the 15 years from 2016 to 2030 to secure the future we want for present and future generations. IIAC actively supports the UN Sustainable Development Goals (SDGs) aimed at building a better world and, will strive to meet the goals by successfully carrying out the necessary tasks, capturing future business opportunities and generating sustainable values.

1 No Poverty
· Domestic community contribution programs
· Global social contribution: Social contribution activities overseas

3 Good Health and Well-Being
· Promotion of national sports
· Activities to promote the health of partners' employees
· Introduction of a health checkup program for executives/employees and an employee assistance program (EAP)

4 Quality Education
· Global professional training programs
· Aviation personnel training and education in developing countries

5 Gender Equality
· Respect for human rights and diversity
· Employment of career-interrupted women (career bridging)
· Female workforce training program

6 Clean Water and Sanitation
· Strengthening of water resource conservation and greywater recycling
· Wastewater and deicing fluid treatment
· Conservation of biodiversity

7 Affordable and Clean Energy
· Energy Management Systems (ISO 50001) and Environment Management Systems (ISO 14001) operations
· GHG emissions target monitoring
· Energy saving assessment (tenants and commercial facilities)
· Expansion of new & renewable energy facilities

8 Decent Work and Economic Growth
· Creation of 110,000 jobs
· Job Creation Competition
· Open recruitment and 'Socially Fair Recruitment'

9 Industry, Innovation and Infrastructure
· Overseas businesses and projects
· Opening of T2
· Phase 4 Airport Expansion Project

11 Sustainable Cities and Communities
· Community contribution programs
· Noise Management
· Pursuit to become a low-carbon environment-friendly airport

13 Climate Action
· Airport Council International (ACI) Airport Carbon Accreditation
· GHG Emissions Trading
· Development of a low-carbon, environment-friendly transportation system
· High-efficient equipment and environment-friendly facilities

15 Life on Land
· Development of a pine forest (Vista Park) at the entry to T2
· Conservation of biodiversity
· Development of the 'Forest of World Peace'
· Community environmental cleanup activities

16 Peace, Justice and Inclusive, Strong Institutions
· Education and training on corporate social responsibility (CSR)
· Education and training on ethics and integrity
· Promotion of ethical culture
· Fair trade practices

Key Awards and Memberships

Key Awards

Month and Year	Title	Awarding Body
Feb. 2017	Platinum Award for CSR Report at LACP's Vision Awards (4th Consecutive Year)	League of American Communications (LACP)
Mar. 2017	World's Best Airport for Transit Passenger at the the 2017 Skytrax World Airport Awards (5th Consecutive Year)	Skytrax
Apr. 2017	Best Innovative Public Institution of 2016	Ministry of Strategy and Finance
Jun. 2017	The Customer Service Initiative of the Year Award at the 2017 FAB Awards	The Moodie Davitt Report & The Foodie Report
Aug. 2017	Excellent Annual Report (CSR Report) Award at the ARC Awards	MerComm
Sept. 2017	Best Airport Award at the 2017 TTG Travel Awards (5th Consecutive Year)	Travel Trade Gazette (TTG)
Oct. 2017	No.1 in the 2016 Airport Service Quality (ASQ) Awards (12th Consecutive Year) Best Airport in Asia-Pacific Region Best Airport by Size (Over 40 mil. Passengers) Best Airport by Size and Region (Asia-Pacific, Over 40 mil. Passengers) ASQ Special Recognition	Airport Council International (ACI)
Oct. 2017	Grand Prize for Sustainable Management at the 2017 GSMA (5th Consecutive Year)	Korea Management Certification
Nov. 2017	Best Companies to Work in the Transport Sector for 2017 (4th Consecutive Year)	Seoul National University Institute of Management Research and Korean Standards Association
Dec. 2017	Grand Award in the Customer Value Category (4th Consecutive Year) and Grand Award in the Customer Satisfaction Category at the 2017 Management Grand Awards	Korea Management Association Consulting (KMAC)
Dec. 2017	Global Gold Winner in the National Initiatives Category at the 2017 Green World Awards	The Green Organization
Feb. 2018	Platinum Award for CSR Report and Annual Report at LACP's Vision Awards (5th Consecutive Year)	League of American Communications (LACP)
Mar. 2018	The World's Best Airport Staff Award at the 2018 World Airport Awards	Skytrax

Membership

Year Joined	Institution
1995	Korea Environmental Preservation Association (KEPA)
2001	Korea Civil Aviation Association (KCA)
2001	Airports Council international (ACI)
2002	ISO 9000/14000
2002	Incheon Chamber of Commerce and Industry
2003	Korea Productivity Center
2005	IPS Ethical Management CEOs Club
2006	Korea Navigation Institute
2006	IPS Ethical Management SM Forum
2006	Korea Management Association (KMA)
2007	The International Air Cargo Association (TIACA)
2007	UNGC, UNGC Korea

Year Joined	Institution
2008	The Korean Association for Public Administration
2008	International Contractors Association of Korea (ICAK)
2009	BBB Korea (BBB Movement)
2011	Korea CSO Association
2013	itSMF Korea
2014	Incheon Environmental Volunteer Association, ISO 50001
2014	Korea Institute of Construction Engineering and Management
2015	Korean Society of Civil Engineers,
2015	Korea Aviation Security Association
2016	Korean Operations Research and Management Science Society (KORMS)
2016	Korea International Trade Association
2017	Korea Software Industry Association
2017	Korean Network on Anti-Corruption and Transparency

Previous Publication of IIAC sustainability report

2007 2008 2010 2011

2012 2013 2014 2015

2016 2017 2018