

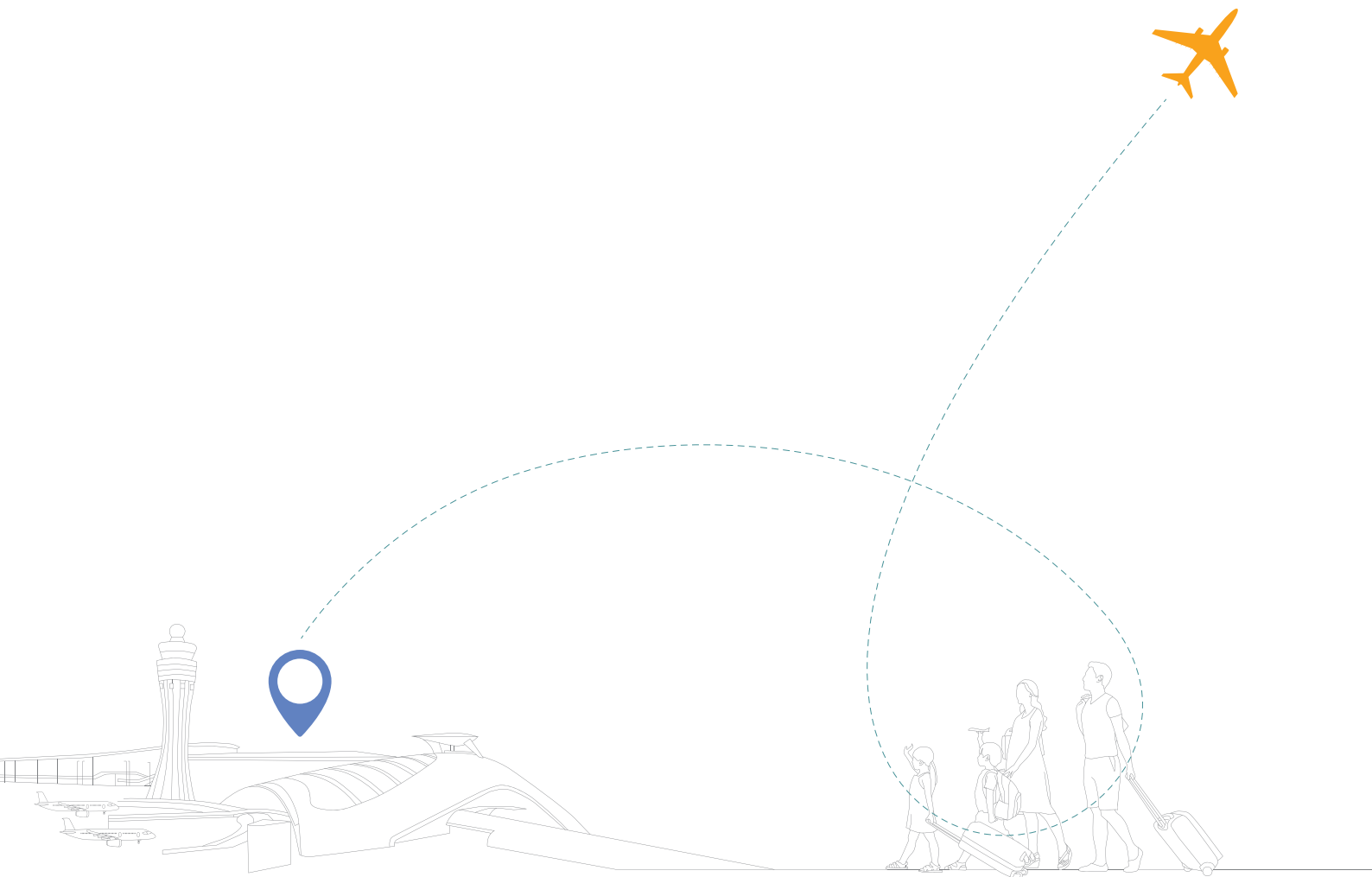
2018 / 2019

Incheon International Airport  
Corporation Sustainability Report

## CONNECTING PEOPLE AND INCHEON AIRPORT

The Initiatives for Our Better Future

# With





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# ABOUT THIS REPORT

## Overview

The Incheon International Airport Corporation (IIAC) has published its annual sustainability report since 2007 in order to share its sustainable management vision, activities and performances with its stakeholders. Notably, in 2018, Incheon International Airport became the first state-owned enterprise to establish specific goals for implementing its vision of sharing values under the name of 'Opening Sky Passages and Growing with People'. Having signed a comprehensive social value agreement with agencies that have permanent offices at the airport, airlines, commercial/logistics companies, and local community organizations, Incheon International Airport is seeking to create its own distinct social values.

This report, the twelfth one to be published by the IIAC, presents Incheon International Airport's four key sustainable management strategies, the key business areas related to those strategies, and important issues drawn from the materiality assessment. Detailed information on the IIAC's performance in the realm of environmental management 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, the UN's Global Compact (UNGC), and the UN's Sustainable Development Goals (SDGs). The reporting standards and definitions of the financial and non-financial information presented in this report are based on the K-IFRS, the International Financial Reporting Standards (IFRS) adopted by Korea.

## Report Period, Scope and Boundaries

This report describes the IIAC's activities and performance results from January 1, 2018 to December 31, 2018, although it also covers certain important performance results from the first half of 2019. The qualitative performance results from the past three years (2016-2018) have also been included in the report so as to allow the readers to see the improvements and changes that have been made. Finally, the report contains the activities and performance results from all business areas in which the IIAC is engaged, while the reporting boundaries for material issues are described separately on pages 79.

\* Subsidiaries (Incheon Airport Energy Co. Ltd., PT. Mitra Incheon Indonesia, and PJSC Khabarovsk) are excluded from this report.

## Assurance

To ensure the objectivity and reliability of this report, an independent third-party assurance review has been carried out based on the international assurance standard. The results of the assurance review are presented in the Appendix.

## Inquiries about the Report

This report is available in Korean and English and can be downloaded from the Incheon International Airport Corporation's website. We collect opinions about the report from our stakeholders through diverse channels including phone, fax and mail.

## Incheon International Airport Corporation

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## COVER STORY

The keyword WITH displays how we at Incheon International Airport Corporation (IIAC) engage in sustainable management side by side with stakeholders and how efficiently the economic, social, and environmental values created through such process are communicated to the stakeholders

## Message from the CEO



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“IIAC Creates Greater People-Centered Social Value. We Pioneer a New Era in Differentiated Aviation Services as Economic Hub of Korea”

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### Dear Respected Stakeholders,

Incheon International Airport Corporation (IIAC) celebrated its 20th year of operation in 2019. Like all world-class corporations, in becoming a world class airport corporation, we had to overcome many difficulties and adversities one after another and pave a path forward that no one had journeyed. With the successful opening of the 2nd terminal in 2018, Incheon International Airport was able to serve 68 million international passengers and handle 3 million tons of cargo, becoming one of the top 5 global airports in the process and a national brand of South Korea.

Our airport services continue to amaze international visitors for their top level service qualities which are unrivaled by any other airport in the world. We are expanding our presence as an internationally leading airport by creating 2nd and 3rd “Incheon International Airports” around the world and developing resort complexes that create added value by linking air travel to sightseeing. These achievements were possible because of the passion and dedication of all our employees and their desire to make Incheon International Airport into a world-class operation.

The IIAC promises once more to pursue a ‘people-centered’ management philosophy and become a leading corporation in the fulfillment of its social value responsibilities. The IIAC pledges to faithfully implement the following tasks of agenda:

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**First, we shall build a safe airport with safety as our highest priority.**

The importance of aviation safety and security cannot be overstated. Safety is the number one value that should never be compromised. At a time when frequent safety accidents and disasters are raising public fears about aviation safety, the airport is the one place that needs the tightest possible supervision in view of the great diversity and complexity of aircraft operations, terminal operations, facility management, construction projects and all the other safety-requiring activities that take place in an airport. We aim to create an airport where the people of South Korea feel perfectly safe at all times and in all circumstances by installing a Big Data-based accident prevention system, an intelligent video surveillance system, and a company-wide information-sharing and instant response system.

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**Second, we shall venture into the future age by consolidating the foundations for future growth.**

In recent years, due to the globalization of economic activities and the general restructuring of industry around high-tech industries, we have finally entered the age of the super airport. While first-generation airports simply transported passengers and cargoes, and second-generation airports developed peripheral areas consisting of hotels, resorts, and logistics networks, the current third-generation airports have to move beyond these paradigms to serve as centers of global commerce and production while simultaneously functioning as an economic zone that fuses air transportation, tourism, logistics, and smart services. We shall double our efforts to transform Incheon International Airport into a hub of global economic activities. These efforts will take the form of a 4-stage expansion project that will enable Incheon Int’l Airport to handle 100 million passengers by 2023, thereby enabling it to meet the rapidly increasing demand for air transportation services and turning it into an airport economic zone which will come to symbolize South Korea.

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**Third, we shall push through with innovative growth, playing the leading role in bringing about constructive changes and opportunities.**

Unless we actively cope with the need for changes, we may be forced to go through changes imposed by others. We shall create opportunities to realize growth through fundamental diagnosis and innovation by going back to the basics. We shall be reborn as a world-class airport business with the resolve to innovate steadily ahead of our competitors.

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**Fourth, we shall pursue the human-centered value of ‘Togetherness’.**

People are more important than anything else. Although the environment in which we operate and our superior capabilities are important for achieving our goals, we believe that harmony and trust between people and our ability to coexist are far more important even than that. Incheon Airport is a small city where some 300,000 people work at the same time. We shall pay more attention and provide extra care to the multitudes of people who use our airport, especially those who are physically handicapped and the socially neglected. We view ourselves as not just IIAC employees, but consider all the 70,000 airport employees as full members of the Incheon International Airport family. The work performed by this extended family is making our airport the world’s best. Furthermore, we shall pursue innovation tirelessly in order to create high-quality jobs, improve the work environments and job security of all our airport personnel, and expand social values whose benefits both the local community and the general public will feel personally.

To enhance the future value of Incheon International Airport, we at the IIAC disclose the results of our performance to all our stakeholders in a highly transparent manner. The IIAC will continue to support the UN Global Compact’s principles on human rights, labor, environment and anti-corruption, and strive hard to achieve its sustainable development goals (SDGs) through sustainable management activities.

The IIAC will continue to challenge, innovate and transform itself in order to realize people-centered social values and create an aviation ecosystem by pursuing fundamental changes, innovative growth, and win-win cooperation. With the cooperation and participation of all our members, the IIAC handles various economic, environmental and social issues responsibly with complete dedication, fulfilling our social value responsibilities and the needs of sustainable management. We ask for your unwavering interest in and encouragement for the IIAC’s efforts to write a new chapter and lay new milestones in the history of the global aviation industry.

July, 2019

**Bon-Hwan Koo**

President and CEO of Incheon International Airport Corporation

# 2018/19 Highlights



## FIRST

- 01\_ **68.25** million passengers  
**2.73** trillion in sales  
“**Double New Record**”  
in operations and finance since its opening!
- 02\_ **First in Asia-Pacific Region**  
Operated training courses certified by the world's three major international aviation organizations (ACI, ICAO, IATA).



- 01\_ **Opening of Passenger Terminal 2**  
- The IAC successfully opened Passenger Terminal 2 (T2) in January 2018. T2 welcomed **19** million passengers in the first 12 months of its operation.

## GLOBAL



- 01\_ **World's 5<sup>th</sup> Busiest Airport in 2018**  
The Airports Council International (ACI) announced in its 2018 World Annual Traffic Reports that Incheon International Airport handled **67.68** million passengers, making it the 5th busiest airport in the world.
- 02\_ **Kuwait International Airport Terminal 4**  
The IAC has won the largest ever foreign airport operation project (KRW **140** billion) to operate and maintain Terminal 4 of Kuwait International Airport for the next five years.



- 02\_ Awarded by ICAO (International Civil Aviation Organization) for enrolling the **highest number of trainees** on its training program.
- 03\_ **The Most Admired Companies in Korea for the 12th Consecutive Year**  
The Incheon International Airport Corporation was selected as one of the most admired companies in Korea in the “SOC Facility Management” category in the 2018 Korea Management Association Consulting (KMAC) survey of Korea's most admired companies for the eleventh consecutive year.

## BEST

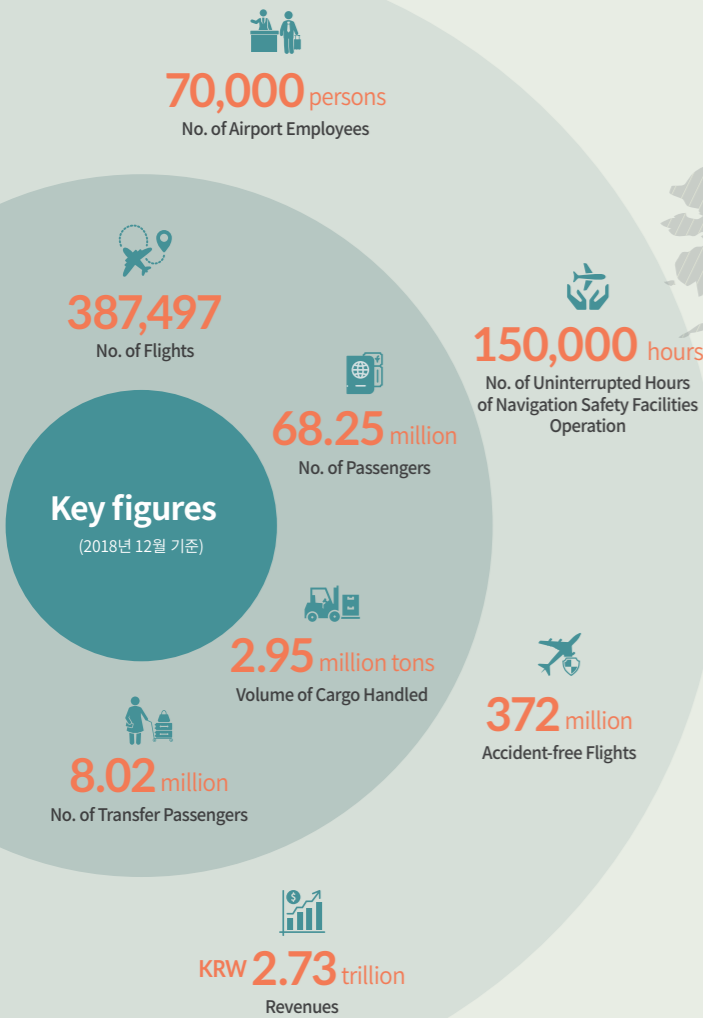


# IIAC at a Glance

## Key figures

(As of December, 2018)

Airlines **84** | Countries **54** | Cities **178**



## Overview (As of July 5, 2019)

The Incheon International Airport Corporation (IIAC) was established for the purpose of overseeing the construction and operation of the Incheon International Airport to facilitate the smooth operation of South Korea's airline services and contribute to the development of the national economy. In 2019, the IIAC will celebrate the twentieth anniversary year of its foundation. With this founding purpose as the basis of all its efforts, the IIAC is striving to become a global airport corporation that will lead the world in airport innovations in the rapidly changing business environment of the future.

Name	CEO	Date of Establishment	Competent Authority	Type of Organization
Incheon International Airport Corporation	Bon-Hwan Koo	February 1, 1999	Ministry of Land, Infrastructure and Transport	Market-based state-owned enterprise
Capital	No. of employees	Organization	Headquarters	
KRW 8.414 trillion	1,423	Government 100%	47,424beon-gil, Gonghang-ro, Jung-gu, Incheon	
Legal basis of establishment	Key Businesses	Organization		
Incheon International Airport Corporation Act (Enacted on January 26, 1999)	Construction, Management and Operation of Incheon Int'l 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	6 headquarters, 2 offices, 34 divisions, 120 teams		

## Vision and Strategies

Based on its founding objectives, which are grounded in government policies and laws, the IIAC established its core values and vision related to the CEO's philosophy. The Incheon International Airport Corporation Act was revised in 2018 to boost the IIAC's ability to implement its core values and vision. In addition, the IIAC reformed its management strategy around 'policy implementation, competitiveness improvement, and future growth' to respond more effectively to changes in policy and the business environment. Through these measures, the IIAC is persevering with its long-term campaign to become an airport corporation that pursues growth while balancing the public benefit with efficiency.

## Vision

To Take a Second Leap Forward To Becoming a Global Leading Airport

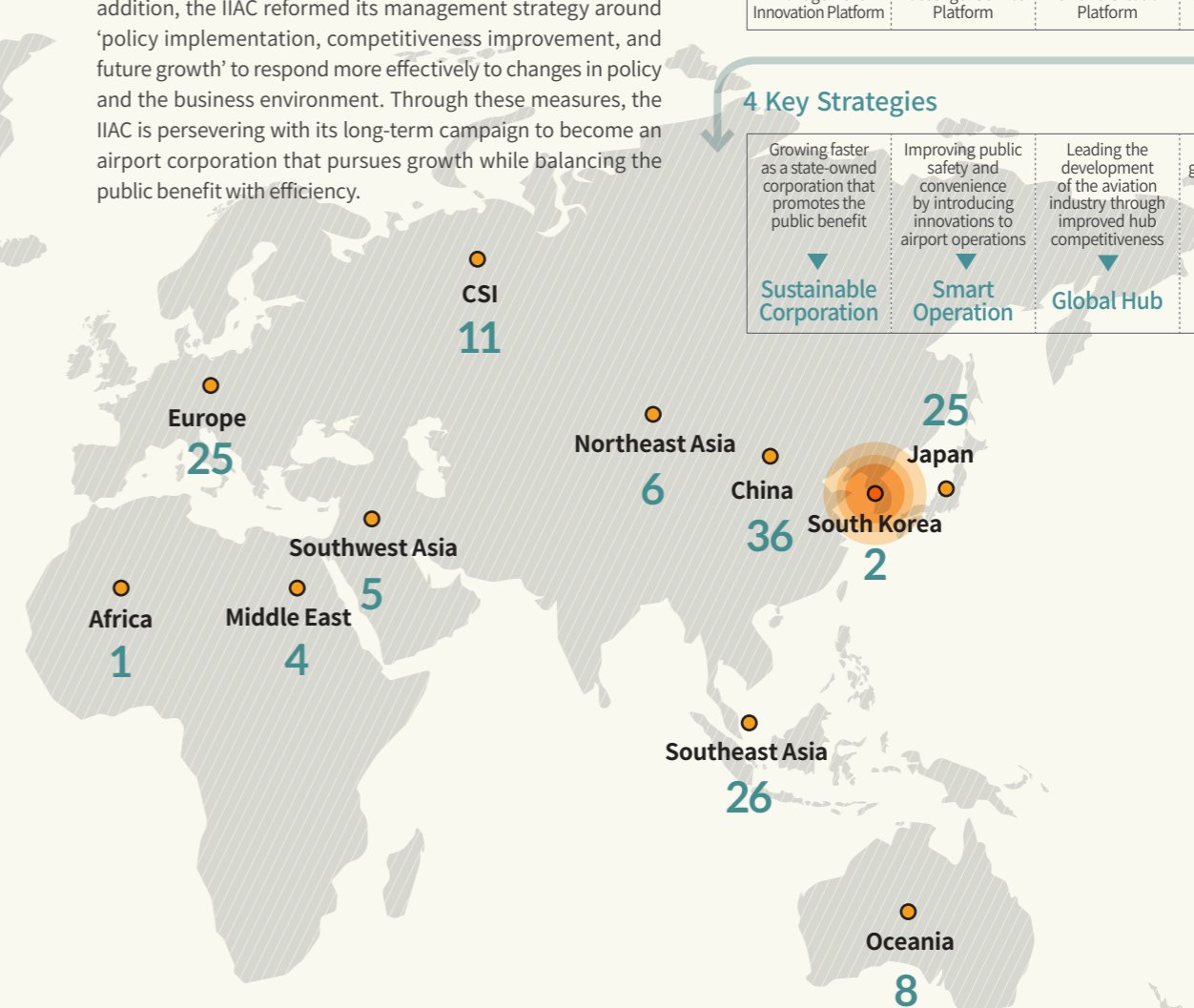
## Strategic Management Brand

"Air Platform"

Management Innovation Platform	Passenger Service Platform	Demand Creation Platform	Growth Infrastructure Platform
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## 4 Key Strategies

Growing faster as a state-owned corporation that promotes the public benefit	Improving public safety and convenience by introducing innovations to airport operations	Leading the development of the aviation industry through improved hub competitiveness	Procuring new growth engines by developing new industries of the future
Sustainable Corporation	Smart Operation	Global Hub	Future Growth



## Key Events in Corporate History



# THINKING AHEAD TO THE FUTURE

We at IAC are making preparations for another successful 20 years with renewed resolve, looking back at what we have achieved for the past 20 years.

Our commitment is to set an example for other airports of the world to follow through continued innovative efforts in the realization of sustainable social values. We have focused on the pursuit of sublime objectives, a firm sense of ethics, and the willingness to share happiness with others as a world-class airport business.



1. Thinking Ahead #1. **'People-centered' Social Values**
2. Thinking Ahead #2. **Our Contribution to the SDGs**
3. Thinking Ahead #3. **Human Rights Management**



Thinking Ahead #1.

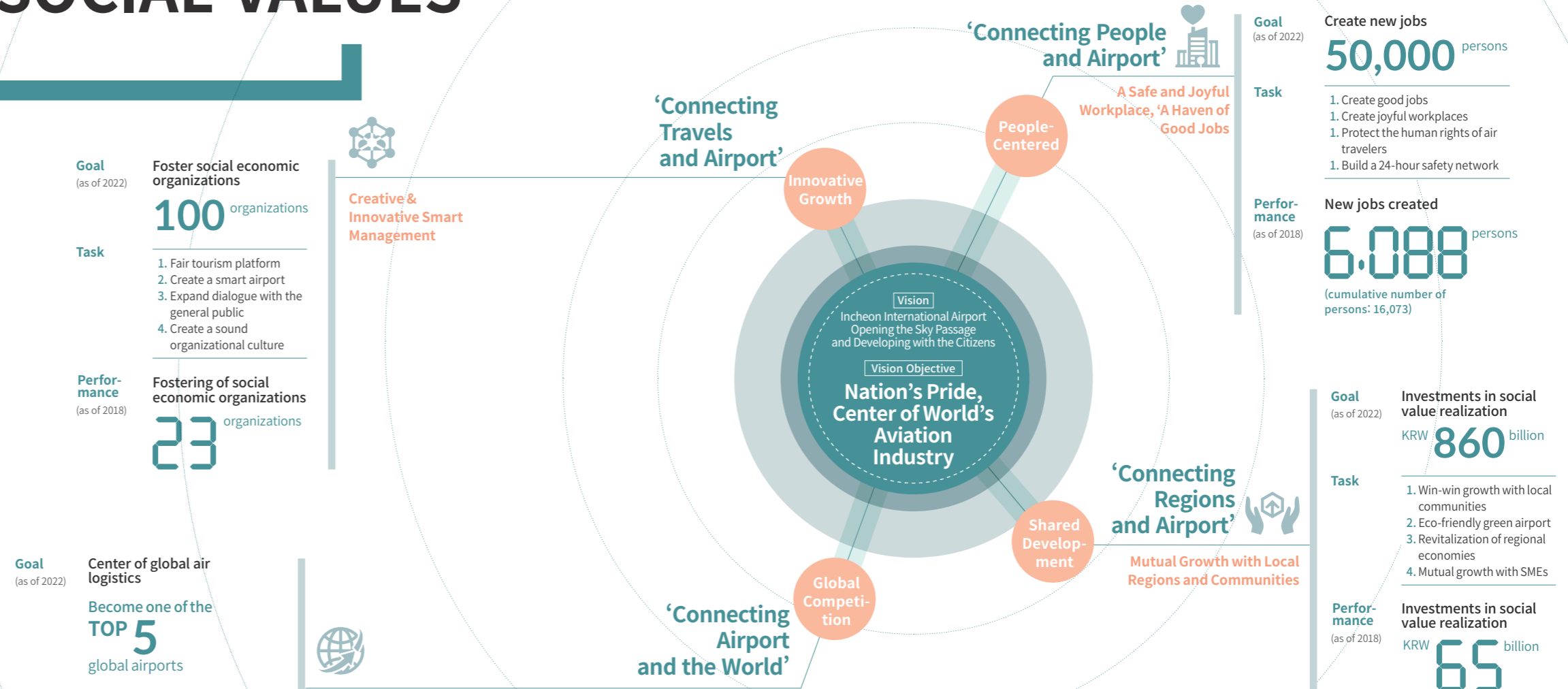
# 'PEOPLE-CENTERED' SOCIAL VALUES

## We aim to realize 'people-centered' social values

To realize its innovation goal of 'Opening Sky Passages and Growing with the People' and create social values, IIAIC in 2018 established 4 key strategies for implementing social values.

As a result of our airport family members working together towards social value implementation targets, we achieved the valuable result of meeting our short-term targets. IIAIC is growing together with the people by opening sky passage. IIAIC's hope filled journey to make our society more valuable has already begun.

## INCHEON AIRPORT, SOCIAL VALUE+



Roadmap for Realizing Social Values	1 Introductory Stage ~2019	2 Maturity Stage 2020~2022	3 Expansion Stage 2023~2030
New jobs to be created	30,000 (by 2020)	50,000 (by 2022)	150,000 (by 2030)
Foster social economic organizations	25	100	200
Global Airport	TOP 6	TOP 5	TOP 3
Investment in social values	270 billion	860 billion	Investment in global social values

.....  
**Thinking Ahead #1.**  
**‘PEOPLE-CENTERED’  
SOCIAL VALUES**

**Creating Good Jobs,  
Incheon International Airport’s  
Job Platform**

It would not be an exaggeration to say that the most pending management issue in the eyes of society today is ‘job creation’. In response to the ever increasing calls for more jobs, the IIAC conceived the slogan ‘A Haven of Good Jobs’ and is making efforts to increase the number of high-quality jobs available.

By establishing the ‘Incheon International Airport Job Platform,’ we now use this platform both online and offline channels, such as the IIAC’s on-line job portal site, employment support centers and job fairs, to support jobseekers.

In addition, the IIAC opened a Resident Company Introduction corner on its corporate website to increase public access to detailed job information. At the end of 2018, the IIAC formed a student supporter squad to promote its job platform, and this squad executed various promotional activities targeting jobseekers for three months.

Through the job platform, the IIAC will make every effort to contribute to the creation of high-quality jobs and social values.

“A Happy Society Filled with the Joys of Work!” This is the blueprint for the future imagined by the ‘Incheon International Airport Corporation.’

**2018 Job Platform Activities and Results**



**Online Job Portal**

- Position matching **1,691** persons
- Total views **230,000**
- Visitors **120,000** persons
- Satisfaction with Job portal **95%** of companies expressed satisfaction with the portal



**Employment Support Center**

- Total of **1,132** persons visited the center



**Job Fair**

- Participating companies **52** companies
- Held **Once** a year
- Visitors **9,000** persons
- Survey results Over **79%** expressed satisfaction



**Job training at the Incheon Airport Aviation Academy**

- The IIAC has opened the Incheon Airport Aviation Academy to the public in the hope that it will evolve into a hub for aviation job training.
- Job-tailored educational training and common core courses on airport operations and services are provided.





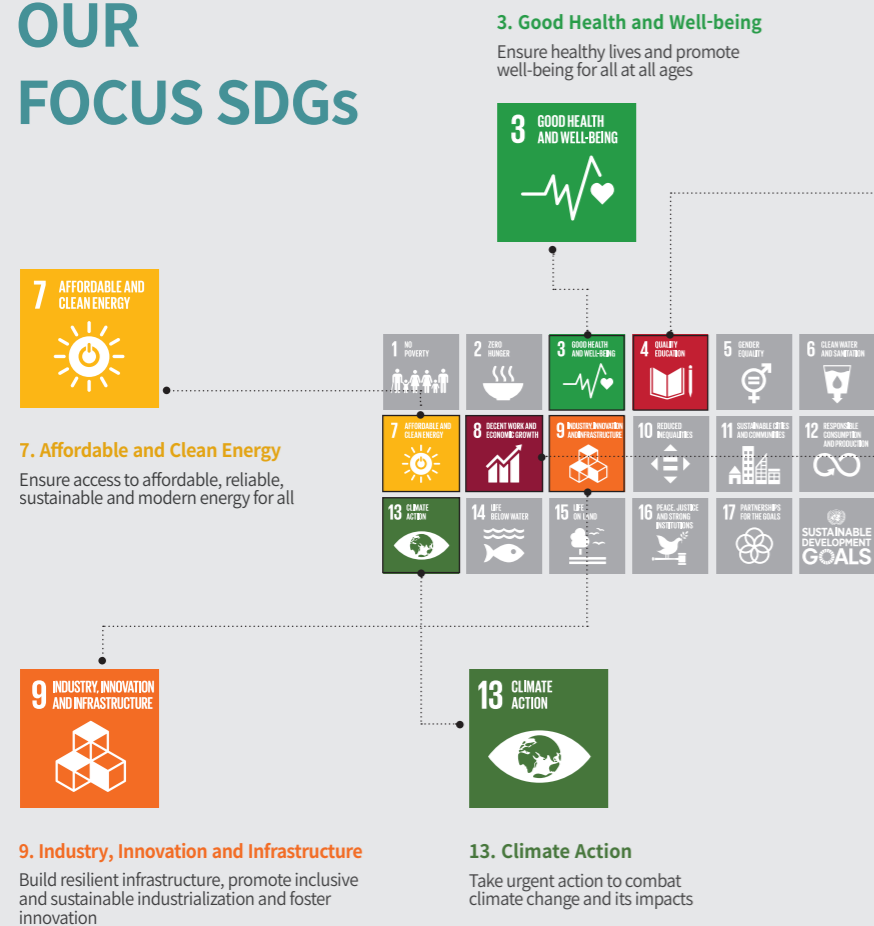
# OUR CONTRIBUTION TO THE SDGs

## Thinking Ahead #2.

The Sustainable Development Goals (SDGs), agreed upon by 193 countries in September 2015 at the United Nations, will spur developments that will satisfy the needs of future generations as well as our own present needs. The SDGs comprise the 17 goals and 69 specific goals which the international community must achieve over the 15 years from 2016 to 2030.

The IIAC actively supports the UN's Sustainable Development Goals (SDGs), which are aimed at building a better world. In response to the challenging agenda of sustainability development, it will strive to contribute to achieving the sustainable development goals by identifying future business opportunities and strengthening its sustainability values.

## OUR FOCUS SDGs



### Medical Operation Support for Uzbekistan Children with Heart Diseases

In September 2018, the Incheon International Airport Corporation paid for the medical operations of twelve children suffering from heart disease in Uzbekistan. This came about at the end of 2017, when the IIAC was involved in a consulting project to improve the operations of Tashkent International Airport. First, a South Korean medical team was dispatched to Uzbekistan where it immediately selected twelve children in urgent need of surgery. The children and their guardians were invited to South Korea, where they received surgery and in-patient treatment at a heart specialist hospital for three weeks. The IIAC supported the entire costs of the surgery and treatment until all twelve children departed South Korea as fully healed, healthy children.



### Incheon International Airport Healing Talk Program

For 70,000 diligent employees who work and live at the airport, the IIAC runs a professional counseling and healing service called the "Incheon International Airport Healing Talk Program". Experienced professional counselors offer counseling services via 1:1 face-to-face meeting, phone, and email at the place and time desired by an employee. Employees receive help with work related stress, interpersonal relations, and family problems. In addition, the IIAC provides lunchtime healing classes to enable employees to heal mind and body while at work. The program includes craft-making, meditation, yoga, sports massage, and psychological examinations.



### Transmitting Our Airport Operation Know-how to the World

Since 2008, the Incheon Airport Aviation Academy has been providing international training programs to aviation professionals from diverse countries on a variety of subjects based on the know-how and expertise acquired through years of operating Incheon International Airport. The programs cover such subjects as aerodrome inspection, airport customer service quality management, and airport greenhouse gas management. We have developed and operated the course. By 2018, some 6,569 overseas trainees from 140 countries had completed the Aviation Academy course. In addition, the IIAC also provides free education to aviation professionals from developing countries with the goal of enhancing their professional skills, thereby contributing to the development of the global aviation industry. By 2018, the academy had provided free education to over 1,039 professionals from 80 developing countries.

Operate the Energy Management System  
**ISO 50001**



Obtained the Korean G-SEED

**Top Grade** (Green Grade 1)



**Make the Switch to 'Energy Independence' by Expanding the Use of New and Renewable Energy**

With the goal of becoming the world's best 'Low Carbon, Environmentally-Friendly Airport', the IIAC is pursuing several different energy policies. It is substantially expanding its investments in renewable energy with the aim of changing its airport operation paradigm from one based on 'energy consumption' to one based on 'energy independence.' Terminal 2, which opened in January 2018, is the place where we showcase the airport's low carbon and environmentally-friendly policies. Notably, we became the first airport in South Korea to adopt solar power by installing photovoltaic (PV) cells on the roof of T2, as well as installing building-integrated photovoltaic (PIBV) cells on the roof of air traffic control tower 2.

Furthermore, we built a large solar power farm on some of the unused land surrounding the airport, and minimized indoor energy consumption by installing geothermal equipment, high-efficiency LED lights, and ceiling daylight lighting. These investments have enabled T2 to achieve energy savings of up to 40% when compared to T1. T2 has now been recognized as an environmentally-friendly building by earning the top grade rating in the Green Standard for Energy and Environmental Design accreditation. The IIAC has also made plans to raise its reliance on renewable energy by 20% by 2030.



Social economic Networking in Nepal

**21** places

Social economic entrepreneurs and jobseekers

**37** persons



**Let's Go Together with the Incheon International Airport Value Trip!**



The IIAC created the "Incheon International Airport Value Trip" program in 2018 for the purpose of incubating social economic organizations and creating a virtuous cycle that allows such organizations to produce new jobs.

The 40 or so selected social entrepreneurs were required to take part in social economy education and workshops in South Korea, before developing business objectives and traveling to Kathmandu, Nepal for their overseas training. It should be noted that the entire overseas training program was based on protecting the natural environment. At the same time, it was organized as a 'fair trip' in which they engaged in consumption activities to ensure that the local inhabitants also benefitted. The overseas training scheme became an opportunity for the participants to create social value. A few social companies concluded business agreements with Nepalese social companies, enlarging opportunities to do business there in the future.



**Low Carbon, Eco-Friendly Airport**



The IIAC complies with the carbon emissions reduction and operating guidelines of Airport Carbon Accreditation (ACA) scheme of the Airports Council International (ACI). In 2014, the IIAC became the first airport in South Korea to obtain the ACA Level 3 (optimization) certification, which manages the emission reduction items for carbon emissions generated in the airport zones, including the airport facility itself. In 2018, the IIAC completed the renewal of its certification by managing the Level 3 certification items.

The IIAC was also awarded the Carbon Trust Standard (CTS) certification in 2017, an environmental certification given in recognition of its efforts to maintain "low carbon, green apron" operations, to operate a fleet of eco-friendly and low-pollution vehicles, and to run diverse carbon offset programs. As of January 1, 2019, the IIAC has successfully maintained its CTS certification standing. The IIAC has also made plans to purchase hydrogen-powered and electric company vehicles (buses, cars) and to install the necessary charging stations. By introducing hydrogen-powered vehicles and expanding the infrastructure, we at the IIAC will play a leading role in stimulating the growth of the hydrogen economy as the operator of a low-carbon, environmentally-friendly airport.

Plan for the adoption of hydrogen-powered vehicles

No. of company vehicles

**100**



No. of hydrogen-powered buses

**18**



**Continuous Infrastructure Expansions**



With the successful opening of Terminal 2 (T2), Incheon International Airport had a second opening, and the IIAC is now meeting the expectations of air travelers and making another leap forward as a leading airport in the global airport industry.

Furthermore, competition to service the world's sky routes is becoming increasingly intense with each passing day, and airports in Northeast Asia are competing to become the dominant hub airport in the region. In this context, the IIAC is preparing for the future competition by expanding the facilities of Terminal 2 under a 4-stage expansion project which, once completed, will enable Incheon International Airport to handle 100 million passengers every year. The IIAC's race to become one of the world's top 3 largest airports and the airport of the future has already begun.





.....  
**Thinking Ahead #3.**

# HUMAN RIGHTS MANAGEMENT

## Awareness of the Importance of Human Rights

As a state-owned enterprise commissioned by the nation to provide a specific function, the IIAC respects the basic rights of citizens as provided in Article 10 of the Constitution of South Korea, basic rights such as their human worth and dignity as citizens, and their right to pursue happiness. Furthermore, as a responsible enterprise that engages in business on a global scale, the IIAC is aware of the human rights responsibilities of an enterprise demanded by the international community and respects the principles of human rights as recognized by international human rights laws. The IIAC recognizes the importance of human rights responsibilities of business enterprises that are based on the UN's Guiding Principles (UNGPs) for Business and Human Rights, namely, the 'Protect, Respect and Remedy' framework. For this reason, the IIAC is striving to realize social values by implementing human rights management that is compatible with the nature of Incheon International Airport's businesses.

## Institution of a Human Rights Management System

In full recognition of a business enterprise's human rights responsibilities, the IIAC followed the guidelines of the manual on human rights management published by the Human Rights Commission when it instituted a human rights management system for protecting the human rights of all of its stakeholders. In 2018, to formally adopt human rights management, the IIAC established its human rights management vision of 'Incheon International Airport, an Airport That Promotes Social Values by Promoting Respect for Human Rights'. It drew up a plan to consolidate its human rights management implementation system for realizing social values, and developed a mid-to-long term implementation roadmap and detailed implementation schedule for the introductory, maturity, and expansion stages. It also launched a human rights management implementation organization composed of human rights management managers from the related teams, and a human rights management committee whose members were appointed from outside and within the IIAC.

In November 2018, the IIAC internally enacted regulations on human rights management and adopted a human rights charter in December of the same year. It then held a ceremony commemorating the launch of the human rights charter during which the CEO and all the employees present pledged to respect human rights. After that, the IIAC conducted a diagnosis of the status of human rights compliance in its workplaces, carried out a human rights impact assessment, and appointed outside specialists to conduct an overall review. In addition, the IIAC set up an independent relief procedure for handling and settling human rights violations, which also guarantees the anonymity of the person reporting the infringement. Moreover, through the 'Global Citizens Incheon International Airport Proclamation Ceremony', the IIAC proclaimed its corporate value of respecting stakeholders from different cultural backgrounds.



### Activities aimed at raising IIAC employees' awareness of human rights

In order to adopt and promote human rights management at the company-wide level, the IIAC requires its employees to sign a written pledge on human rights management, and posts the related information on its website and offline notice boards. By conducting human rights awareness activities that start with its own employees, the IIAC is contributing to establishing and promoting a culture characterized by respect for human rights both in and outside the company.

The IIAC operates an employee grievance counseling center and committee, and has established a high-handed business practice reporting center and sexual harassment/violence reporting center. To improve human rights awareness, the IIAC constantly operates employee assistance program (EAP), requires its employees to enroll on a human rights education program, and has expanded the "blind" recruitment of new employees.

### Human Rights Education

Education	Trainees (Persons)	Training hours
Human rights expert lectures	16	16
4 Social Evils Prevention lectures	2,047	12,119
Disabilities Awareness Improvement lectures	1,263	10,104
Workplace health and safety lectures	5,878	18,650

### Human Rights Impact Assessment

In December 2018, the IIAC carried out an in-house assessment of its human rights impact. As a result, respondents gave positive answers in 126 (93.3%) of the 135 questions on human rights impact assessment related to us, suggesting few human rights-related negative impact factors related to us. Additionally, in order to obtain objective and independent results of the human rights impact assessment, the IIAC appointed an external third party to conduct a secondary analysis and provide recommendations.

**Results**

- The IIAC is equipped with the organizational capabilities and systematic framework required to handle the human rights issues emphasized by the core conventions of the International Bill of Human Rights and the International Labor Organization (ILO), which provide the legal basis for the UN Guiding Principles (UNGPs).
- The IIAC is generally aware of all issues that have to be resolved in order to prevent or soften the detrimental effects that certain of its business operations can have on human rights, and is presently reflecting them in its future human rights management plans. Therefore, it can be concluded that the potential for improvement and growth of human rights management is promising.

### Protection of human rights of stakeholders through the expansion of human rights-based management

Targets	Relevant activities we carried out
<b>Subcontractors/Affiliates</b>	<ul style="list-style-type: none"> <li>Announcement of the charter of human rights and PR</li> <li>Inclusion of human rights-related factors in the subcontractor-related Service Performance Agreement (SPA)</li> </ul>
<b>Incheon Airport-related businesses</b>	<ul style="list-style-type: none"> <li>Operation of Healing Talk</li> <li>Improving the working conditions for construction workers and guaranteeing their right to rest</li> </ul>
<b>Airport users</b>	<ul style="list-style-type: none"> <li>(For the transportation-disadvantaged) provision of powered arts/wheelchairs</li> <li>(For the hearing-impaired) provision of a hearing loop; text-based public information system</li> <li>(Those with infants) provision of perambulators, indoor playground, and lounges</li> <li>(For those waiting for entry visa) provision of basic necessities</li> <li>(For multicultural people from all over the world) interpretation service in 20 languages; provision of prayer rooms</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>Keeping the airport noise at the minimum level, using automatic noise measurement devices</li> <li>Reducing night flights over residential areas</li> </ul>

**No. of people who use the wheel chair rental and mobility assistance services**  
**3,484 persons**  
(up 20% from 2017)

**No. of people who use the stroller rental service**  
**4,402 persons**  
(up 27% from 2017)

**Reduction in the number of flights that cause pollution**  
**228 flights**  
(less 32 flights from 2017)

# STRATEGIC FOCUS AREAS

We at IIAC will face challenges courageously and with fortitude.

We will continue to work to become a hub airport in Northeast Asia  
as one equipped with world-class infrastructure.

We are writing a new page of airport history as an airport setting  
new criteria for future airports.



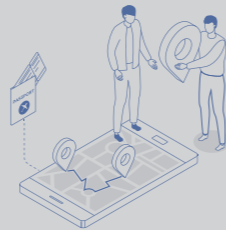
1. **Safe Airport**
2. **Convenient Airport**
3. **Growing Airport**
4. **Future-Oriented Airport**

# Safe Airport



## WHY IT'S MATERIAL TO IIAC?

With the massive airport congestion caused by drastic increases in air traffic and the corresponding rise in flight operational risks, safety accidents at public facilities, and the ever-present threat of terrorist attacks which have evolved into many different forms, aviation safety has become a matter of increasing public interest. As a consequence, the adoption of a safety system which places the safety of airport users above all other priorities, a smart air traffic control system for safe flight operations, and intensification of the efforts to prevent terrorist incidents are just some of the demands being voiced by the public. We are fully aware that it is more important than anything else to keep customers' personal information safe in an era when the focus is on prevention in the field of information security and security-related skills are regarded as the core of business competitiveness.



## STRATEGY



### Operational Safety

- Deploy a preemptive aviation safety system
- Improve the ground operations safety management system
- Provide a smart navigation safety service



### Airport Disaster Safety

- Improve the disaster response system
- Ensure perfect response to diverse and complex disaster situations



### Airport Security

- Deploy a smart aviation security system



## ACHIEVEMENT

Airport Facility Malfunctions

**0** case

Air Traffic Control System Malfunctions

**0** case

Aviation Accidents

**ZERO**

Personal Information Leaks

**0** case

## NEXT PLAN

1. Improve ability to respond to congestion and on time performance
2. Improve the efficiency of aircraft ground movements
3. Deploy an integrated disaster response system
4. Deploy a smart aviation security system

## MATERIAL ISSUES IN 2018

1. Airport Safety and Security (Operational Safety, Disaster Safety)
2. Customer Information Protection

## RELEVANT UN SDGs



# Operational Safety



Runway de-icing



### Reduction in flight delays

**0.8%p decrease**

(7.2% in 2017 → 6.4% in 2018)

### Reduction in aircraft ground moving time

**6% reduction**

(13'49" in 2017' → 12'56" in 2018)

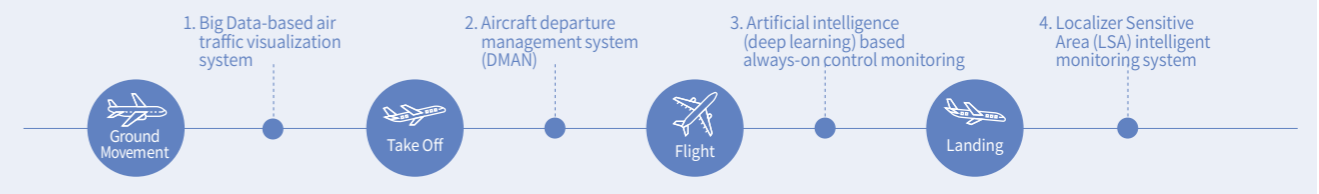
### Airlines serving Incheon (89 airlines)

**100%**  
A-CDM participation

## BEST PRACTICE

### Smart Navigation Control System

In order to perfect the operation of the new system, the IIAC implemented a roadmap for non-stop operation of the airport in 2018. The new roadmap covered such topics as the introduction of innovative 4th-industrial-revolution technologies, the pursuit of social values, and the improvement of aviation communication network facilities. The IIAC also took a series of precautionary measures aimed at improving its operational safety, such as passing all the necessary legal inspections 100%, intensifying its crisis response training, and establishing a comprehensive monitoring system. Thanks to these efforts, by May 8, 2018, the airport's navigation control system had been operating non-stop for a total of 150,000 hours since its introduction. Furthermore, as air travel is becoming increasingly congested, the navigation control system used to ensure flight safety must also become smarter. As such, Incheon International Airport operates a smart navigation control system that remains active from the moment an aircraft takes off to the moment it lands. In other words, it is an intelligent monitoring system comprising Big Data analysis and AI technologies. Having firmly established this innovative, state-of-the-art airport system, the IIAC is evolving into a world leader of aircraft navigation control technology.



## Securing Safe Sky Passage

### Improving Airport Congestion through A-CDM Operational Advancements

In 2017, the country's first "airport collaborative decision making" (A-CDM)\* system was established at Incheon Airport to provide the ATC Tower and Apron ATC Tower with flight status information in real time. In 2018, the IIAC concluded that teams collaborating in a congestion situation had to improve their united response capabilities and that aircraft departure times and runway queues had to be managed in advance. To that end, the IIAC formed the A-CDM steering committee and initiated a project to upgrade its A-CDM by implementing TOBT-based departure approval, undertaking joint research (with the Korea Aerospace Research Institute) on advance departure management, and operating an abnormal situation response team (A-CDM Cell). As a result of these efforts, the IIAC was able to achieve zero accidents despite the airport's high annual growth rate of air traffic of 7.5% and 1,062 flights per day.

\* A-CDM (Airport Collaborative Decision Making): A system for sharing flight information between partner organizations.

\*\* TOBT (Target Off Block Time): The time when an aircraft is ready to leave the apron, which is shared with other airline operators.

### Adoption of "Engine On De-icing"\* for the first time in South Korea

In order to prevent flight delays and a deterioration of flight safety in winter, the IIAC invited overseas de-icing experts to give seminars and conducted joint research with de-icing related agencies. Based on the lessons and conclusions it drew from these activities, the IIAC published the "Engine On De-icing Manual" for the first time in South Korea and also improved its airport safety environment by reducing the number of outdoor workers to the minimum. Furthermore, the IIAC conducted a safety test and verification of "engine on de-icing" under diverse conditions, thereby raising the safety of aircraft operations one level further.

\* Engine On De-icing: This refers to the de-icing of an aircraft while its engine is running.

### De-icing time per flight

**13 minutes reduction**

(28 minutes using the traditional method → 15 minutes using the Engine On De-icing method)



Navigation Control System Malfunctions **ZERO**

Non-stop Airport Operation **150,000** hours

### Expanding Risk Prevention Activities

The continuous rise in the number of flights means that safety risk factors have to be minimized and the facility management system advanced. For this reason, the IIAC began expanding its SMS (Safety Management System) operation in 2018 in a bid to reinforce preventive safety measures. We expanded the scope of participation of the SMS Working Committee, which was originally composed of representatives from the IIAC, airlines and ground crews, to include low cost carriers (LCC), and conducted joint inspections in order to identify risk factors from the perspectives of different stakeholder groups. In addition, our practice of sending SMS lecturers to airports around the world has earned us considerable renown for the excellence of our SMS operation, which in turn led to our hosting the 'ICAO Asia Pacific SMS Seminar', an event that enhanced our national stature while serving as an opportunity to share our know-how with overseas airports. Simultaneously, the IIAC improved the safety of aircraft weather movement by upgrading the airport facility management system and improving the facilities. This included reinforcing the Airside management system, improving the green environment management system, and enhancing the safety of maneuvering airplanes through close coordination. As a result, the IIAC achieved ZERO airport facility malfunctions, a feat best illustrated by the fact that there were zero accidents resulting from bird collisions.

### Implementing 24HR Follow the Green\*

Unclear communication between air traffic controllers and pilots, frequent aircraft maneuvers, and extended waiting times resulting from the ever increasing number of flights have led to environmental problems and escalating economic costs. To rectify these problems, the IIAC shared its ideas on improvement directions with air traffic controllers and other related agencies and began pre-launch testing of a new interface and developing the system in 2018. At present, we are busy building an innovative flight safety network with the adoption (scheduled for April 2020) of the world's first 24-hour visual ground movement control system to replace the now conventional voice recognition system. As a result of this technological advancement, the IIAC will be able to kill two birds with one stone by not only maximizing ground movement efficiency (aircraft operation & control) but also reducing social costs.

\*Follow the Green: A system that provides a visual route (unique to each aircraft) via air traffic lights in accordance with the aircraft departure sequence

### Reduction of fuel consumption

**18.48%**  
(annual savings of KRW 20 billion)



### Reduction of GHG emissions

**20%**  
(187,400t CO<sub>2</sub>eq → 149,900t CO<sub>2</sub>eq)

## Airport Disaster Safety



Fire response drill



Crisis response drill for aircraft accidents

### Systematic Disaster Management

#### Reestablishment of the Airport Safety Management System

The IIAC reestablished its airport safety management system in 2018 as part of a concerted effort to reflect internal and external environmental factors, the unique traits of the airport industry, and global safety management trends. Our aim is to fulfill our vision of becoming an 'a people-oriented Incheon International Airport that is safe for the people who work with the passengers' and establishing a robust safety management system. To achieve this objective, we are trying to raise the skill levels of our organizations, teams and individuals according to a P-D-C-A approach.

#### BEST PRACTICE

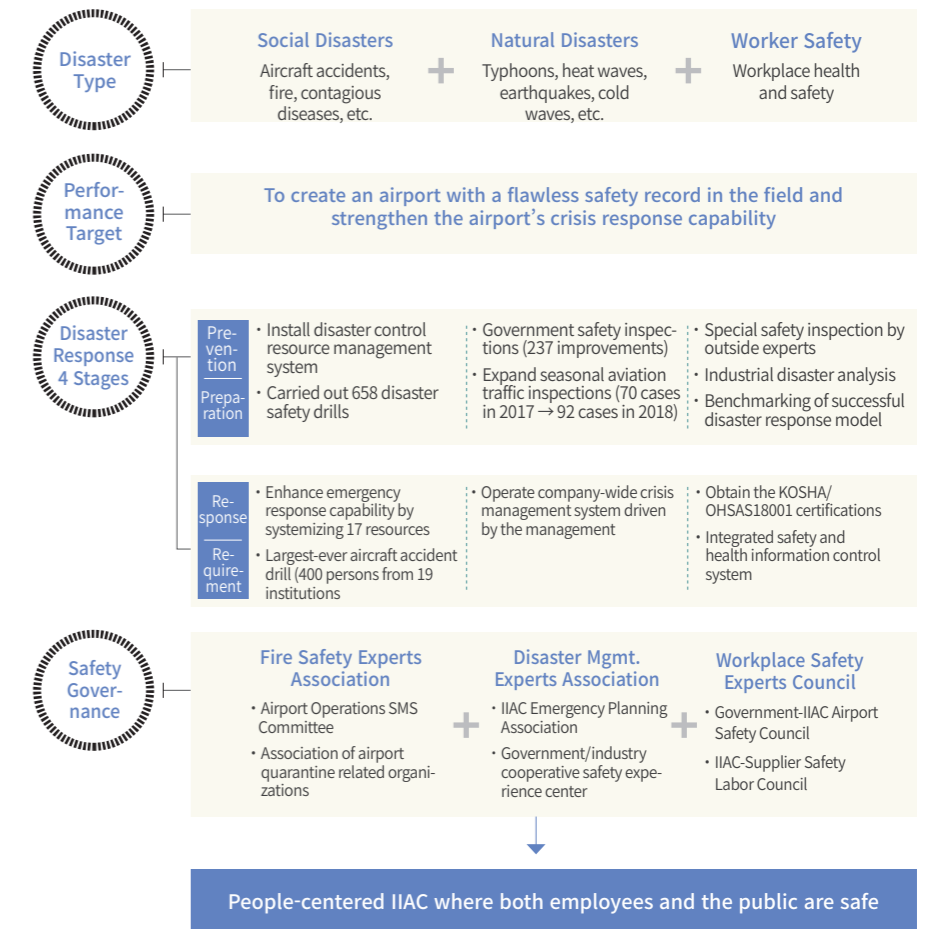
#### First obtained the domestic and international certifications on health and safety management system in the industry

In what has been recorded as a first in the aviation industry, the IIAC succeeded in obtaining both the KOSAH 18001 and OHSAS 18001 certifications, which are the South Korean and international standards for health and safety care management systems respectively, in 2018. These certifications are proof that Incheon International Airport has established a world-class working environment and a similarly advanced health and safety care management system. In the future, the IIAC will work even harder to make Incheon International Airport the safest workplace imaginable.



KOSAH 18001 Certification

### Safety Management System



No. of Comprehensive Disaster Drills

**658 times**  
(388 times in 2017)

No. of Aircraft Accidents

**ZERO**

Disaster Management Evaluation Rating (Ministry of Land, Infrastructure and Transport)

**A grade**

### Emergency Drills and Inspections for Preventing Social Disasters

To pre-emptively prevent the kinds of social disasters that can occur in or outside an airport, we have reviewed and improved our fire prevention system to make sure that it meets the requirements of what is the largest single-site public facility in South Korea. We studied cases of fire that actually occurred in our community and, by drawing on what we had learned, checked our safety risks at all levels and developed a series of prevention measures for application to Incheon International Airport in the event of an emergency. In addition, we repeatedly conduct complex disaster drills every year to ensure that we are fully prepared for every kind of emergency including fire, earthquake, aircraft accident, etc. Furthermore, the IIAC checks for emergency disaster situations on a 24/7/365 basis and, in the event of an accident, activates the airport's smart emergency system whereupon the Integrated Airport Operations Center (IOC) begins collecting and sending real-time updates about the accident to the rest of the airport.

### Rigorous Management of Natural Disasters

These days, national infrastructures are expected to adeptly respond to safety issues as the requirements and expectations of the general public are greater than ever. To keep up with these expectations, the IIAC is fully prepared to deal with facility safety problems 365 days a year even during record-setting heat waves, severe typhoons and monsoon rains. In March 2018, the IIAC implemented its climate change adaptation measures and began managing climate change risks by carrying out independent audits and assessments of affected areas. In addition, the IICA is working hard to safeguard airport operations against heat wave, earthquake, wind and flood damages, heavy snowfall, and other forms of natural disasters by adopting stringent management procedures based on the principle of precautionary countermeasures. As a result of its efforts to expand and adopt facility safety inspection standards and to continuously strengthen the maintenance and repair of key facilities, no airport facilities sustained damages resulting from typhoons, monsoon rains or heavy snowfall in 2018.



**BEST PRACTICE**

**Improvements in the security screening procedure to protect the human rights of those denied entry**

In the past, the security screening procedures for those denied entry were different between T1 and T2. In addition, many civic complaints were filed by people who, during the baggage search process, were found to be in possession of items which they were prohibited by the customs office from bringing into the country. To resolve these problems, the IICA homogenized the security screening procedures in force at T1 and T2 in October 2018. Also, by improving the screening process for those denied entry, the IICA was able to tighten security; while, by returning personal items seized during the body search to their owners for use in the waiting lounges, it was able to pacify anxious passengers. As such, the IICA gained the benefit of killing 'two birds with one stone'.

Incheon International Airport Explosive Ordnance Disposal (EOD) Team

## Airport Security

### Improvements to the Airport Security Response System

#### Flawless Response to Terrorism

Together with the rise in low tech terrorist attacks that use everyday tools, new forms of terrorism that exploit new technologies such as drones are increasing. In response, the IICA is building a terrorist response system to deal with these new and evolving forms of terrorism, and is trying to streamline the operation of the system to make it a core strength.

In the case of Terminal 2, the IICA has stationed a separate EOD team and terrorist attack situation center in the terminal to enable a rapid response in the event of an emergency, and deployed additional bomb disposal personnel to reinforce its patrols. The IICA is currently pursuing a project to develop a drone search system, and it is scheduled - in the first half of 2019 - to become the first domestic airport to install a drone-detecting radar system. It has identified every conceivable terrorism scenario and an established emergency response system for each scenario, and is sparing no effort to minimize damages.

As a result of these endeavors, the IICA's EOD team was able to achieve 30,000 (accumulated since its opening in 2001) accident-free patrols in 2018, while the airport itself has maintained a spotless record of zero aviation security accidents ever since its opening 20 years ago.

#### Establish a smart airport security system

The IICA has built and presently operates a state-of-the-art airport security system capable of eliminating all threats to airport security before they materialize. We are constantly expanding our security screening procedures and equipment to respond preemptively to ever more diverse and intelligent forms of terrorism.

In 2018, Incheon International Airport became the first airport in South Korea to install an auto tray return system and tubular passenger screening equipment, enabling it to conduct EDS tests on 100% of the baggage. The IICA is also increasing the number of high-definition CCTVs in 2019, and has improved the effectiveness of its security control by deploying a video surveillance team to operate state-of-the-art high-definition video equipment.

In 2019, we at the IICA are planning to trial an AI-based X-ray security screening system. Once this "AI-based X-Ray Video Automatic Recognition System" is ready, the precision and ease of airport security screening will be greatly enhanced. Furthermore, it will be impossible for any item to escape screening, and the IICA will be able to provide a safer and a more convenient departure environment for air travelers.

Accident-free EOD patrols

**30,000** times

Aviation security accidents

**ZERO**



CCTV Conversions (Cumulative)  
**3,173** units

(2,221 units in 2018 → 3,173 units in 2019)

Additional CCTV installations (Cumulative)

**1,251** units

(587 units in 2018 → 1,251 units in 2019)

## Information Security

**BEST PRACTICE**

#### Removal of Cyber Threats at Source

The IICA has improved its ability to prevent attacks and viruses quickly by detecting cyber-attack attempts in their early stages. It has built an advanced security control system, introduced an email APT\* response solution, and set up a network access control system and password management system.

The IICA has intensified its on-site inspection efforts by creating a dedicated team to diagnose system vulnerabilities, and has almost doubled (1.9 times) its cyber threat response training activities. It has also conducted unannounced email hacking response drills. Thanks to these efforts, the IICA was able to foil 100% of cyber-attack attempts, which means that not even a single cyber-attack incident was reported in 2018.

#### Cyber-Attack Incidents

**ZERO**

#### Weak points

**100%** correction

#### MOLIT's Information System Security Weak Points Evaluation

For 6 consecutive years

**'Outstanding'** grade

#### MOLIT's Cyber Threat Response Training

For 3 consecutive years

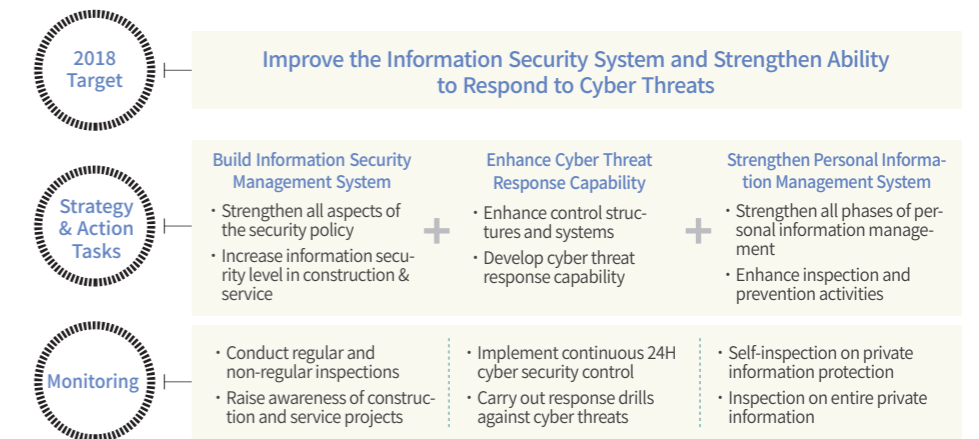
**'Outstanding'** grade

\*APT (Advanced Persistent Threat): A method of intelligent hacking whereby a person or group targets an organization or company using a wide range of techniques over an extended period of time.

### Improvements to the Information Security Management System

Faced with the rapidly evolving IT technology environment and increasingly frequent reports of sophisticated cyber-terror attacks and personal information leaks, the IICA has established strategies and implemented various tasks with the aim of building a more robust information security system.

#### Information Security Management System



#### Introduce a Stronger Security Policy

In 2018, our information security system was further sophisticated. Information security policy was adopted to corporate regulation and relevant manuals and indicators for performance evaluation and awards were tightened. Other activities included initiating an integrated control system aimed at fostering professional security personnel, conducting professional trainings such as digital forensics, operating separate network with subsidiaries and suppliers, and raising awareness of information security through trainings, campaigns, and webtoons.

These efforts resulted in the IICA attaining excellence in information security assessment by the National Intelligence Service and won the Minister Prize of Land, Infrastructure and Transport at the regular security audit in 2018.

\* CISA (Certified Information Systems Auditor): International license to ensure self-inspection and evaluation of information system

#### Protection of Personal Information\_ Strengthening All Phases of Personal Information Management and Safety Measures

To further refine its personal information management system, the IICA appointed an outside firm to process personal information, expanded its mandatory education (6 sessions, 1,831 employees) for all employees, mid-level managers, and personal information protection managers, and augmented its personnel in charge of personal information management. It tightened the safety measures to be taken at each step of the personal information handling process, i.e. collecting, managing, supplying, and destroying personal information. At the same time, if personal information has to be destroyed after use, or its period of retention has expired, the IICA makes it known on its website that it has destroyed the personal information (around 76 million cases), thus earning the public's trust. The IICA's implementation of effective management and safety measures for safeguarding personal information led to zero personal information breaches in 2018.

Information security education



# Convenient Airport



## WHY IT'S MATERIAL TO IIAC?

In order to provide faster and more convenient services to meet the ever increasing demand for air travel and the opening of Terminal 2, efficient organization and operation are essential. The IIAC has risen to these two challenges by proposing a new paradigm for airport operation that takes advantage of the technological advancements of the Fourth Industrial Revolution and providing commercial services that reflect the needs of many different customer groups. In addition, it is becoming increasingly important for public agencies such as the IIAC to develop a business model that can create both public benefits and social values.



## STRATEGY



### Convenient Arrival and Departure Services

- Maximize efficiency in terminal operations by simplifying the arrival and departure procedures
- Improve accessibility by providing better traffic and parking services



### Differentiated Airport Services

- Create a smart airport that leads the Fourth Industrial Revolution
- Increase the competitiveness of public-oriented airport services



### World's Best Commercial Services

- Provide the world's best commercial services
- Increase the places for win-win cooperation and growth



## ACHIEVEMENT

Arrival/Departure Processing Time	Personal Check-in System Usage Rate	Baggage Handling Accuracy	Customer Satisfaction Level with Commercial Facilities
Departure <b>34 min</b> / Arrival <b>25 min</b>	<b>27.2%</b>	<b>99.9997%</b> (T2)	<b>89.5 points</b>



## EVALUATION

Performance Indicator	Frequency	Evaluation Method
Arrival/departure processing time	Quarterly	Survey of waiting times for arrivals and departures at peak hours
Personal check-in system usage rate among passengers	Monthly	Monitoring of monthly usage rate of the personal check-in system
ASQ global index	Quarterly	Monitoring of ASQ survey results
Public service satisfaction improvement	Quarterly	ASQ survey results & customer satisfaction survey
Level of customer satisfaction with commercial facilities	Biannually	Outside agency's survey of customer satisfaction with commercial facilities at Incheon Airport
Efforts to create a differentiated commercial environment for realizing social values	Quarterly	Monitoring the revenues from stores that create social values and operational status

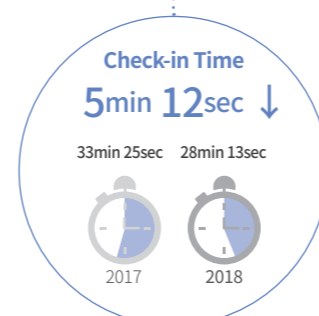
## NEXT PLAN

1. Renewal of T1 Departure/Arrival Area
2. Simplification and Diversification of Smart Check-in
3. Support for Easy and Convenient Airport Operations
4. Provision of Best Possible Airport Facilities and Services that Respect the Rights of All Citizens
5. Expansion of Omni-channel Commercial Services

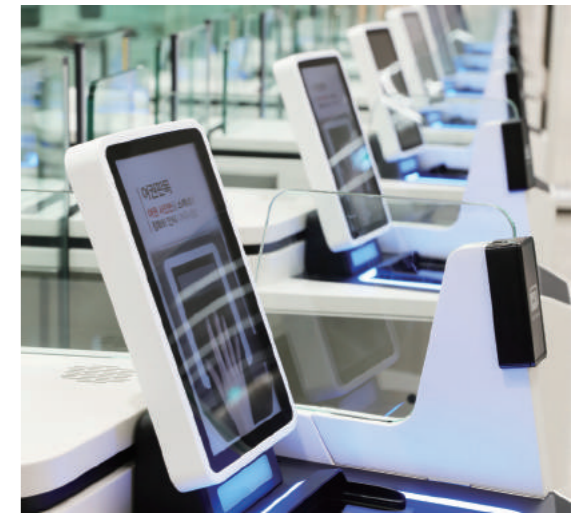
## MATERIAL ISSUES IN 2018

1. Service Innovations to Build a Convenient Airport (Smart Airport, Customer Satisfaction Improvements, etc.)

## RELEVANT UN SDGs



# Convenient Arrival and Departure Services



Automates screening

## Fast and Convenient Arrival and Departure Services

### Arrival and Departure Service Innovations

The IIAC aims to provide faster and more convenient arrival and departure services at Incheon International Airport by restructuring its check-in facilities and services and minimizing the confusion and inconvenience caused by the increased number of passengers, the opening of T2, and the relocation of airlines. Furthermore, the IIAC has radically reduced the time that passengers spend at the airport by expanding the adoption of unmanned automatic services enabled by information and communication technologies.

The best example of which is perhaps the airport's self-service zone. Here, passengers can cut down their check-in and boarding times with the quick personal check-in, bag drop and tagging (attachment of baggage tags) services. Now, passengers no longer have to wait in line. Also, by expanding and concentrating the placement of unmanned screening areas at critical points, the IIAC has freed passengers from the obligation to wait in a long queue. The IIAC installed large digital signboards display video and congestion levels in real time to improve departure service.

To increase the efficiency of its airport operations, the IIAC has introduced futuristic airport operating techniques that utilize real-time data in combination with Fourth Industrial Revolution technologies. The Corporation has improved on-time performance and passenger convenience via real-time monitoring of flight delay times and in-flight waiting times, and has tightened waiting time management and smart security with its IoT-based airport operation (for example, by installing digital display boards that show congestion in the departure area, and intelligent CCTVs). In addition, the IIAC has installed an airport operations dashboard that displays the estimated levels of airport resources and operational performance values based on Big Data analysis, thus making it possible to make data-based predictions and allocate operational support based on those predictions.



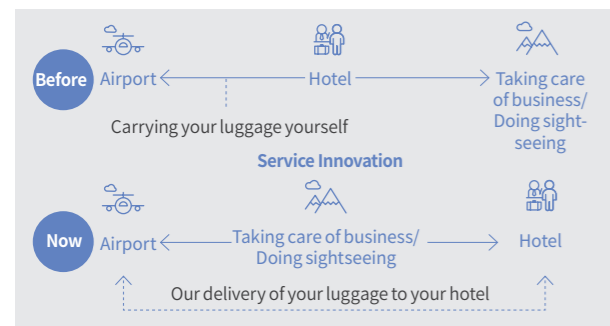
Self-Check-in Usage Rate  
**4.2%p ↑**  
(23.0% in 2017 → 27.2% in 2018)

Self-Bag Drop Usage Rate  
**2.6%p ↑**  
(2.7% in 2017 → 5.3% in 2018)



### Luggage Delivery Service

To help reduce the inconvenience of passengers who have to carry heavy items of luggage on their way from the airport to their residences and vice versa, the IIAC started a same day baggage delivery service (airport ↔ residence) in the terminal building after entering into partnerships with delivery companies. As a fine model of win-win cooperation between the private sector (delivery company/shipping company), the government (Incheon municipal government/Gyeong-gu District), and the public sector (IIAC), this service is contributing to the creation of jobs for members of the new middle-aged class in the Incheon area. The IIAC will steadily expand its baggage delivery service as it creates jobs in the local community and improves passenger convenience by relieving them of the burden of having to transport their luggage.



### Transportation Service Advancements

#### Improvements in Transportation and the Public's Use of Transportation

The IIAC have expanded the number of persons eligible for parking fee discounts and shortened the parking lot egress time by automating discount processing at the gate. In 2018, the IIAC opened a city airport terminal at Gwangmyeong Station, thus enabling passengers from the provinces to complete the check-in and boarding procedure (ticketing, baggage tagging, departure screening) at Gwangmyeong Station and travel lightly to Incheon International Airport in limousine buses without the need to carry their baggage. As a result, the time it takes for passengers from the provinces to reach the airport has been significantly improved [Gyeongbu region (48 minutes), Honam region (68 minutes)]. Furthermore, in view of the rising number of night-flight passengers, we have increased the number of late-night buses (8 additions) and shortened the intervals (30 minutes → 20 minutes) to improve airport accessibility for province passengers and other passengers travelling at night. Tge IIAC will continue creating and realizing new social values by strengthening the public character of mass transportation services and continuously building the related infrastructure.

#### Radical Improvements in Public Transport and Parking Services

The IIAC is responding to changes in the transportation environment by introducing customer-tailored transportation services and providing smart transportation services via a mass transit operating system and system upgrade. In order to respond promptly to the surging demand for parking spots, the IIAC introduced a smart parking fee payment method (Hi-pass automatic payment, Kakao App prepayment, e-Hanaro Automatic Discount service), which led to improvements in the ease and speed of using parking lots. Meanwhile, to enhance the convenience of Incheon International Airport's bus users, the IIAC plans to build a customer-centric transportation service. For example, it is collaborating with autonomous regional governments and related departments in consolidating the bus information system, which should make it possible to send real-time bus location and the latest bus operating schedule to passengers. Another push to improve customer convenience and satisfaction is the parking concierge service: The IIAC has introduced a parking concierge smart CCTV system and parking concierge mobile app with which customers can request the premium parking concierge service upon arriving at the airport.



## Differentiated Airport Services

### Customer-Oriented Service

#### Unassailable "Moment of Truth" Services

In response to the increasingly high standard of service expected by the public, the IIAC is striving to deliver the highest levels of customer satisfaction by listening closely to the voice of the customer and introducing detailed improvements in the hope of enhancing the quality of service experienced by customers. We have focused on strengthening our "moment of truth" (MOT) services in order to listen to customer suggestions and complaints more attentively. For example, we expanded the number of customer committee members from 15 to 42 and simplified the VOC filing process (suggestions rose by 50%). We are also doing our utmost to boost customer satisfaction by expanding the 24-hour free service (to fill the spatial and temporal gaps in servicing) and providing differentiated, valued-added services.



ASQ Land Transportation Satisfaction  
**98.4%**  
(YoY 0.2%P ↑)

ASQ Parking Satisfaction  
**96.2%**  
(YoY 0.8%P ↑)

### Strengthening the Airport Ecosystem of Solidarity

The IIAC intends to build an ecosystem in which it can enjoy human-centered coexistence with the 70,000 members of its "airport family" by improving the working conditions of all employees at the airport. The rising number of tenant businesses resulting from the opening of T2 coupled with the increasing diversification of airport-based businesses is testing the limits of existing tenant business support services. To improve the support, the IIAC met with the employees of tenant businesses who are based at the airport to investigate some of their complaints and identify the tasks required to address them. First, the IIAC strengthened the tenant business care service, which assists tenant customers with executing the successful opening of their airport stores. Second, through its visitation-based tenant support service (17 rounds of visits to 72 businesses), the IIAC tried to resolve issues in advance, and set up a 24-hour service system in order to eliminate service gaps.

Meanwhile, the surveys on tenant business service process standardization and satisfaction conducted by the IIAC were just one of the ways it tried to improve the work efficiency of the tenants. Furthermore, the IIAC is making concerted efforts to build a welfare environment that also considers the health and pride of the airport's employees, such as renovating the rest lounge for T2 employees, creating a counseling welfare service for tenant-company employees, hosting a communication workshop for airport employees, and operating a healing program.

ASQ Overall Satisfaction Level

**4,998 points**  
(out of a maximum score of 5)

Tenant Customer Service Satisfaction Level

**94.7 points**  
(3.8 points higher than in 2017)

#### Case Study

#### Expanded Services for Physically-Challenged Persons

As the percentage of people with handicaps (people with disabilities, the elderly, pregnant women, infants, etc.) using air travel increases year by year, the need to provide for their convenience is growing in importance. To address this need, the IIAC has established an agenda consisting of improvements tailored to such users. It has created a home visit service which ensures that their right to travel and their right to pursue happiness are not neglected.

All throughout the various routes leading to the departure area, the IIAC has installed an electric vehicle pick-up service and increased the number of seats reserved for these people in the airport waiting area by 52%. In addition, the IIAC has launched a sign language relaying video phone service, installed Hearing Loops, and started public announcements using sign language for hearing-impaired passengers. It has increased the number of baby stroller self-rental kiosks (5 → 9 kiosks) for passengers with infants along with the number of strollers, and renovated the children's playroom. In the future, the IIAC will build an airport environment that caters to people with disabilities and transform Incheon International Airport into a place where everyone is happy.

Target	Implementation Direction	Implementation Tasks
Physically Disabled	Build a barrier-free airport with minimum inconvenience	• Expand services that aid mobility
Hearing Impaired		• Expand and improve facilities for physically disabled or challenged persons
Passengers with infants	Create a family-friendly airport that is convenient and enjoyable to use	• Enhance convenience of renting strollers • Renovate children's play facility



Electric Vehicle Pick-Up Service



Baby stroller self-rental kiosk



Smart entry service

### Creation of Global Top Smart Airport

#### Gateway to the Future, the Shining Value of Incheon International Airport

As an airport that is opening the gateway to the future, the Incheon International Airport Corporation always keeps one step ahead of the rest of Asia in taking up challenges and pursuing innovations ceaselessly in order to become the world's greatest smart airport. In 2018, we established a smart airport roadmap and '100 Smart Tasks' to be implemented by 2021, and we are commercializing Fourth-Industrial-Revolution technologies such as AI and IoT for airport applications. From the Phase 1 Innovation to the Phase 4 Model, the Fourth Industrial Revolution brewing at Incheon International Airport is empowering the IIAC to realize future values that deliver convenience as well as efficiency.

#### Smart Service Intelligent Experience Services

Visitors to Incheon International Airport will come across the 2nd-generation airport mascot robots called AIRSTAR beloved by many passengers. Currently, eight units are stationed in Terminal 1, and six are stationed in Terminal 2, in places where passengers are most likely to need guidance, such as the departure area, duty-free stores, and the baggage pick-up spots in the arrival area.

The IIAC is expanding its passenger guidance and smart experience services to enable passengers to use the airport, transportation/parking and arrival/departure procedures more easily, in addition to alleviating passenger inconvenience and anxiety through mobility, self-driving vehicles and indoor location finding technology.

### Passenger Guidance Services on Using the Airport

New Service	Service Descriptions
24-Hour Chatbot	<ul style="list-style-type: none"> <li>Passengers can instantly obtain information on airport use by interacting with a chatting robot capable of conversing (Q&amp;A) with humans. This robot can speak two languages and connect to KakaoTalk.</li> </ul>
Indoor & Outdoor Route Finder/Parking Space Finder (Sequential opening since March 2019)	<ul style="list-style-type: none"> <li>(House → airport travel) Guide to boarding terminal/parking information using navigation</li> <li>The service will find the terminal for you if you enter your flight number.</li> <li>It provides information on airport parking lot congestion and empty parking spaces.</li> <li>(Traveling to a gate) An indoor AR route finding service will be developed (2nd half of 2019)</li> </ul>
Commercial Introduction of Specialized Airport Robot	<ul style="list-style-type: none"> <li>It drives autonomously even in a busy airport environment and can guide passengers with its own voice.</li> <li>It provides twelve types of services including information and guidance on counter/convenience facilities, escort assistance, departure area congestion information, and assistance on taking photos.</li> </ul>
Arrival and Departure Procedure Real-time Information Push (Opened in March 2019)	<ul style="list-style-type: none"> <li>Using a passenger's location and flight schedule, this service sends real-time messages informing passengers about how to board their flight, for instance, walking route, arrival/departure procedures, etc.</li> <li>Airport Arrival → Counter/Boarding Gate Information</li> </ul>
Development of a service for the physically-challenged (Opened in April 2019)	<ul style="list-style-type: none"> <li>A special band worn by a physically-challenged person (who may get lost easily) sends location information to his or her guardian.</li> <li>Unreturned wheelchairs/baby strollers can be located and picked up</li> </ul>



## World's Best Commercial Services

### Customer-tailored Commercial Services

#### Opening of the Duty Free Shop in the Arrival Area

After seven attempts by the IIAC, a proposed amendment to the Customs Law to allow the establishment of a duty free shop in the airport's arrival area was finally passed by the National Assembly during its 16th plenary session in December 2018, and a duty free shop was duly opened in the arrival area of Incheon International Airport in May 2019. The opening of a duty free shop was essential due to ongoing trends in the tourism environment and changing circumstances in Korea's neighboring countries. The IIAC developed a new operating model for the duty free shop with the aim of creating social values: It restricted the duty free shop's activities to the sale of goods made by SMEs, abolished the minimum rent requirement, and donated all income accruing from the rental of store spaces to public causes.

With the opening of the new duty free shop in the arrival area, passengers no longer have to haul around their duty free purchases during an overseas trip or worry about their purchases being disallowed as carry-ons. The duty free shop is expected to create 580 new jobs and generate KRW 151.8 billion worth of production-inducing effects, including the acquisition of foreign currencies, while enhancing passenger convenience and creating new social and economic values. With the successful opening of a duty-free shop that generates strong social values, the IIAC will alleviate passenger inconvenience and contribute to stimulating the domestic economy, thereby boosting the satisfaction of everyone concerned.

#### BEST PRACTICE

#### Endless evolution of BHS – for smarter and more precise luggage handling

Incheon International Airport operates a high-speed tray system designed to ensure the rapid and accurate transportation and sorting of luggage. As there nevertheless remains a slight possibility of a baggage sorting error if more than two items of luggage are loaded on to a single tray, the IIAC has developed a double-loading detection system for baggage consisting of smart technologies such as IoT sensors and machine learning. This system is presently undergoing pilot operation.

The IIAC has also developed a real-time baggage flow monitoring system (BFMS) and built a predictive maintenance platform that incorporates Big Data analysis technologies such as an equipment malfunction prediction warning system and a server/network monitoring system. The Corporation has continued introducing fresh innovations to its baggage handling system with the aim of getting the task done ever more smartly and accurately. Unlike other major airports overseas that experienced safety issues with their baggage handling system (BHS) upon opening their terminals, Incheon International Airport was able to achieve a quasi-perfect operating performance of 99.9997% accuracy in its baggage handling operation in the first year after the opening of Terminal 2. Incheon was able to accomplish this remarkable feat by exploiting the know-how it gained in the 1st and 2nd stages of airport construction, its operational prowess, and its advanced technologies.

#### IIAC's double-load detection system process



#### 2018 Baggage Handling Precision

99.9997%



#### Establishing the Best Environment for Commerce

To create the best possible environment for commerce and maximize public convenience, the IIAC has redefined the meaning of "customer-oriented service" and revised its related strategy. Guided by the four strategies of 'Customer Value UP, Cost DOWN, Convenience UP, Communication UP', the IIAC is seeking to provide convenient commercial services that will be viewed as the best in the world.

#### Development of an Incubator-style Model of Commerce

Because the IIAC is a state-owned enterprise that seeks to fulfill its social responsibilities, it is continuously developing a successful commerce model capable of producing values which can be shared with the rest of society. We run a program that extends the opportunities available to socially underprivileged people by loosening the entry barriers to the excellent infrastructure of Incheon International Airport and assists them with developing and growing their ventures. From a food and beverage store that creates jobs for the socially underprivileged class, through a flea market that functions as a sales channel for goods made by small business owners, to an upgraded popup store that expands business opportunities for startups, the IIAC has developed an incubator-style model of commerce to help people from the socially underprivileged class realize their dreams.

Strategy	Implementation Direction	Implementation Tasks	Achievements
Customer Value UP	Address new demand	Develop cultural contents combination businesses	• Introduction of entertainment fused (e.g. greenhouse) with food and beverage eateries (6 businesses).
	Identify latent demand	Pursue service segmentation	• Expansion of business rights to capsule hotel, pocket WiFi, Health & Beauty (7 businesses)
		Expand choices in food and beverages	• Addition of 15 new food menus to reflect the tastes of visitors from more diverse cultural backgrounds (to be offered at 25 restaurants as 49 menu items). For example, vegetarian and Halal cuisine
Cost DOWN	Tighten price management	Offer specialized products	• Opening of Sweet Air, a bakery specializing in products that can be given as gifts
		Institutionalize the price policy	• (Duty Free) Imposed price controls on TOP30 products of each category (Food & Beverages) Imposition of price controls on the 10 most popular menus (Pharmaceutical) Imposition of 'regional average prices' for the 50 most popular medications
	Strengthen monitoring	• (Duty Free) Comparative study of prices at competing airports such as Changi Airport (every 6 months) (Food & Beverages) Investigation of 7,452 menus and selection of 28 items to be offered at lower prices (whose prices were higher than the market average for no special reason)	
Convenience UP	Expand scope of prices	Expand low-to-mid- priced menu items	• (Food & Beverages) Creation of a new menu with 72% of food items priced at less than KRW 10,000
	Improve user convenience	Stores built along the customer traffic flow path	• Permission granted to best-selling brands to open dedicated stores in the center of the terminal
		Improve processes using IT	• Opening of 24-hour stores situated next to gates serving night flights
Communication UP	Increase available information	Improve accessibility	• Opening of an integrated help desk for duty free (T2)
		Expand the collection of VOC	• Introduction of kiosk and tablet-based self-ordering system
	Expand channels for public participation	Systematize expert evaluations	• Installation of customer identification system in the duty free product pickup area
Strengthen feedback	Strengthen practicality of monitoring	Expand the collection of VOC	• Expansion of information channels (12 in operation) and diversification of types of information provided
		Systematize expert evaluations	• Development and deployment of a QR code-based satisfaction survey solution in all food and beverage establishments (149 businesses)
	Expand communication	• Recruitment of a food critic to review food quality anonymously, entrustment of CS consulting to an outside party (once every 6 months)	
Strengthen feedback	Strengthen practicality of monitoring	• Joint inspections with a professional hygiene audit company, and improvement of operations (once every 6 months)	• Consideration of the results of regular service monitoring when renewing contracts
	Expand communication	• Presentation of awards and incentives to best businesses every year	• Holding of regular meetings with each type of business to share business performance figures and discuss ways of improvement

# Growing Airport



## WHY IT'S MATERIAL TO IIAC?

The demand for air travel in the Asia-Pacific region is steadily rising while the competition among neighboring countries in Northeast Asia to create an international hub airport is becoming increasingly intense. In this fierce environment where risk factors (THAAD backlash and risks of natural disasters) that could negatively impact passenger transportation also exist, there is a growing need to hold corporations responsible for creating social values and producing innovations. We are now at a point in time when the global economy is in a marked downturn while competition among airports to become a global cargo hub is growing. Therefore, we must intensify our strategic marketing efforts in a bid to expand our routes and develop the necessary infrastructure to capture the new growth segment of the international cargo market.



## STRATEGY



### Increase Passengers

- Expand the aviation network
- Stimulate passenger increase
- Increase the number of transit passengers



### Increase Cargo Volume

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



## ACHIEVEMENT

International Passengers	No. of international passengers	No. of transit passengers	International Cargo Volume	Trans-shipments
Global 5 <sup>th</sup>	67.68 million	8.02 million	2.95 million	1.16 million tons

## EVALUATION

Performance Indicator	Frequency	Evaluation Methods
Number of International Passengers	Weekly/Monthly	Transport/trend analysis and review
Number of Transit Passengers	Weekly/Monthly	Transport/trend analysis and review
Expansion of aviation network	Monthly	Performance analysis and management conferences
International Cargo Volume	Weekly/Monthly	Transport/trend analysis and review
Trans-shipments	Weekly/Monthly	Transport/trend analysis and review
Creation of a win-win partnership system with logistics SMEs	Biannually	Analysis and review of implementation

## NEXT PLAN

1. Strengthen hub competitiveness by gradually expanding the passenger/cargo networks
2. Promote an increase in the number of international passengers through market diversification
3. Increase the market share of key transit passenger segments
4. Improve logistics processes and systems
5. Build an environment favorable to e-commerce clusters

## MATERIAL ISSUES IN 2018

1. Responding to Rising Passenger and Cargo Demand

## RELEVANT UN SDGs



# Increase in Passengers



Departure areas

## Expansion of the Aviation Network

### Expanded Traffic Rights

The IIAC is dedicated to improving the convenience of air travel and contributing to the nation's aviation industry. This is why it analyzes demand and aviation environment trends, collects the views of airlines and stakeholders, and hosts aviation talks with the close cooperation of the government. By signing aviation agreements and MOUs, traffic rights are then allocated. In 2018, the IIAC successfully negotiated expanded traffic rights and routes, contributing to the expansion of Incheon International Airport's network.

The acquisition of new traffic rights to fly 8 weekly flights was equivalent to adding around 190,000 new passengers, which is sufficient to attract airlines that would like to fly the new routes. Especially in strategic regions like Europe, the expansion of traffic rights will induce new airlines to want to fly from Incheon and to open new routes. Approximately 63,000 passengers are expected to use the new routes. When translated into annual demand, this is equivalent to the creation of 170,000 new airline ticket sales per year, and therefore will be an opportunity to further improve the ease of air travel for the public.

### Slot Capacity Increase and Operational Efficiency

The slot (the time interval reserved for an aircraft's landing or takeoff) determines the maximum number of takeoffs and landings that an airport can process within one hour and is an important factor that affects an airport's network and flight serving capacity. An airport that seeks to increase its capacity in order to meet the soaring demand for flights in a timely manner must first be able to increase its airport slot capacity while maintaining efficient airport operations. Therefore, the IIAC conducted a reevaluation of Incheon International Airport's capacity in each area of its operations. It revised its detailed guidelines on slot adjustments, increasing slot capacity to 65 per hour during peak hours (11:00 hours ~ 19:00 hours). The improvements did not stop there, however. By allocating the slots more evenly, the IIAC was able to improve their availability during the summer peak season to 93.3%, i.e. an improvement of +4.5% over the previous year.



Slot availability during summer peak hours

**+4.5%p**  
88.8% in 2017  
→ 93.3% in 2018

### Introduction of New Routes

The IIAC is expanding its aviation network to acquire new routes and seats in order to meet the steadily increasing demand for air travel and to consolidate our position as the leading hub airport in Northeast Asia. To this end, we have launched an aggressive marketing campaign and incentive programs that target airlines. We have also extended the landing-rights-fee exemption period for airlines flying to Incheon for the first time, increased the amount of incentive aid, and held explanatory sessions for airlines to provide detailed information about incentives. In addition, in regions where supply falls short of demand, we have conducted marketing campaigns reflecting the specific needs of the market in each region in order to win new airline customers and add more flights to our roster. These efforts resulted in a 7.5% increase in international flights over the previous year. Going forward, the IIAC will continue to focus on enhancing choice and convenience for passengers who use Incheon International Airport by opening new routes, increasing the number of flights per route, and diversifying our flight schedules.



New Routes  
**23 routes**

Annual supply  
**3 million new seats**

No. of international flights  
**381 thousand**  
26,000 flights vs. 2017 ↑

## Promotion of Passenger Volume

### Resuscitated Demand in the Chinese Market

Faced with the dilemma of waiting endlessly for China to lift its prohibition of group tours to South Korea, we had to come up with an alternative plan. We noted the rising popularity of free independent tours in China and the expanding online and mobile markets, and conceived a new strategy. We concluded an MOU with Tencent (WeChat operator) of China in which WeChat agreed to allow Incheon International Airport to open its own account. In addition, we collaborated with national carriers and began targeting China's B2C market and, instead of direct marketing, we promoted Incheon International Airport through China's OTA (online travel agency), sent newsfeeds and engaged in other forms of indirect marketing. Although most Chinese visitors prefer group tours, and despite the ongoing ban on packaged tours to South Korea, the number of Chinese nationals who visited South Korea in 2018 reached 12.14 million in 2018, an increase of 1.51 million over the previous year.

\* WeChat: China's largest SNS and mobile platform with 900 million users per day

### Chinese Passenger Trend

**12.14 million persons**

(10.63 million in 2017 → 12.14 million in 2018)

### New Growth Engines through Market Diversification

Through advertising, promotion, direct marketing and various other methods, the IIAC is working hard to build a strong presence in Asia's tourism markets, and particularly that of Japan where there is high demand, and it has also added new routes to its long-distance destinations, such as Europe and CIS. In 2018, the IIAC participated in Tourism Expo Japan\* and met with airline and tourism agency representatives to discuss the possibility of collaborating in selling South Korea tourism packages. The IIAC was also able to promote T2 to visitors to the Incheon International Airport booth. The IIAC participated in tourism exhibitions held in the Netherlands and Vladivostok, Russia, where its representatives feverishly pitched the attractiveness of Incheon International Airport's Passenger Terminal 2 and convenience facilities through B2C/B2B marketing and urged people to visit Incheon. Thanks to these efforts, the number of passengers from Japan, Europe and the CIS is steadily increasing.

### Passengers from Japan

**13.43 million persons**

(11.93 million in 2017 → 13.43 million in 2018)

### Passengers from Europe & CIS Regions

**5.86 million persons**

(5.28 million in 2017 → 5.86 million in 2018)



### BEST PRACTICE

#### Enters the global top five in number of international passengers

Incheon International Airport, which ranked 7th in the world in terms of the number of international passengers in 2017, recently climbed to 5th place after surpassing world-renowned airports such as Paris Charles de Gaulle Airport and Singapore's Changi Airport, on the back of the soaring number of international passengers. In 2018, the number of international passengers arriving at Incheon surpassed by more than 10% the figure recorded in 2017. Featuring among the top 5 airports with the highest number of international passengers in 2018, Incheon was the only one to show double-digit growth over the previous year.

The IIAC will continue to develop Incheon International Airport into a mega-hub airport with a capacity of 100 million passengers per year by gradually expanding its infrastructure rather than resting on its laurels after achieving "TOP 5 in International Passengers" status for the first time since its opening.

\* Reference: statistical data of ACI (Airport Council International)



## Maintaining Demand for Transfer Services

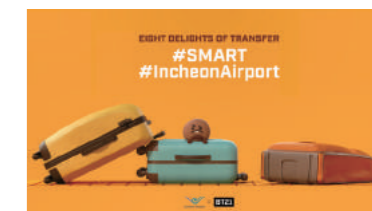
### Providing Close, Fun and Convenient Transfer Tours

Due to transfer tour course and time limitations, passengers' use of Incheon International Airport's transfer tour was rather low. To counteract this trend, the IIAC has completely revamped and redesigned its transfer tour service in a bid to make it more demander-centric and to provide the services that transfer passengers really need. Taking into account the fact that transfer passengers do not have a lot of time, long transfer tour courses were restructured to make them shorter; and, taking note of the growing trend of free independent tour (FIT) transfer passengers, the IIAC developed individual-oriented tours instead of group tours, making them more fun for passengers. Furthermore, operation of the transfer help desk was extended to 24/7, greatly boosting the convenience of passengers arriving in the early morning hours. In the future, the IIAC will cooperate with the Incheon Tourism Office to expand Incheon region's transfer services to include elements of local resources.

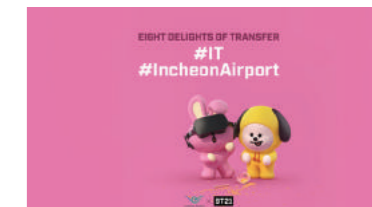
### Transfer Brand Building & Promotions Using Global Character Brand

We came up with a simple and persuasive slogan and copy based on the two keywords of transfer, namely, 'convenience' and 'fun'. We then built a brand around the slogan in order to be able to manage transfer contents from the top level and deliver a consistent message. We also produced a promotional video about our airport's transfer passenger services, which featured the globally popular BT21,\* and launched a marketing campaign through SNS/media channels, such as Instagram and YouTube, that targeted the potential demand among travelers in their 20s and 30s. This promotional video using BT21 recorded 20 million views (630 times more than average on YouTube). During the same period, the number of followers of Incheon International Airport's SNS rose by 16.4%, raising awareness of the airport. This promotional video even went on to win an award at the New York Festivals Advertising Awards (one of the top 3 advertising festivals in the world), a first for an airport advertisement.

\* BT21: A global character developed by the world famous K-pop group BTS.



Incheon International Airport x BT21: Smart Airport Episode



Incheon International Airport x BT21: IT Episode

### Number of Passengers Using Transfer Tours

**70,854 persons**

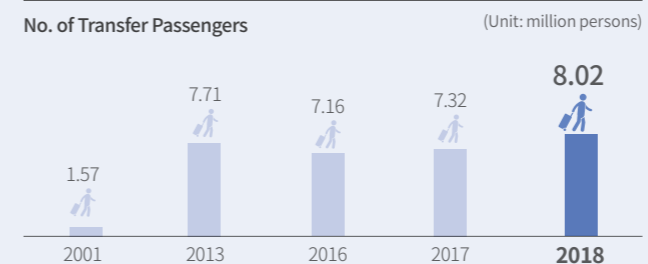
(69,681 in 2017 → 70,854 in 2018)

### BEST PRACTICE

#### Breaks record for the highest number of transfer passengers, 8 million

In 2017, after the number of transfer passengers saw a return to positive growth, the IIAC was able to consolidate its position as a hub airport through concentrated marketing efforts. To counter the competition from Beijing, which is scheduled to open its new airport in 2020, our management realized that we had to increase our brand power as a transfer airport and create a class of services that would specifically target transfer passengers.

The IIAC has maintained the demand for transfers at current levels through transfer flight marketing that used joint ventures and networks and restructured its transfer passenger services to make it more user-friendly. It started building a brand image for Incheon International Airport as a transfer airport and intensified the promotion of its strengths. As a result of its strength-focused marketing campaign and improved transfer services and publicity, Incheon International Airport set a new record of eight million transfer passengers in 2018, enabling it to gain additional momentum in its growth as a hub airport.



### Transfer Flight Marketing



## Increase in Cargo



Nighttime view of the airport



Satisfaction Level of FTZ Resident Enterprises

**81.2 points**

(80.8 points in 2017  
→ 81.2 points in 2018)



International Cargo Volume  
**2.95 million tons**

Transshipment  
**1.16 million tons**

International Cargo Handling Capacity  
**3th in the world**

### Increase in Air Cargo Volume

#### Expansion of Cargo Routes and Strengthened Strategic Marketing

As competition (which has also intensified due to the rapid growth of competitive airports such as Shanghai's Pudong Airport) over the cargo shipping business heats up between major airports in Asia, it has become important to capture the new growth segment in the cargo business engendered by changing trends in cargo contents. To compete more effectively amid this new reality, the IIAC is currently developing and pursuing a new strategic direction. To expand transshipments to new manufacturing regions like Vietnam and China, the IIAC held marketing IR events in each target region.

The IIAC also participated in prestigious global events such as international logistics conferences and fairs while strengthening its branding in air logistics by developing print and video advertisement contents designed to have the maximum advertising effects. Based on these efforts, the IIAC was able to strengthen its cargo transportation networks in Vietnam and China and further raise awareness of the world-class cargo infrastructure and services operated by Incheon International Airport.

#### Logistics Innovation that Utilizes the Oceans

Taking advantage of the proximity of Incheon Port and China, Incheon International Airport is trying to develop an integrated transportation system (sea & air) between South Korea and China, which would be based on an existing regular ferry service between Incheon and the Shandong region of China, and is pursuing a strategy of capturing the market for transshipment originating in China. In other words, it is improving the integrated transportation system by using the concept of the Road Feed Service (RFS). The RFS is an integrated system that involves loading the vehicle used to transport a cargo on land in China on to a ship sailing from China to South Korea (a port in China → Incheon Port) and then, upon its arrival in South Korea, transporting the cargo inland from Incheon Port to Incheon International Airport.

Because this is a new concept of logistics routing based on use of the sea, the IIAC will have to lead the project. However, the resulting simplified customs procedure will bring concomitant benefits such as a shorter transportation time and a reduction of logistics costs. We at the IIAC anticipate that the new route will produce the ultimate effect of improving the transshipment connectivity and efficiency of Incheon International Airport. To launch this project, an 8-party MOU involving the airport, port customs authorities of China and South Korea was signed in March 2019, with a pilot service scheduled to begin in 2019. The introduction of such an integrated transportation system is expected to result in cargo cost savings of KRW 226 per kg and a 5-hour reduction in the total time it takes to ship a cargo from China to the Americas or Europe.

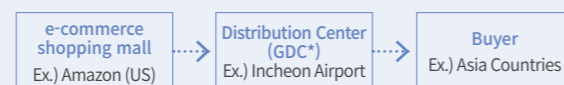
#### BEST PRACTICE

#### Winning the Global Shipping Business of e-Commerce Companies

Trying to increase cargo volumes by traditional methods such as relying on international delivery companies for individual shipments has its limitations. After noticing that major overseas e-commerce companies were expanding their logistics bases in Asia, Incheon International Airport developed a strategic plan to utilize the airport as a regional logistics center (GDC)\*. The IIAC launched the GDC Public-Private Sector Joint Promotion Team in April 2018 to strengthen its hand in attracting investment. It also allocated two logistic complexes (about 26,000㎡) for the GDC site and introduced a strategic incentive system to attract businesses to its GDC. Bringing in cross-border e-commerce businesses will have a ripple effect on the entire logistics industry, including transportation, unloading, and cargo terminal utilization.

\*GDC (Global Distribution Center): an international logistics center that imports and stores the products of global companies, classifies them by item, repackages them, and ships them to their overseas destinations

#### (Henceforth) Application of distribution base in Asia



#### From cargo volume increase and job creation

Annual economic benefits of KRW **186.4 billion**

### Strengthened Competitiveness as a Logistics Hub

#### Development of Facilities for Newly Growing Cargo Markets

The IIAC built dedicated facilities for the purpose of establishing a strong presence in the fast-growing fresh produce, special cargo and transshipment markets. The fresh produce cargo processing facility (Cool Cargo Center) built by the IIAC on the airport aprons has already reduced the transshipment time from 5 hours to 2 hours. This achievement was a first for an Asian airport and should give it a leg up in the competition to become the Asian hub for fresh produce cargoes. To become a strong hub for special cargoes, it expanded the dedicated cargo terminal for the global shipping company FedEx, and built a second cargo terminal for Atlas Air, which uses Incheon as its hub, thereby moving one step closer to becoming a global cargo hub. Through these facility upgrades, the IIAC anticipates the creation of a new cargo volume comprising 60,000 tons of fresh produce, 50,000 tons of special cargo, and various other types of cargo for a total of 240,000 tons.

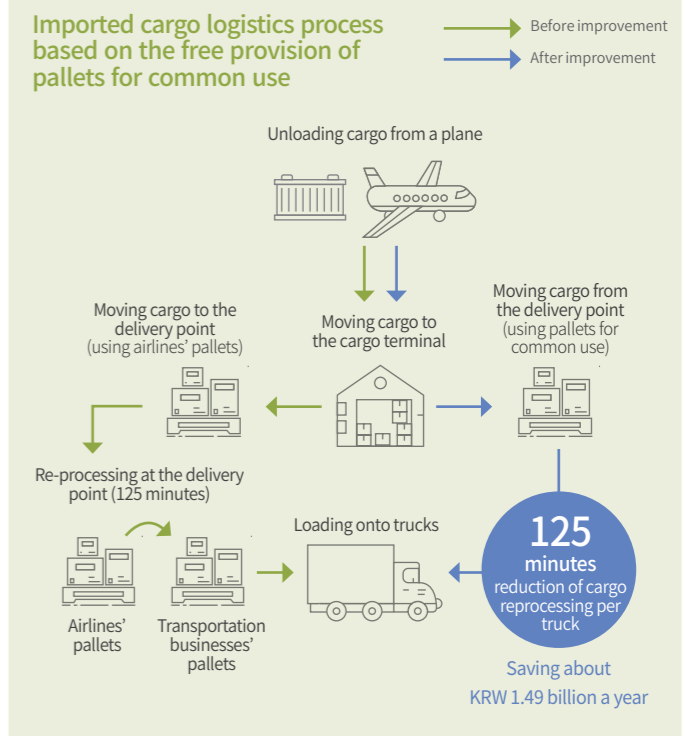
#### 3-Phase Development of a Logistics Complex

Phase 1 and Phase 2 logistics complexes are already full with an occupancy rate of 91%. Therefore, the IIAC hopes to accommodate the increased cargo volume for the newly growing cargo segment, GDC, and SMEs with the development of a Phase 3 logistics complex, for which it established development plans in 2016. In 2018, the IIAC successfully negotiated with the government to build another free trade zone (FTZ) within the Phase 3 logistics complex where tenant businesses will be able to freely engage in logistics activities that create added values. The design and implementation plan for the FTZ have been approved, so construction of the zone will begin in 2019, with its completion and start of operations scheduled for 2021. Once the Phase 3 logistics complex has been completed, it is expected to bring in 100,000 tons of cargo every year and to create 2,000 new jobs through construction and investment projects.



Cargo terminal

### Building a Growth Environment for Small and Medium-Sized Logistics Companies



#### SME-Friendly Environment in the Free Trade Zone

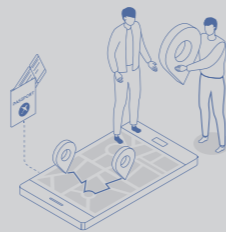
The IIAC is helping SMEs to build a robust environment that is conducive to growth by setting aside a special zone within the FTZ into which SMEs can move, and improving the office environment. Today, 44% of the FTZ resident companies are small companies with fewer than 10 employees (324 out of 724 companies to be precise). In 2018, the IIAC renovated an old cargo terminal and convenience facilities and opened various channels of communication with FTZ resident companies, such as holding regular meetings with resident companies and organizing events on national holidays as well as a win-win cooperation competition event. It also expanded business opportunities for small and medium-sized logistics companies and created an environment conducive to mutual growth by improving the operating environment. As a result of such efforts on the part of the IIAC, the satisfaction levels of FTZ resident companies were at their highest point since the opening of the FTZ.

# Future-Oriented Airport



## WHY IT'S MATERIAL TO IIAC?

The construction of new airports and the opening of new airport operation businesses are flourishing due to the rising demand for air travel in newly emerging countries in Asia and the Middle East. We are now living in an era when the limitations in the growth of non-aviation income have imposed upon us the need to develop new growth engines through our overseas businesses. Conversely, when pursuing an infrastructure building project, it is important to preserve an airport's public service function. As such, making hub airports more competitive through the development of an Air City that combines aviation with tourism should be approached seriously if the IIAC is to become a future-oriented airport corporation that achieves growth.



## STRATEGY

	+		+	
<b>Development of Overseas Businesses</b>		<b>Expansion of Airport Infrastructure</b>		<b>Development of Air City</b>
<ul style="list-style-type: none"> <li>• Development of new growth engines by diversifying overseas businesses</li> <li>• Boosting competitiveness in winning overseas projects</li> </ul>		<ul style="list-style-type: none"> <li>• Expansion of airport facilities on a timely basis</li> <li>• Expansion and construction of an environment-centered infrastructure</li> </ul>		<ul style="list-style-type: none"> <li>• Development of an integrated city that fuses aviation and tourism.</li> <li>• Pursuit of win-win development with local communities</li> </ul>



## ACHIEVEMENT

Overseas revenues	Rate of progress of Phase 4 project	Job creation from of Air City development	Revenues of Air City
<b>18</b> billion KRW	<b>1.88%</b>	<b>1,680</b> persons	<b>27.6</b> billion KRW



## EVALUATION

Performance Indicators	Frequency	Evaluation Methods
Overseas business projects won	Quarterly	Review of project bid results and report on countermeasures
Overseas business revenues	Monthly	Overseas project profit and loss management system/revenue report
Phase 4 Rate of Progress	Monthly	I-PMIS (Project Management Information System) and Field Survey
Airport construction accident rate	Quarterly	I-PMIS and Certificate of Approval of Rehabilitation from Industrial Accident
Jobs created by Air City	Quarterly	Report on job creation performance of private businesses
Air City revenues	Quarterly	Internal revenue management system

## NEXT PLAN

1. Enter and expand business of investing in and developing overseas airports
2. Kick-off of 5th runway construction project
3. Build Air City, a city that fuses aviation with tourism

## MATERIAL ISSUES IN 2018

1. Development of overseas business and Air City, expansion of airport infrastructure

## RELEVANT UN SDGs



# Development of Overseas Businesses



Overseas project orders

## Diversification of Overseas Businesses and Flawless Operation

The IIAC is concentrating on securing its future growth engines through a strategic diversification of its business areas. Based on the airport construction and operational know-how it has accumulated over the last 20 or so years, it is steadily expanding its overseas business, creating second and third Incheon International Airports around the world. In 2018, the IIAC fully exploited its strengths in executing overseas projects in Kuwait, Saudi Arabia, the Philippines, Indonesia, and Uzbekistan.

At the same time, due to its perfect execution of previous projects, the IIAC improved its chances of winning follow-up projects while, through its tight management of such projects, it was able to maximize the revenues accruing from its overseas businesses and develop them into stable sources of income. In 2018, the revenues from our overseas business amounted to KRW 18 billion, the highest overseas business revenue recorded in the history of our company.

(As of the end of April 2019)

● Overseas Orders      ● Cumulative Contracted Amounts

**14** Countries **29** Projects      Around **USD 220** million

Latin America	Europe	Middle East	Asia
2 airports 3 projects Rev. USD 3.1M	1 airport 3 projects Rev. USD 10.3M	5 airports 5 projects Rev. USD 180.6M	12 airports 18 projects Rev. USD 27.5M



## Kuwait International Airport Terminal 4 Operation Project

In April 2018, after intense competition with rival bidders, the IIAC was finally selected to operate Terminal 4 of Kuwait International Airport on the strengths of its know-how and experience in winning projects. The project will generate an estimated overseas revenue of KRW 140 billion (USD 127.6 million) over the next five years while serving as a stepping stone to becoming a global airport operating company. Almost at the very moment the contract was signed in May 2018, the IIAC dispatched a team of thirty experts in pilot operation, terminal operation, facility maintenance and repairs and other aspects of construction to Kuwait, while a separate task force composed of experts in overseas business was formed to provide on-site support, enlisting all the know-how and skills at the IIAC's disposal to guarantee the successful operation of Kuwait International Airport Terminal 4. The IIAC overcame all the crises and challenges of working as a foreign company to see the grand opening of Kuwait International Airport Terminal 4 in December 2018.

### Chronology of Kuwait International Airport Terminal 4 Consignment Operation Project

2018.4.22	2018.5.8	2018.7.4	2018.12.9
Wins the contract to operate Kuwait International Airport Terminal 4	Signs agreement to operate Kuwait International Airport Terminal 4	Holds building dedication ceremony for Kuwait International Airport Terminal 4	Grand opening of Kuwait International Airport Terminal 4



Grand Opening of Kuwait International Airport Terminal 4

# Expansion of Airport Infrastructure

## Expansion of Airport Infrastructure in Response to Social and Environmental Changes

In order to meet the soaring demand for air travel in time and occupy a dominant position in the air travel market, the IIAC will complete the Phase 4 expansion of the airport, which includes expanding Passenger Terminal 2 and building a fourth runway, by 2023. The expansion will prepare the airport for the coming era of 100 million passengers per year. The IIAC conducted an analysis of the internal/external environment surrounding the Phase 4 expansion project and modified the Phase 4 execution paradigm: It took into account expandability in the event of increased demand, considered the operational status, improved the working environment, and simultaneously reassessed the project's duration. It strived to reach a consensus through better communication, setting up a systematic/preventive construction project management structure and collecting stakeholders' views through open channels.

### A New Beginning, Phase 4 Construction Project

The Phase 4 Expansion of Incheon International Airport Project began with the 'Groundbreaking Ceremony for the Construction of Runway 4 of Incheon International Airport' in December 2018. The project, which includes the building of a fourth runway and expansion of the aprons, requires a huge investment of approximately KRW 4.2 trillion, but upon its completion Incheon International Airport will be able to handle 100 million passengers every single year. Under the Phase 4 project, Incheon International Airport will greatly extend the use of ICT (AI, biometrics, IoT, Big Data, etc.), the key drivers of the Fourth Industrial Revolution, in order to build a smart airport that will lead the world. In addition, the IIAC will complete landscaping not only inside the airport but also in the surrounding areas, and will more than triple the production of electricity via renewable energy sources, such as solar and geothermal heat, to cover more than 27% of the airport's energy needs. In this way, Incheon International Airport will become a truly environmentally-friendly airport, an 'airport with in a green park'. The phase-4 construction project is expected to play a driving role in the growth of local and national economies as it will create around 50,000 new jobs during the construction period. It is also expected to generate some KRW 11 trillion in economic effects (production inducement and added value).



Aerial view of the Inspire Integrated Resort

## Development of Air City

### Air City Development Project

#### Inspire Resort Development Project

In December 2018, when a global theme park contents provider (Paramount Pictures) joined the project as a co-investor in the development of Incheon International Airport's integrated resort, financing for Phase 1 development increased from KRW 1.6 trillion to KRW 2.8 trillion. Using the infrastructures of Incheon International Airport, which has emerged as the hub airport in Northeast Asia, and its synergies with the world-class integrated resort, the IIAC aims to become a major player in the MICE\* industry, one of the hottest trends in the global tourism market. It also wants to make Inspire Integrated Resort one of the most attractive tourist destinations in the world.

\* MICE: Acronym for Meeting, Incentive, Convention, Exhibition Industries

### BEST PRACTICE

#### Expansion of Paradise City's Phase 2 Facility (Fun City)

The IIAC financially supported the development concept of the 'Art + Entertainment' element of Paradise City to provide its attractiveness as a tourist site through the development of a theme park, clubs, and other landmark facilities. Diverse activities for visitors' enjoyment were added as transfer passenger products while joint marketing activities targeting transfer passengers were launched. The opening of Phase 2 Paradise City generated rental income of KRW 6 billion per year and created 1,287 new jobs in the Incheon area. These contributions were recognized when the government listed Paradise SegaSammy Company as one of the top 100 companies in the country in terms of job creation, the only hotel/resort business to make the list.

New jobs created  
**1,287 persons**



Job Creation  
around **50,000 jobs**

Economic Effects  
around KRW **11 trillion**

A bird's eye view of the Phase 4 construction work

## Win-win Development with Local Community

### Establishing a Win-Win Development Model with the Local Community

The IIAC abandoned its livelihood-oriented support activities (heating and cooling equipment for homes) of the past and instead developed a model designed to help people achieve economic independence through win-win development with the local community. The model for win-win development with the local community is divided into the 3 categories of job creation, basic facility support, and win-win development with small and medium-sized businesses. The IIAC will create new jobs every year by investing in the private sector, continue pursuing the types of development activities that promote regionally balanced development, widen the scope of dialogue and hold regular meetings with small and medium-sized business owners, and continue nurturing a relationship with the local community, based on open dialogue and win-win growth.



Creation of additional good-quality jobs by creating an environment that is favorable for private sector investment

Improvement of Private Investment Environment	Investment Invigoration	Job Creation
<ul style="list-style-type: none"> <li>Joint Marketing Support for obtaining approval</li> <li>Infrastructure Support</li> <li>Provide a job platform</li> </ul>	<ul style="list-style-type: none"> <li>Paradise City Inspire</li> <li>Public golf course</li> </ul>	<ul style="list-style-type: none"> <li>1,680 jobs created</li> <li>- Paradise 1,287 jobs</li> <li>- Other hotels 393 jobs</li> </ul>



Improving the business environment by expanding the region's basic facilities (to stimulate the regional economy)

Problem	Efforts to overcome	Performance
<ul style="list-style-type: none"> <li>Requests for basic facility support poured in from areas with poor basic facility infrastructures (i.e. islands like Yongyu-do, Shin-do, Sindo, and Mo-do in the Bukdo-myeon region)</li> </ul>	<ul style="list-style-type: none"> <li>Through negotiations with the local government (Incheon City), the IIAC concluded an agreement on reinvesting a portion of the profits generated by development.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to use 2019 budget (KRW 5 billion) according to the agreement on re-investment of development profits Supported the construction of North-South Korea Peace Highway (Yeoungjong-Sindo Bridge)</li> </ul>



Establishing a win-win development system through regular meetings with small and medium-sized business owners

#### Key Agendas for 2018

- 01. Signboard maintenance request**  
Complete maintenance and install 2 additional signboards in the commercial district of Paradise City
- 02. Aggressively promote the use of local restaurants**  
Cancel plan for operating workers' dining cafeteria at the construction site
- 03. Request for minimizing damages to existing businesses from new facilities**  
Price differentiation with existing businesses

# SUSTAINABILITY PERFORMANCE

We at IAC strive to grow with the local community.

We strive to create jobs in an effort to realize social values, expand the use of new/renewable energy, and save energy as a first-class environment-friendly airport.

We will continue to grow as a global airport business that creates a better future through people-oriented management.



1. **Creation of an Environmentally-friendly Airport**
2. **Expansion of CSR Activities**
3. **Strengthening of Mutual Growth**
4. **Realization of 'People-centered' Social Values**



PERFORMANCE 01

# Creation of an Environmentally-friendly Airport



## Green Report

The IIAC is making multifaceted efforts to manage and improve its performance in the area of low-carbon, environmentally-friendly management. To share information on its efforts and activities with stakeholders, the IIAC publishes its annual 'Green Report' separately from its annual sustainability report. More detailed information and performance results related to the IIAC's vision of 'creating an environmentally-friendly airport' can be found in the IIAC's Green Report, which can be downloaded from its website.

## Relevant UN SDGs



## ✈ 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. The world's major airports are also intensifying their environmental management efforts from airport operation to construction. For example, they are accelerating the adoption of environmentally-friendly operations through increased use of renewable energy that will lower their GHG emissions.

The first step of our environmental management starts with our vision of environmental and energy management, which is embodied in the slogan, 'The Leading Global Low-Carbon, Environmentally-Friendly Airport'. As an international airport corporation, we are leading a new paradigm in environmentally-friendly management and carrying out numerous activities aimed at improving sustainable growth and competitiveness in airport operations, based on our four implementation strategies and twelve strategic tasks. We analyze and manage all GHG emissions that are produced directly/indirectly during airport operations, and aim to consolidate our position as a low-carbon, environmentally-friendly airport by developing an energy management system, nature and culture, green airport based on state-of-the-art technology, minimizing our environmental impacts, and making continuous investments.

## ✈ Our Key Performance

### Renewable Energy Usage Rate

2.5%  
(YoY 8.7% ↑)



### Passenger Terminal 2

Top Grade  
G-SEED  
Certification

### Green Report Winner of the LACP for the 6th consecutive year

Platinum  
Winner



### Waste Recycling Rate

62%  
(YoY 4% ↑)

## ✈ Responsible Organizations

- Energy Management Team
- Electrical Power System Team
- Environment Management Team

- Electrical Facilities Team
- Electrical Operation Team

## Low-Carbon, Environmentally-Friendly Management

### Low-Carbon, Environmentally-Friendly Management System

With its environmental and energy management vision embodied in the slogan 'The Leading Global Low-Carbon, Environmentally-Friendly Airport', the IIAC is playing a leading role as an international airport corporation. In order to pursue energy management in a systematic and efficient manner, the IIAC has formed and operates a company-wide organization, and has also made its decision-making and work processes quicker by establishing the Energy Management Team and the Committee for the Promotion of GHG Reduction and Energy Saving, which serves as an advisory body to the CEO. In addition, the IIAC created an energy management working-level committee and an energy guardian organization under the Energy Management Team to channel its full resources into actual energy management and reduction activities.

## Energy Management

### Expansion of Renewable Energy

The IIAC is actively adopting renewable energy generation facilities such as solar power generation equipment, geothermal heating and cooling systems and fuel cell facilities. It has established and operates an internal plan to extend by as much as 20% its reliance on renewable energy to meet its energy needs by 2030. It has installed 13 solar power generators on top of building rooftops and unused land, which together generate 5,830kW of energy. In the case of Passenger Terminal 2, which opened in 2018, the IIAC took advantage of the building's northward orientation to design a solar power generation system that absorbs solar energy perfectly. In addition, by installing solar power generation equipment with a capacity of 402kW in parallel with the solar power generation system, the IIAC laid the foundations for the establishment of an environmentally-friendly airport. Furthermore, with the installation of seven items of geothermal generation equipment in Passenger Terminal 2 and the second Government Complex, with a combined capacity of 8,195kW, the IIAC obtains 5,752,682kWh of power every year which is harnessed for operation of the airport.

### Expanding Plan for Renewable Energy Usage Rate

2013 **15%** → 2030 **20%**

### BEST PRACTICE

#### Build hydrogen infrastructure for the airport driven by future energy sources

We are pursuing the construction of hydrogen filling stations in a bid to make Incheon International Airport a low-carbon, environmentally-friendly airport, in accordance with the government's eco-friendly energy expansion policy, including its policies for stimulating the hydrogen economy. The hydrogen filling station scheduled to be installed in December 2019 will be able to charge 50 passenger cars or 10 buses for every 10 hours of its operation. Once the hydrogen filling station is completed, the IIAC plans to promote the use of hydrogen energy to domestic and foreign visitors to Incheon International Airport. To promote hydrogen mobility at the airport, we plan to gradually replace all our company vehicles and shuttle busses with hydrogen-powered vehicles.

#### (Future) A logistics hub in Asia

(Cars) Diesel/gasoline/electric →  
Hydrogen **90%**, Electric **10%**

(Bus) CNG buses  
Present **55** units  
→ Hydrogen **18** units



#### ACI Airport Carbon Accreditation LEVEL 3 Renewal

Ever since 2014, the IIAC has obtained the ACA Level 3 certification, which covers emission reduction items for all carbon emissions across the whole airport area, and not just in airport facilities.

#### Acquisition of the Global Carbon Trust Standard (CTS) certification

In 2017, the IIAC was awarded the Carbon Trust Standard (CTS) certification in recognition of its efforts to improve its energy efficiency and reduce its GHG emissions

#### Top-Class Green Building Certification for Passenger Terminal 2

Incheon International Airport Passenger Terminal 2 is a top graded certified green building with an energy efficiency rate that's 40% higher than that of Passenger Terminal 1.



#### Operation of the energy management system (ISO 50001)

- Feb. 2012 Became the world's first airport to obtain the ISO 50001 for building
- Jun. 2014 Obtained official certification
- May 2018 Completed the recertification review

## Low-Carbon, Environmentally-Friendly Airport

### Aircraft GHG Emissions Reduction

The AC-GPS (Aircraft Ground Power Supply) is an environmentally-friendly, ground-based power supply that can replace the internal combustion engine that powers an aircraft while it waits on the apron. Using this solution, the IIAC has minimized the unnecessary consumption of energy and is now working on ways of cutting down GHG emissions in the airport zone. Through the operation of 208 AC-GPS units, the amount of energy consumed has been reduced by up to 98% when compared with the traditional method of using the power from the airplane's own engine (APU or auxiliary power unit). Furthermore, through the operation of the A-CDM (Airport Collaborative Decision Making) system, the IIAC successfully increased the airport's aircraft handling capacity; made it possible to adjust the departure schedules; reduced fuel consumption by shortening aircraft waiting times; improved the management of noise pollution; and optimized resource management with respect to equipment and personnel. In 2018, the IIAC was able to cut 53 minutes off the average ground moving time compared to the previous level (2017). In this way, the IIAC reduced the amount of fuel that an aircraft consumes on the ground and also improved the airport's carbon emission levels.

#### Carbon emission reduction by the AC-GPS\*

**40,772tCO<sub>2</sub>**  
\* compared to APU operation

#### Carbon emission per flight while on the ground\*

**797CO<sub>2</sub>/kg**  
(873tCO<sub>2</sub>/kg in 2017 → 797tCO<sub>2</sub>/kg in 2018)

\* Calculated based on national airlines' fuel consumption by aircraft type while on the ground; in the case of aircraft whose fuel consumption could not be determined, the fuel consumption of a similar aircraft was used instead.

## Environmental Impact Minimization

### Operation of an Environmental Monitoring System

In order to operate the airport and execute construction projects, the IIAC is managing the environment of the airport and the surrounding areas according to guidelines that are more stringent than the requirements specified in the nation's laws. Also, by expanding its prevention-based environmental management system, the IIAC is improving the environmental management standards of the private businesses operating on the airport's premises. The IIAC also monitors air quality, aircraft noise and indoor air quality for 24 hours at a time and operates a remote system that monitors water discharged from all nearby water treatment facilities. Furthermore, to track and monitor environmental changes in the airport and the surrounding areas, the IIAC has installed an environmental management office in the Airport Integrated Communication Center (AICC) where the data sent in real time by each monitoring station and system are collected and analyzed.

### Noise Management

From the initial planning stage, Incheon International Airport was conceived as an airport located out at sea so as to minimize the effect of aircraft noise. To keep aircraft noise down to an acceptable level, the IIAC installed a system comprising twenty noise measuring stations to continuously detect noise in real time. By holding council and committee meetings on the need to reduce aircraft noise, the IIAC was able to address the issue of noise pollution by suspending the operation of aircraft that emit high levels of noise and replacing them with aircraft that emit lower levels of noise. In addition, in 2018 the IIAC collaborated with the government's aviation authorities to reduce the number of nighttime flights over Songdo, which is a very densely populated area. As part of its efforts to strengthen ties with communities heavily affected by noise pollution, the IIAC donated some KRW 300 million in the form of tuition fee support for school children and financial assistance for socially disadvantaged people, as well as providing aid for running community facilities and organizing community events.

### Water Resource Management

Incheon Airport recycles the wastewater and sewage generated in the airport's grounds by treating them at a grey water treatment facility for the purpose of conserving water resources and preserving the marine environment. At this facility (with a maximum treatment capacity of 30,000 tons of sewage per day), sewage produced at the airline passenger terminal and support facilities is treated using a biological processing method known as the MSDR technique, and the greywater thus produced is then supplied to the airport. The IIAC has also set its own standards, which are even more stringent than the national regulation on environmental preservation, and has succeeded in meeting its own very high environmental, hygienic and aesthetic standards. Despite the increase in the amount of sewage generated by the opening of T2, the airport's use of greywater rose by 5% to 3.43 million tons in 2018 thanks to the optimized facility operations and additional improvements.

\*Modified Sequence Batch Reactor (MSBR) refers to a biological sewage water treatment process designed to get rid of organic matter, nitrogen, and phosphorus by repeating the anaerobic-anoxic-oxic process.

### Stakeholder interview

Yun Mi-gyeong  
Co-Representative of the Incheon Federation  
for Environmental Movement

In global sustainable management, environment-related issues have become a very important agenda. IIAC has designated the issues of dust particles and air quality as particularly important ones that need to be dealt with through strict evaluation and analysis. We understand that you engage in overall air quality management and real-time monitoring with regard to dust particles occurring due to planes and airport facilities. We expect to see positive results through such efforts of yours.

We think your priority in this matter should be setting aggressive objectives considering the importance of ecology and environment. That is no less important than achieving the greenhouse gas reduction objectives set by the government. We hope you will cope with said issues based on the recognition of the importance of changes in the energy system and preservation of biodiversity befitting your status as a first-class airport.



**Reduce night flights over populated areas**  
(Unit: Number of flights)

**24** in 2017 → **5** in 2018

**Reduce aircrafts generating high noise**  
(Unit: Number of flights)

**260** in 2017 → **228** in 2018

### Air Quality Management

In recent years, fine dust has come to be regarded as a serious threat to public health and a factor that can affect the operation of airports in negative ways, such as causing takeoff and landing delays. The IIAC has responded to this problem by applying different countermeasures to each stage of a developing dust or sand storm (DSS) situation, and has built three real-time monitoring facilities at the airport and its surrounding areas and another three such facilities at the airport expansion construction site in order to manage air quality in the airport zone. The Corporation is also trying to minimize the impact of airport operations on air quality by implementing and managing air quality programs involving ground-based vehicles and aircraft that discharge air pollutants.

### Waste Management

In accordance with the regulations set by the Ministry of Environment, the IIAC disposes of its waste appropriately according to its types and forms - either by recycling, burning or burying waste in a landfill. All wastes produced by the airport facilities are disposed of through resource recovery facilities, grey water treatment facilities, and resource sorting facilities. Wastes are quantified, sorted and stored according to type, and are then managed based on their materials and properties by a professional waste processing company. Prior to sending waste to an external processing company, the IIAC first considers ways of recycling it, as required by the IIAC's own environmental policy. In 2018, the IIAC invested KRW 3.5 billion to expand the core facilities for recycling waste, and revised the rules and procedures for accepting waste for recycling. As a result of these determined efforts, the airport's waste recycling rate increased by 5% over the previous year to 63%.

### BEST PRACTICE

**Excessive use of vinyl packaging reduced with an improved method of transporting duty free goods**

In our duty free pick-up centers, bubble bags (vinyl packaging material) are being overused by customers who want to pack their purchases safely prior to boarding their flight. Each day, this excessive use of bubble bags produces 4 or 5 tons of waste vinyl, which amounts to around 3,468 tons per year. As a result, the process of disposing of waste vinyl generates both economic costs and environmental problems. To address this issue, the IIAC instituted a packaging simplification procedure with the cooperation of related agencies. The 3-layered vinyl packaging was downsized to a single-layered material, while the regulation requiring that duty free goods be carried inside pouches was changed to allow them to be carried in plastic boxes and rolltainers as well. These measures were conceived to free customers from having to tear off the vinyl packaging when picking up their duty free purchases, greatly boosting their convenience. We at the IIAC intend to comprehensively review those environmental issues inside the airport that need to be improved in order to minimize the environmental impact caused by airport operations, and will do our very best to use resources efficiently and create a pleasant airport environment.

**vinyl packaging materials discarded** **1,091**tons + **7.3bn** KRW

No. of deliveries

**31.5%** ↑  
(32 million cases in 2017  
→ 42 million cases in 2018)

Amount of waste vinyl

Rate of increase **ZERO**  
(35 million tons in 2017  
→ 35 million tons in 2018)

### PERFORMANCE 02

## Expansion of CSR Activities



### ✈ Our Approach

Corporate social responsibility (CSR) is not a choice but a necessity for the management activities of businesses today. To satisfy the needs and expectations of the stakeholders, corporations must prioritize direct communications with local communities and identify the needs and issues of local communities. When the IIAC and local communities work together to create a healthy community, lay the foundation for sustainable growth, and produce positive social values, our corporate value is bound to increase in tandem.

To become a company that is trusted by the public for its sincere approach to its social responsibilities, the IIAC is working endlessly to resolve local community issues, guided by its social contribution vision, 'Connecting People and Incheon Airport'. The IIAC's social contribution activities are led by the Sustainable Management Team, a team dedicated to achieving the targets set by the global initiative SDG and spreading its values in local communities.

### ✈ Our Key Performance

No. of Volunteering Hours

**4,338** hours

KoBEX SM local community activities

**8.67** points  
(YoY 0.17 points ↑)

Korea Sustainability Index (KSI)

**1<sup>st</sup>**  
(9<sup>th</sup> consecutive year)

**CSV Porter Prize**  
(3<sup>rd</sup> consecutive year)

### ✈ Responsible Organizations

· Social Value Creation Group

· Sustainability Management Team

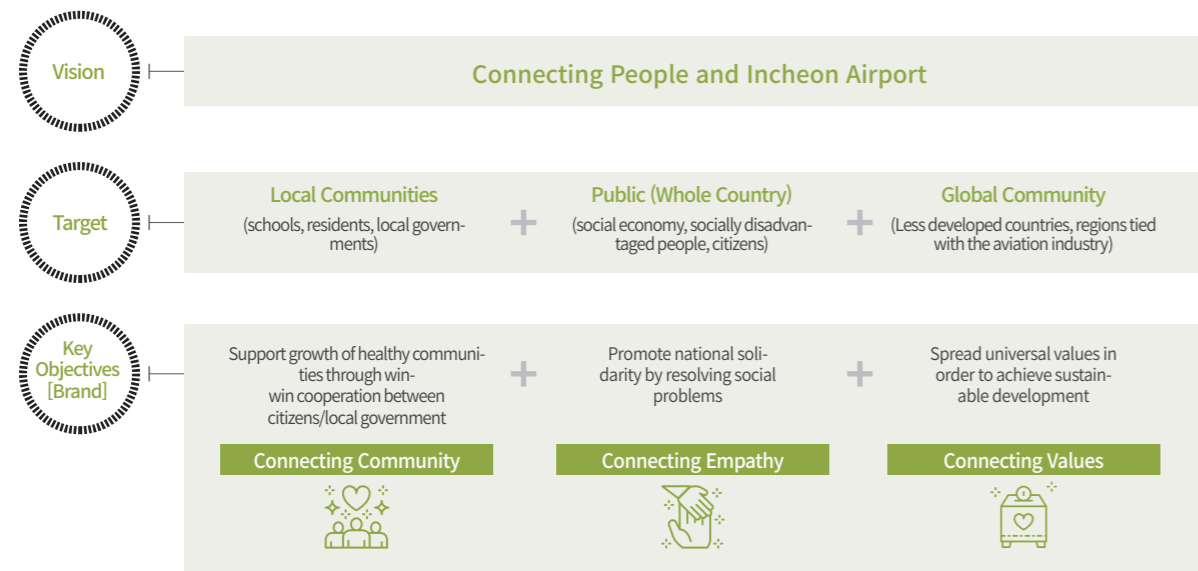
### Relevant UN SDGs



## Social Contribution Implementation System

The IIAC has built a social contribution system around three key aspects in order to pursue its goal of becoming a company that creates social value and is loved by the public. The IIAC takes into consideration the 'strategy', 'business' and 'performance' aspects when establishing and implementing key objectives and implementation tasks that target the local community, the public, and the global community. Each year, the IIAC carries out volunteer works involving not only IIAC employees but also the employees of resident companies and local residents. The total number of volunteering hours increases each year. The IIAC aims to fulfill its obligations in realizing social values and recover its public service character through social contribution activities that resolve local community problems, stimulate social economic units, and spread universal values, in addition to flawlessly performing its original functions as a state-owned company.

## Strategic Structure for Social Contributions



### Connecting the Community

#### Win-win cooperation for the development of healthy communities

We carried out value-creating social contribution programs, such as programs for building healthy local communities wherein locals are encouraged to make suggestions and lead changes. Such efforts of ours contribute to the solution of local problems and revitalization of the local economy. We also strive to create models of win-win cooperation through the participation of locals, local governments, and relevant local institutions. As one of such examples, in 2018, the local economy faced difficulty in Bukdo-myeon, Ongjin-gun, Incheon-si due to the devastation of fish farms, so we provided 200 million won to help them in clam seed production and construction of new fish farms.

#### Training talented locals

Since 2007, we have provided 800 million won a year for the operation of a program intended to nurture elementary/middle school students with specific talents. We have also provided scholarships to those from low-income households and those with specific talents over the past 14 years.

#### Culture/Arts programs

We have provided support for local culture/arts/tourism festivals including the Incheon Pentaport Rock Festival. We have also held the Incheon Airport SKY Festival, which is an open-air concert, every fall since 2004 to express our gratitude to our customers and locals near Incheon Airport.

Cultural Mentoring for Children



Sky Festival

가치 여행



### Connecting Empathy

#### Social Economic Organization Support

The IIAC launched and supported the "Incheon International Airport Value Trip" program as a part of the "Fair Tourism" business project with the aim of incubating social economic organizations. In 2019, the IIAC plans to develop the training program into a travel package and expand eligibility for the program to include people who are physically disadvantaged when travelling long distances.

#### Promotion of Daily Exercises

We launched SKYMONS, a corps for badminton lovers, in a bid to help invigorate sports that are less popular than others. We also provide support for various sports events like the Badminton Lovers' Contest to encourage more people to engage in sports and have fun. We carry out sports-related social contribution activities at the national level as well. One noteworthy thing is that such programs of ours were selected as the best corporate contribution activities by undergraduates in 2018. That same year, we also provided support for the operation of 12 Uzbek children suffering from heart diseases.



### Connecting Values

#### Global Social Contribution Activities

It dispatches the Incheon Airport Family International Volunteer Group, which is made up of employees of partner companies and tenant companies, in addition to IIAC employees, with the objectives of increasing mutual understanding and fostering win-win cooperation. The IIAC also sends college volunteer groups made up of college students from across the country to develop the global aptitudes of young people. By 2018, the total number of volunteers sent overseas was 520, and they worked in 12 different regions around the world. Notably, in 2018, college students voted Incheon International Airport's global social contribution program as the best domestic overseas volunteer program in the country.

#### Aviation Education and Training for Developing Countries

In addition, the IIAC also provides free education to aviation professionals from developing countries who want to learn about the Corporation's world-class aviation technologies. By providing such education using the expertise it has accumulated over the years as a globally-renowned airport corporation, the IIAC seeks to increase the expertise of aviation professionals from developing countries and thereby contribute to the development of the global aviation industry.

#### Incheon International Airport's 'bbb' Service

Since 2009, the IIAC signed an agreement with bbb Korea and funds language translation services (via mobile phone) provided by volunteers who are skilled in foreign languages. Today, through a hotline service, a specially selected volunteer corps of 250 translators and interpreters is giving immediate help to airport users who experience difficulties because of language barriers. In 2018, the IIAC held the 'Airport for World Citizens' proclamation ceremony to announce IIAC's new commitment through an upgraded language translation service and to break down language barriers. It also aimed to ensure that the rights of people from different cultural backgrounds who speak different languages are respected in the airport.



Global social contribution activities

PERFORMANCE 03

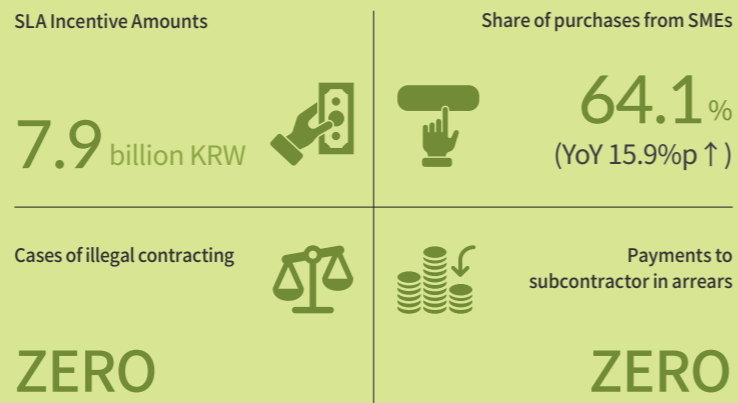
# Strengthening Mutual Growth



## Our Approach

Increasing social expectations that public agencies and SMEs should grow and evolve mutually, and the removal of risk factors related to human rights, environment, and labor in the supply chain have become critical issues in run-ning a business. For Incheon International Airport, as the main gateway to South Korea used by travelers from all over the world, building trust and partnerships with the 70,000 people who work at Incheon Airport is crucial to en-suring flawless safety and security and to providing high-quality airport services. All the partners and businesses at Incheon International Airport are members of the 'Airport Family' with whom the IIAC shares the fruits of its busi-ness performance and constantly communicates in order to establish fair trading practices and sustainable win-win cooperation. The IIAC will promote shared growth with the employees and businesses based at Incheon Airport and pursue sustainable growth in the economic, social and environmental areas by continuously strengthening the CSR management systems.

## Our Key Performance



## Responsible Organizations

- Outsourcing Management Team
- Contracts Team
- Subsidiary Management Team
- Social Value Innovation Team

### Relevant UN SDGs



## Improved Competitiveness of Partner Companies

### Strategic Structure for Sustainable Win-win Cooperation

In conjunction with the government's mutual growth policy and based on its own corporate strategy for strengthening the competitiveness of SMEs, the IIAC is trying to build a culture of win-win co-operation by which the competitiveness and sustainability of SMEs can be strengthened. In 2018, the IIAC appointed a CCO (Chief Cooperative Officer) to oversee the reorganization of the system for implementing win-win cooperation.

The IIAC provides SMEs with an infrastructure for mutual growth through joint R&D activities, and helps them become independently viable businesses though investment and customer development support. At the same time, it maintains a profit sharing system with the outsourcing manager in the form of SLA, and provides a space where SMEs can sell their products and services, an extremely valuable form of assistance for increasing competitiveness and developing customers.

\* SLA (Service Level Agreement): A service level agreement between the IIAC and a partner company dictates the incentives promised to partner companies to improve the service quality outsourced to partner companies.

## Win-win Job Creation

### Job Creation through Joint R&D with SMEs

The IIAC provides technology cooperation as well as infrastructure support to SMEs to enable them to commercialize their technologies quickly and realize commercial gains as SMEs. This is a huge benefit to SMEs because they do not always succeed in their R&D efforts and face greater difficul-ties in gathering intelligence. A case in point is the FOD (foreign object debris) detection system. This system, which the IIAC developed over a period of three years with three SMEs, was con-firmed in 2018 to be a successful solution based on the reliability of its detection sensor and SW. The SMEs involved in the research were able to acquire ownership of a key technology essential to the aviation industry. In addition, the IIAC purchased an eco-friendly runway deicer and an adhe-sive for fixing airport ground light cables, which were developed through joint government and private sector research, thereby sharing the performance results of SMEs with the wider world and creating 44 new jobs for SMEs in the process. This case was selected by the Ministry of SMEs and Startups as a best practice case of an enterprise investing in a technology development project joint-ly executed by the government and the private sector.

<p><b>01.</b> Development of commerce model for the socially disadvantaged by Incheon International Airport to help them become autonomous. [Sweet Air Café employs a person with disabilities as a barista]</p> <ul style="list-style-type: none"> <li>· By employing Incheon residents with disabilities as baristas, the IIAC contributed to mutual growth with the local community and helped those in need to stand on their own two feet.</li> <li>· Job Creation: 5 baristas with disabilities.</li> </ul> 	<p><b>02.</b> Development of a sales channel for small business owners/female entrepreneurs and mutual growth with the local community [Incheon International Airport Flea Market]</p> <ul style="list-style-type: none"> <li>· By allowing small business owners/female entrepreneurs to use idle spaces in the Transportation Center 1, the IIAC helped them develop a sales channel and enhanced its role as a cultural center.</li> <li>· A portion of the sales income was donated to local organizations in the spirit of mutual growth.</li> <li>· 268 businesses received support for sales channel development.</li> <li>· Supported businesses generated revenues of KRW 490 million.</li> <li>· Donations amounting to KRW 37 million collected.</li> </ul> 	<p><b>03.</b> Expansion of startup opportunities for youth/socially disadvantaged and growth support project [Fly High @ Incheon Airport]</p> <ul style="list-style-type: none"> <li>· By offering POP-UP stores as places to sell their goods, the IIAC has provided sales opportunities to socially disadvantaged persons and created high-quality jobs.</li> <li>· After opening popup stores, some businesses (3 brands) successfully opened regular stores in the airport and eventually succeeded in opening stores in large sales outlets (departments stores).</li> </ul> 
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### Start up! Smile up! Store Support for Startups

The IIAC provided seven popup stores in the airport terminal building to small businesses (youth/underprivileged entrepreneurs) as sales spaces. The IIAC helped them start their businesses under easier conditions, offering them lower rental rates and funding for the initial investments needed to set up the stores. In 2018, thirteen brands (con-tract terminated brands included) were operating stores in the airport, of which four were run by owners from the employment-disadvantaged segment of our society.



### Job Creation as a Means of Realizing Social Values

As a member of society and a state-owned enterprise, the IIAC seeks to remain faithful to its public service remit and to fulfill its social responsibilities by taking the lead in creating jobs for socially disadvantaged people as a means of realizing social values. The IIAC identifies tasks that are specifically relevant to each employment-disadvantaged segment, including youth, the elderly, people with disabilities, and women, and helps them to be-come self-reliant and to contribute to the win-win development of local communities.



### Job Quality Improvement

IIAC wants to improve the working conditions of the workers at partner companies and affiliate companies with the goal of creating discrimination-free workplaces and strengthening the airport's ecosystem through win-win cooperation. In the case of partner companies, the CEO makes personal visits to attend meetings during which he listens to the voices of those working in the field. IIAC is expanding overseas training opportunities and child care support for workers at its partner compa-nies. It improved the working environment and listened to inputs from partner company employees to make quality-en-hancing changes to the uniforms. In the case of affiliate companies, IIAC is in the process of converting their employees into full-time IIAC employees, and it is complying with government regulations and guidelines for this transition. Through compromise and discussions, IIAC has agreed to give them the same welfare benefits and wage increase rates as regular IIAC employees.

## Establishing Fair Trade

### Strategic Structure for Fair Trade Economy

With the goal of establishing fair trade that will facilitate the successful completion of the 4-phase airport expansion project, IIAC has tightened its standards for transparency and fairness when contracting and improved its system for protecting socially and economically disadvantaged parties. Moreover, to increase public procurement, we at IIAC modified our internal system and increased training and purchase of SME products. We are monitoring fair trading activities through the sub-contractor protection system and public procurement information system.



  
**ZERO**

Performance in Fair Trade Practice

No. of corruptions from existing contracts (in 2018)

No. of corruptions from completed contracts for opening the T2 (from 2011 to 2018)

### Foundation for Fair Trade

IIAC added a function of submitting documents electronically and a program for calculating the score for the bidding amount. By upgrading the system to one enabled electronically from document submission to document custody and calculation of evaluation results, IIAC has secured the impartiality of the bidding process.

It has also revised its regulations on contracting, expanded the role of external assessment experts, and established the practice of fair trading through the regular fair trade compliance training program.



### Protection of Socially and Economically Disadvantaged People

To protect the socially and economically disadvantaged, we made massive efforts to protect job applicants and encourage business owners to improve their working environment (hiring of youths, gender equality in hiring, hiring on a full-time basis) by adding a new penalty/bonus category in the evaluation criteria used to qualify/disqualify companies competing for the IIAC business in goods supply/outsourcing/construction. IIAC has also revised the criteria used in qualification reviews for companies wishing to participate in facility construction and PQ (Pre-Qualification: preliminary re-view of bidder qualification), thereby expanding bidding opportunities for local companies and small businesses. The Subcontractor Protection System program structure was refined to enable checking the utilization of the system anytime, monitoring the flow of payment, and preventing the deferral of payment from the outset. There were no delinquent payments made to laborers and 86 subcontractors in 2018. The utilization rate of the Subcontractor Protection System also rose from 85%(29 sites) in 2017 to 100%(50 sites) in 2018.



### Efforts to Increase Public Procurements

IIAC is leading the way in boosting public procurement by improving its systems and expanding training. In 2018, IIAC strengthened the inter-connection between public procurement-related KPI and management evaluation KPI and expanded education on public procurement (7 sessions in 2017 → 31 sessions in 2018). In 2018, procurement of SME products increased from 48.2% of total procurement in 2017 to 64.1% in 2018.

## PERFORMANCE 04

# Realization of “Human-centered Social Values”



### ✈ Our Approach

Employees are the subjects that can play key roles in responding flexibly to the business environment and in the bid to become the “World’s Leading Airport.” To do so, however, an airport needs support that will permit outstanding human talents to achieve personal growth commensurate to their personal competencies and which can provide equal opportunities stemming from a corporate culture that retains immense respect for diversity and individuals’ abilities and special qualities.

IIAC recognizes that its development begins with the development of its human talents. This is the reason IIAC is strongly dedicated to building a system through which the skills and competitiveness of its manpower could be strengthened based on trust, innovation, and rational standards and principles. IIAC aspires to become a sustainable organization by creating a win-win labor-management culture and supporting employees with a healthy workplace where they could enjoy their jobs. As a public organization, IIAC will create quality jobs in fulfillment of its social responsibilities and support the government’s policy of “zero non-regular workers” by moving toward converting all non-regular employees hired directly or indirectly into regular, full-time employees of IIAC.

### ✈ Our Key Performance

“2018 Blind Recruitment Competition”		Training Time per Person
Minister of Employment and Labor Award 		155 hours
Certified as Family- and Leisure-Friendly Company 		Satisfaction with Communication 4.26 points

### ✈ Responsible Organizations

- HR Training Team
- Performance Management Team
- Subsidiary Management Team
- Labor Relations & Welfare Team
- HR Team
- Collaborative Employment Innovation Team

### Relevant UN SDGs



## Fair and Equal Opportunities

### Fair and Open Hiring

#### Establishment of Fair Hiring Ecosystem at Incheon International Airport

Unethical hiring practices or mistakes could always happen if the hiring procedure is complex, the hiring timetable is long, or there are too many stakeholders in the hiring process. On top of this, the well-publicized stories on corrupt hiring practices at some public organizations have raised calls in some quarters for public organizations to assume social responsibility for fair hiring practices. In response, IIAC is working hard to create an ecosystem for fair hiring at Incheon International Airport by blocking hiring irregularities in advance and, if they occur, imposing huge penalties on those involved. IIAC expanded the participation of external observers in the hiring process, instituted blind interviews, began conducting audits in all phases of hiring, and commenced operating an anti-corruption hiring reporting center on a permanent basis to put into place a watertight anti-corruption hiring prevention system at IIAC. Thanks to these efforts, a hiring practice audit conducted by the Board of Audit and Inspection in 2017 and 2018 revealed no hiring irregularities for 2 consecutive years and no claims filed through the anti-corruption hiring reporting center.

## Independently Developed Models for Blind Hiring

IIAC is pioneering the practice of blind hiring in South Korea by ceaselessly developing new models that could address flaws in the practice. In 2018, it removed the requirement of entering the name, registration number, and other personal information on the job application form except the type of job desired, which effectively erased any traces of personal information. On the day of the interview, the applicants are issued temporary numbers to replace names for the anonymous inter-views. Moreover, IIAC requires applicants and interviewers to attend special classes where they are taught what things they should be aware of in a blind interview, from the time the notice of open hiring is sent out to the time the applicant opens the door to the interview room. The bigger purpose of holding the classes is to raise awareness of blind interviews among would-be applicants. IIAC also developed and introduced supplementary tools to aid in blind hiring, such as expansion of section on personal introduction where applicants describe in detail their strengths and personalities, adoption of observational/counseling interviews, extension of interviewing time, and inclusion of external interview experts. As a result of these efforts, IIAC won the Minister of Employment and Labor Award at the 2018 Blind Recruitment Competition.

## Job Type-Customized Hiring

As the type of jobs and the required skillsets become more diverse (field jobs like explosive ordnance handler), hiring tools also need to be differentiated. IIAC has developed interviewing tools customized to the requirements of each type of jobs. For the hiring of people for field jobs, real-situation interviews were introduced. On the other hand, for the hiring of professionals, performance output and portfolio reviews were added to the hiring procedure. Finally, for the hiring of people for planning, creative interview and extended interviews were introduced. IIAC designs and operates a hiring procedure wherein candidates are judged purely on their job competencies from the moment hiring is announced to the interviewing process and eventually the internship phase. The job competencies for evaluating candidates were developed using the National Competency Standards (NCS). In recognition of its unique hiring methods (e.g., real-situation interviews), IIAC received the HR Innovation Champion Award in 2018.

### Case Study

#### Creation of a New Wage System for Transitioned Employees

After referring to government policies and soliciting the opinions of stakeholders, IIAC designed – for the new full-time employees transitioned from the payrolls of subsidiary companies – a new wage system that combined the job category-based wage system and the skill level-based wage system. In keeping with government guidelines, IIAC shall apply for this new batch of employees the same level of welfare benefits enjoyed by the current employees without allocating additional budgets, together with wage increases. Note, however, that the process leading up to the finalization of the wage system was a long and arduous one.

The 2nd Joint Labor-Management Experts' Committee was formed in February 2018 to have the wage system and hiring rules and other specific details take root. Nonetheless, it took 42 meetings with stakeholders over the course of 2018 before an agreement was finally reached. During this process, differences of opinions among different labor groups stalled the talks, and there were conflicting philosophies regarding how the Joint Labor-Management Experts' Committee should be run. Note, however, that IIAC and its stakeholders worked endlessly to keep the dialogue going regarding the issue of how to transition employees.

IIAC accepted the requirement made by the labor organizations, i.e., the wage system design must be commissioned to an external 3rd-party agency with proficiency in this area. IIAC commissioned an external professional agency to carry out an objective study of the problem. A new wage system was developed through cooperation between the agency, IIAC, and labor union leaders, and the experience of working together was as meaningful as the output. The results of this agreement will be applied from 2019 onward, and the operating issues in subsidiaries caused by an imperfect wage system are expected to be resolved.

## Discrimination-Free Hiring

As a public institution, IIAC strives to fulfill its social responsibilities and to increase discrimination-free hiring by incorporating the socially fair hiring target levels stipulated by government policies in its recruitment plans. IIAC is working to ensure fairness and realize social values in its hiring practices by expanding its internship program, reintroducing its airport field experience internship program, holding recruitment seminars for high school graduates, offering job opportunities to women whose careers have been interrupted and hiring local talents on a quota basis, and giving preferential consideration to people with disabilities.



Experience Internship  
**59** persons

Youth Hires  
**8.3%** of new hires  
(YoY 40% ↑)

Local Talents  
**36%** of new hires

People with Disabilities  
**3.4%** of full-time jobs

Female Hires  
**32%** of new hires  
(YoY 6%p ↑)

## Fair Performance Evaluation and Compensation System

### Establishing Rational Performance Management and Compensation System

IIAC established a performance management system to achieve the management goals effectively and closely tied together its corporate strategies, performance indicators, and personal objectives (MBO). The management of objectives was accomplished with KPIs and MBOs. The organization's KPI was developed to match the corporate strategy, and personal objectives (MBO) were set according to the organization's KPI. In 2018, innovative growth and social values categories were reflected to the KPIs so as to motivate the employees to participate in the creation of social values. Quantitative performances are monitored automatically by linking them to airport statistics and ERP. We have also built a cooperative performance management system wherein, through mutual communication, we keep track of KPI performance in each department by listening to internal voices. We investigated in 2018 the impartiality of personal and departmental evaluations, which both scored above 80 points on impartiality (personal evaluation 82.8 points, departmental evaluation 82.9 points).

IIAC has established a rational wage system that links performance with compensation, and it also operates a fair wage system based on job category. In 2018, as a prelude to increasing performance-based compensation, IIAC introduced an appeals system that could add more objectivity to the evaluation process. This greatly enhanced the acceptance and validity of personal/departmental evaluation results. IIAC has built a very fair evaluation environment through active cooperation and communication. For instance, when setting the departmental KPI, IIAC discusses the issue with each department for 3 months before finalizing them.

### HR Management System That Develops an Employee's Professional Skills

IIAC wants to create a perfectly fair HR management system, one that is based on an employee's abilities and performances. Job rotation and area of specialization are the two key principles of our HR operation, and we are expanding the strategic use of the job expertise rating system we have introduced. In addition, due to all the changes taking place in the airport business environment such as T2 construction-related issues, airport remodeling (design), and expansion of overseas business, we need experts for each field. In response, IIAC has been adding new job categories like overseas business PM and design expert. By employing external expert manpower possessing the required experiences and skillsets, IIAC is enhancing its organizational expertise.

## Employee Competency Building

### Strategic System for Human Talent Development

To improve and enhance individuals' competencies continuously, IIAC tracks internal and external environmental trends and determines which skills will be needed for the business and subsequently establishes and operates an HR development system that can nurture those skills. IIAC intends to systematize the inspection of its educational training and deploy a process for identifying and developing demand for its educational program.

Once completed, such HR development system will enable IIAC to start training global airport professionals with the skills needed to construct, manage, and operate an airport in an effective manner. We are expanding our investment in education to train future human talents that could build "A Better Airport." IIAC sponsors the MBA education/Master's Degree earning program for employees with potential to become leaders in order to give them the training needed to become globally competent human talents. By investing aggressively in education, IIAC is focused on enhancing education both qualitatively and quantitatively.

### Global Value Creating Human Talent A.I.R.



Satisfaction with training  
**4.78** point  
(4.73 in 2017 → 4.78 in 2018)

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

Biggest number of trainees from overseas  
**1,070** persons

Female managers  
**37** persons (7.3%)  
(30 (6.0%) in 2017 → 37 (7.3%) in 2018)

Rate of return to work after maternity leave (female)  
**100%**

### Training Global Leaders

As it increasingly faces more intense competition from global aviation training institutes in Singapore, Hong Kong, and China, IIAC is doubling its efforts to acquire international certifications and improve the quality of its instructions. It wins aviation training contracts from overseas customers by developing demand for professional aviation training through active sales pitches to potential customers. It even offers a course on how to operate an airport in a way that facilitates overseas business development. Thanks to its multilateral efforts to train global aviation leaders, IIAC was the first airport corporation in the Asia Pacific region to have its educational training program certified by all 3 major international aviation bodies (ACI, ICAO, and IATA). IIAC also produced the most number of foreign trainees (1,031 persons) among airport corporations.

### Become a Company Where Women Can Grow Their Careers in the Frontline

IIAC hopes to become a "Leading Pro-women Airport" with the corporate objective of training of women in the frontline and steppingstone career management. We are expanding female recruitment to secure female talent, and we assigned approximately 40% of them to jobs in new customer development departments like passengers, marketing, and overseas business with the goal of developing them as next-generation female frontier. In addition to training females to become managers, we have set a goal of grooming future female executives by promoting female managers to important positions.

## Work-Life Balance

### Expanded Family-Friendly Policies

IIAC seeks to improve work-life balance in order to create a Work Smart environment where employees could focus more on their work and work more effectively. IIAC especially wants to be known as a company that is great for raising kids whether as a father or a mother. The policy that allowed women to work shorter hours during the pregnancy period was extended to the entire period, and the husband's maternity leave was extended from 5 days to 10 days. Programs designed to create a culture wherein both parents care for their children and policies developed to support programs -- such as male employee's child care leave, male employee's short working hours, and male employee's one-day leave for meeting the child's teacher -- all saw increased usage.

### Creating a Workplace Conducive for Working

IIAC is encouraging employees to make better use of the flexible workplace policy and the annual one-day leaves toward improving the quality of life and creating an enjoyable workplace. The annual one-day leave policy was revised to allow employees to adjust the usage hours to fit one's schedule. IIAC introduced other forms of annual leaves such as the one-day leave for meeting the child's teacher, disaster relief leave, and permitted additional annual one-day leaves for new employees / child-caring parent.

## Employee Safety and Health

IIAC operates the Joint Labor-Management Industrial Safety and Health Committee for deliberating on and making decisions with regard to key matters related to executives' and employees' safety & health, and it has established an advanced industrial safety management system to create a safe working environment. IIAC appointed a Safety & Health Management CEO and held a "Safety-First Management" declaration ceremony. We required all employees to attend the workplace safety training. IIAC also recruited expert manpower in health & safety and increased safety personnel to strengthen its competence in health and safety.

Considering the nature of the aviation business, IIAC provides free health checkups tailored for pregnant women, people with disabilities, shift workers, and other vulnerable employees. IIAC offers free stress evaluations for all employees, including free regular health checkups and health/quit-smoking/yoga classes as well. In the home-visit body & mind care service, a doctor visits homes to perform health checkups and treatment. IIAC also operates programs like color therapy for relieving stress.



### Male Users of Maternity Leave

**9 persons**  
(6 in 2016 → 8 in 2017 → 9 in 2018)

### Male Users of Childcare Leave

**121 persons(73%)**

### Serious Accidents

**0 case**

## Labor Management Relations Based on Win-Win Formula

### Upholding Labor Rights Through Labor-Management Agreement

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). Level 3 employees and below are eligible to join the trade union. As of the end of December 2018, the total number of employees eligible to join the trade union was 1,149, which accounts for 84% of the total employees at IIAC, and 99.8% (1,147) of them are members of the trade union. IIAC is fully compliant with domestic and international labor relations laws, coordinating with the trade union at all times with regard to any major business or organizational change that could impact the working environment and employment conditions. In 2018, IIAC overhauled its labor management council, creating a new council for the new labor union leadership that prioritizes labor and management relationship-building activities based on frequent day-to-day communications. IIAC also introduced measures to strengthen regulations, such as monitoring for labor rights violations, increased emphasis on collective agreement compliance obligations, and revised labor-management council rules. It is building the foundation for guaranteeing the rights of labor by correcting unfair labor practices and introducing rational labor policies. Simultaneously, IIAC will also work to expand labor rights activities to promote labor value and will continuously operate a labor-management council to develop a collaborative partnership.

### Construction of an Inclusive Channel for Communication



#### Labor-Management Communication Channel

#### Strengthen mutual trust through dialogue that tries to accommodate new labor union

- Regular: Labor-Management Council/Workplace Safety Committee
- Continuous: 1:1 matching communication channel
- Non-Regular: Labor-management communication workshop
- Skill: Labor-management joint education



**Social Value**  
Operations of Labor/User/Expert Committee, System Improvement Council



#### Communication Channel with Subsidiaries and Suppliers

#### Increase partnership between airport family members through direct communication

- Health improvement activities: One Mind Sports Festival, physical fitness contest, counseling by quit-smoking clinic
- Face-to-Face: CEO's volunteer snack delivery work, CEO's luncheon meeting with subcontractor companies, communication meeting



**Social Value**  
Operation of Airport Family Volunteer Corps



#### Communication Tailored to Each Class

#### Narrow the physical/ psychological gap through communication within the same segment

- Field: Personal grievance counseling service jointly organized by labor and management
- Rotation (Tech): Tailored healing program
- Married: Nurture coaching program, special lecture on finance
- Single: Color therapy



**Social Value**  
Sharing Lecture, Creative Travel Group



#### Bottom-Up Communication Channel

#### Through communication platform diversification, enable normal bilateral communication

- Mobile: Talk Talk Open Discussion Room, mobile voting system
- Face-to-Face: CEO luncheon meeting, Beer Bar Day, Smart Board, Consensus Road, Voluntary Implementation Community
- Online: Complimenting board, suggestion board



**Social Value**  
Innovation Competition (expand to affiliates and partner companies)

# OUR APPROACH TO SUSTAINABILITY



1. Ethical Management
2. Governance
3. Stakeholder Engagement
4. Materiality Assessment
5. Risk Management

# Ethical Management

## Ethical Management System

### Ethical Management Structure for Fair, Transparent Management

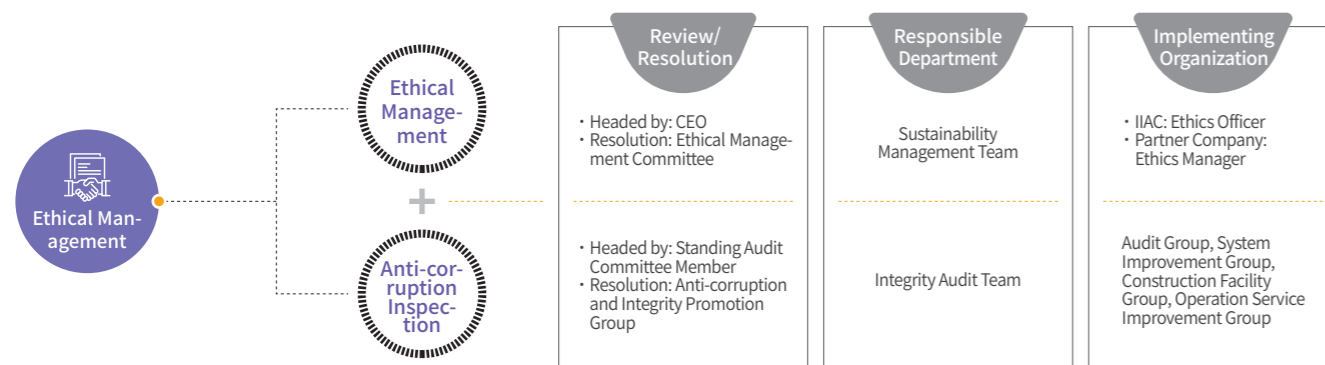
To protect its integrity and credibility in the eyes of the public, IIAC is emphasizing the importance of ethical awareness by requiring every individual at IIAC to practice ethical principles beginning with the most trivial things. In 2018, IIAC established “Ethical Management through Innovations in System-People-Culture” as an ethical management objective and restructured its ethical management system to reflect new business strategy, internal and external environments, and government policies. IIAC emphasizes the importance of ethical management to all the workers in Incheon International Airport, and it is dedicated to spreading and improving its integrity/ethical management system.

#### Strategic Plan for Ethical Management



### Ethical Management-Related Organizations

In 2018, IIAC reorganized its deliberation and settlement body so that it could strengthen the organization for better transparent management. Previously, the SR Committee deliberated on and settled both CSR and ethical management-related issues. Note, however, that IIAC formed the Ethical Management Committee and turned it into an organization dedicated solely to deliberating on ethical management issues. IIAC also sought to cultivate an ethical culture by reinforcing regulations on anti-corruption, integrity, and transparency. It revised 13 company regulations, which included regulations on ethics, regulations on requiring executives to sign integrity on the job contracts, regulations on conducting audits, and HR regulations.



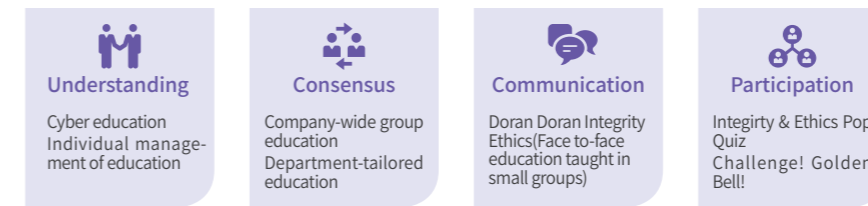
## Ethical Management Internalization Activities

### Identifying and Eliminating Corrupt Practice-Inducing Factors

At IIAC, all the departments were involved in reviewing the state of integrity in their departments. All the departments then looked at 5 major aspects of their operations (business management, facility rental management, outsourcing management, and integrity culture) to analyze their characteristics and identify corruption-related problems. Afterward, each department was asked to establish a plan and develop tasks for improving the problem, and they then executed the tasks. We worked on all fronts to implement ethical management, especially carrying out midpoint monitoring to make sure the tasks were effective in rectifying the problem.

## Ethics and Integrity Education & Training

IIAC provides ethical management education and training that can strengthen the ethics of executives and employees and which can be applied substantially in the field. The effectiveness of training is multiplied through multi-dimensional approach to teaching ethics, which includes learning and putting into practice in daily life. Furthermore, in preparation for a paradigm shift in organization, IIAC operates numerous ethical training programs that are aimed at expanding understanding of laws and increasing the ethics awareness of airport workers.



## Counseling and Reporting System

IIAC made it easier for a person to report cases of corruption by changing the system to make it more whistleblower-friendly. It set up a very convenient, easy-to-use reporting system and restructured the window for reporting damages caused by high-ranking people who abuse their power to make unreasonable demands. For instance, the reporting channel in IIAC's mobile website was redesigned so that a would-be whistleblower could report corruption with only mobile personal certification without the need to log in as a member. In 2018, IIAC established the illegal request reporting hotline “Integrity One Call.” With one press of a dedicated hot button on the employee's company work phone (mobile), the employee could call to report a violation. This measure was an attempt to thwart illegal requests before they occur. In addition, IIAC opened a reporting and support center for victims of abuse of power. We are trying to create an internal atmosphere wherein abuse of power could be eradicated and which makes it very easy to report violations.

IIAC operates an integrity portal and the mobile reporting system it has deployed, through which people could report illegal behaviors and acts that violate public interests such as corrupt behavior by IIAC employees and executives, illegal requests related to hiring/promotions, and accepting of bribes. Another service available is HelpLine, an anonymous reporting system run by an external company so that the identity of the whistleblower could be further protected. IIAC protects the whistleblower (as well as collaborators) through confidentiality guarantees, physical protection, and protection measures so that they do not sustain damages for their actions.

### Case Study

#### Incheon International Airport's Integrity Ecosystem, Where the 70,000 Members of the Airport Family Become One

At the Incheon International Airport, 70,000 members of our airport family are working together to provide flawless services of the highest quality. We are a company where we all share ethical cultures and ethical awareness, which tend to be different for different subsidiaries, partner companies, and tenant businesses. Our subsidiaries are implementing ethical practices by giving tailored ethical training to employees working in locations most vulnerable to corrupt practices. In the case of partner companies, we require our managers and the field representatives from partner companies to sign an integrity pledge. We have started to evaluate partner companies with SLA evaluation sheets that have additional anti-corruption/integrity activities and integrity compliance categories. We even created the “Integrity Health Staircase” in a passageway used by employees in our passenger terminals as a kind of integrity message that will make employees of tenant businesses aware of the importance of ethics. We expect a culture of integrity to become part of our normal lives.



ACRC's evaluation of IIAC's anti-corruption policy

**Grade 2**

(92.1 points/100 points)

Overall integrity level given by the Anti-Corruption and Civil Rights Commission

**8.43points**

(8.39 points in 2017 → 8.34 points in 2018)

Internal Integrity Level

**Grade 1**

(Grade 3 in 2017 → Grade 2 in 2018)

Corrupt practices

**ZERO**

(5<sup>th</sup> consecutive year)

Ethical education for employees



Ethics Golden Bell Challenger



# Governance

## Board of Directors

As the highest decision-making body of IIAC, the Board of Directors makes decisions on key strategies and policies related to IIAC, supervises management issues, and provides management support. The Board consists of 5 executive directors and 7 non-executive directors. The independence and integrity of the Board are maintained by having the non-executive directors make up the majority of the directors. The senior non-executive director serves as the chairman of the Board, thereby 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 set by IIAC are recommended for a director position. The CEO is appointed by the President of the Republic of Korea based on a recommendation from 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; the directors serve a 2-year term but may serve consecutive 1-year terms.

### BoD Composition

(As of June 2019)

Category	Name	Age	Gender	Position/Expertise	Role
Executive Officers	Koo, Bon-Hwan	58	Male	President & CEO	President & CEO
	Kim, Kil-Sung	60	Male	Chief Corporate Auditor	Chief Corporate Auditor
	Lim, Nam-Soo	54	Male	Vice President	Business Administration Division Vice President
	Kim, Jong-Seo	54	Male	Flight Director of the HQ	Head of Flight Director Division
	Shin, Joo-Young	58	Male	Head of Construction Division	Head of Construction Division
	Jung, Hong-Sik	51	Male	Finance/Administration	BoD Chairperson
	Hong, Se-Gil	68	Male	Aviation/HR Management	Head of Planning and Budget
Non-executive Officers	Yoon, Suk-Koo	62	Male	Finance/Economics	Audit
	Heo, Jung-Hyun	46	Female	Legal/Marketing	Planning and Budget Officer
	An, Jae-Hyun	44	Male	Accounting/Finance	Audit
	Lee, Sook-Yi	52	Female	Public Affairs/Administration	Planning and Budget Officer
	Park, Soon-Ae	54	Female	Public Affairs/Administration	Planning and Budget Officer

## Independence and Expertise of the Board of Directors

To ensure expertise and diversity in the decision-making process, IIAC considers the various expertise and experiences of the director candidates. Based on the vision and the 4 major strategies of IIAC, on-executive directors consist of experts in management, law, aviation industry, and overseas business. Based on their expertise and experiences, they render assurances by participating in management through advice and recommendation giving. Non-executive directors' management recommendations -- which are based on professional know-how and experiences -- are actively incorporated into corporate management activities, and the results are reported as feedback before the next board of directors' meeting. In addition, to increase their understanding of the airport and aviation industry, non-executive directors are given a briefing on the airport operational status upon their appointment. During their term in office, the non-executive directors go on overseas trips to tour advance airports and aviation industrial sites in foreign countries.

### Board of Directors' Operational Status

Category	2016	2017	2018
Number of Resolutions/Agenda	47/45	41/33	51/31
Number of Board Meetings	17	17	18
Attendance (%)			
Board of Directors	93.4	94.7	93.9
Non-Executive Directors	95.1	95.3	94.2

### Non-Executive Directors' Management Engagement

Category	2016	2017	2018
Number of Resolutions/Agenda	5	7	7
Number of Board Meetings	24	29	59
Non-Executive Directors	20	25	59

## 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. Moreover, by setting up and operating an effective BoD process, IIAC has strengthened the decision-making function of the BoD. Board meetings are convened on a regular basis, and special meetings are held when necessary. In 2018, board meetings were convened for a total of 17 times. The average attendance rate was 93.9%, and a total of 82 agendas were discussed. IIAC also prohibits directors from voting or participating in meetings on any agenda or items in which they have direct or indirect vested interests. 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).

### Committees within the Board



## 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 Management Performance of CEOs 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 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 (ALIO, website, etc.) according to the relevant regulations and laws.

### Key Resolutions of the Board in 2018

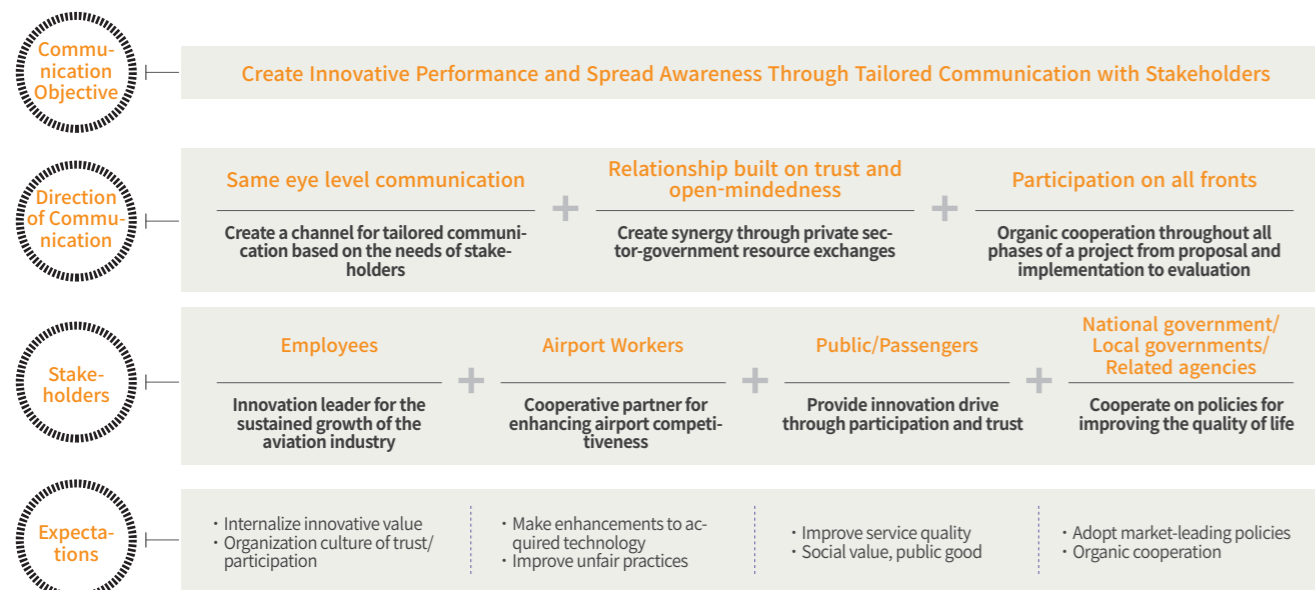
Meeting No.	Date	Agenda
18-1	2018-01-12	Agreement on the operation of train connecting to T2
18-3	2018-01-31	Revision of regulations on office organization
18-3	2018-01-31	Revision of regulations on wages
18-4	2018-02-28	Budget operating plan for fiscal year 2018
18-5	2018-03-14	Convening the 19th (fiscal year 2017) general shareholders' meeting
18-5	2018-03-14	Improving incentives for airlines in order to rank 3rd in the world in terms of the number of international passengers
18-5	2018-03-14	Implementation of incentives for recording 3.05 million tons in air cargo transportation
18-6	2018-04-19	Payment in kind to global infrastructure fund (GIF) for participating in the establishment of Korea Overseas Infrastructure & Urban Development Corporation
18-6	2018-04-19	Establishment of a domestic corporation to run the operation of Kuwait International Airport T4
18-9	2018-05-30	Revision of regulations on the operation of the airport safety committee
18-10	2018-06-28	Plans for the sponsorship of the Incheon Haneul Academy
18-13	2018-08-31	Mid- to long-term management goals for 2019-2023
18-15	2018-10-24	Plans for the establishment of a 2nd special-purpose corporation

# Stakeholder Engagement

## Defining and Communicating with Stakeholders

To enhance the future value of Incheon Airport where various institutions and businesses are located, communication and cooperation with the stakeholders are very important. IIAC has categorized the stakeholders based on legal, financial, and operational responsibilities as well as their influence and the flow of value through management activities; it is sharing sustainable management issues with the stakeholders through various communication channels. In 2018, in response to changes in the communication environment, IIAC categorized the stakeholders into more detailed groups and strengthened communication programs for them, focusing on further enhancing stakeholder inclusion and communication. By cooperating with the stakeholders in sustainable management activities, IIAC is striving to establish healthy and trust-based relationships with the stakeholders.

### Strategic Structure for Stakeholder Communication



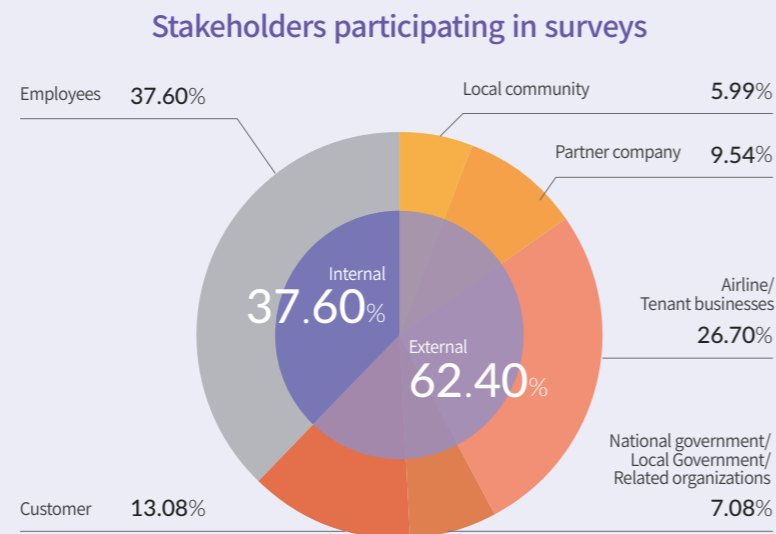
### Stakeholder Groups & Communication Channels

Stakeholders	Communication Channels	Key Performances
Employees	Agenda Sharing	Executives/Employees' workshop, expanded executive meeting (6 times), Management message through CEO talk room (23 times)
	Proposal/Collaboration	Youth BOD (10 times), internal proposals (91 cases), innovation contests (214 events), study groups (2 teams)
	Organization Culture	"Company That is a Joy to Work for" campaign, explore innovation cases in South Korea and overseas (2 times), cultural lectures (8 times)
Airport Workers	Airport Operations	Service Improvement Committee (12 organizations like CIQ), T2 Operation Preparatory Committee (16 agencies including airlines, pilot operation 123 times)
	Mutual Growth	Service enhancement group for tenant businesses (60 persons), Partner company meeting (8 times), One Family workshop (120 persons)
	Job Creation	Job Creation meetings (50 companies), Labor-Management Experts' Committee meetings (40 times)
Public/Passengers	Public engagement	Citizens-led innovation group (230 persons), Online innovation portal, national surveys (2 surveys, 10,515 persons)
	Public convenience	Customers' Committee (42 persons/2 times), customer satisfaction survey, commercial facilities satisfaction survey (19,830 persons)
	Local community	Win-win development committee (6 times), noise resolution committee (3 times), local resident needs survey (1,521 persons)
Government/Local government/Related agencies	Aviation policies	Provide support at the government aviation meeting (4 times), Incheon International Airport development forum (2 times), and World Aviation Conference (70 countries, 1000 persons)
	Economic growth	Innovation Growth SOC Council (government, 9 state-owned enterprises), public agencies, social value assessment committee (20 companies), win-win agreement with Incheon

## Stakeholder Surveys

### Overview of Surveys

In pursuit of sustainable management, to understand the issues that 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 that it must preferentially respond to and manage to fulfill its social responsibilities and become a sustainable organization. The valuable opinions gathered from these surveys will be incorporated into IIAC's sustainable management strategies and tasks.



### Survey Results

The stakeholder survey was designed to assess the materiality and impact of sustainable issues from 4 areas (General, Economy, Society, Environment) with regard to IIAC's strategic and systematic implementation of sustainable management. According to the survey results, the stakeholders chose "Airport Security and Safety" and "Ethics and Legal Compliance" as the most important issues. In addition, the stakeholders considered "Response to Increase in Passenger and Cargo Demands" and "Governance Transparency and Expertise" as the important issues to respond to and manage. Therefore, there are no significant differences from last year with regard to the rankings of material issues.

### Top 10 Issues from the Stakeholders' Perspective (on a 5-point scale)

Rank	Internal	Average	Rank	External	Average
1	Airport safety and security (operational safety, disaster safety)	4.70	1	Airport safety and security (operational safety, disaster safety)	4.74
2	Ethics and legal compliance	4.70	2	Response to rising passenger and cargo demand	4.56
3	Response to rising passenger and cargo demand	4.63	3	Ethics and legal compliance	4.53
4	Transparency of governance and expertise	4.54	4	Transparency of governance and expertise	4.41
5	Work-Life balance	4.51	5	Protection of customer information	4.35
6	Management of economic/social/environmental risks	4.49	6	Stakeholder engagement (expand communication channel, address their concerns)	4.34
7	Respect for human rights and prohibition of discrimination	4.49	7	Service innovation for building a convenient airport (smart airport, customer satisfaction improvement, etc.)	4.32
8	Fair performance evaluation and reasonable compensation	4.48	8	GHG emission and air pollution management (fine dust)	4.32
9	Service innovation for building a convenient airport (smart airport, customer satisfaction improvement, etc.)	4.47	9	Support for partner companies/SMEs and mutual growth	4.31
10	Development of overseas business and Air City, Expansion of airport infrastructure	4.46	10	Organizations' participation in local communities (social contribution activities, etc.)	4.31

# Stakeholder Committee

## SR Stakeholder Committee 2019

We at IAC have strived to build relationships of positivity and trustworthiness through communication with groups of stakeholders, cognizant of the ever-increasing importance of the participation of stakeholders. Since 2012, we have held the annual meeting of the Stakeholder Committee to inform the members of our activities carried out in the area of sustainable management and listen to their opinions.

The annual session of the committee for 2019 was held on June 20. It also served as the second quarter meeting of the Corps of Innovative-minded Local Participants. At the session, attendees including scholars and those from civic organizations and airport-related businesses checked important issues related to our sustainable management and engaged in in-depth discussion as to what we should do for the execution of our strategic sustainable management. Our employees explained our sustainable management policy to the attendees.

### 2019 Members of the SR Stakeholder Committee

Field	Affiliation	Name/Position	Field	Affiliation	Name/Position
Presider	Korea Aerospace University (KAU)	Prof. Lee Yun-Cheol		UNIES	Deputy Director Park O-Su
Scholars	Korea University	Prof. Lee Cheol-Ung	Airport-related businesses	Paris-Croissant	Choi Seong-Ho (mid-level manager)
	KAU	Prof. Kim Ji-Hui		Airline Operating Committee (AOC)	Secretary Gen. Han Gi-Don
Social organizations	Institute of Industrial Policy Studies (IIPS)	Team Leader Gwon Sun-Yeong		SM Duty-Free Shop	Deputy Chief Hwang Sun-Hui
	Community Chest of Korea	Team Leader Son Byeong-Il	National Health Insurance Corporation (NHIC)	Kim Jin-Ho	
	Management Innovation Center of the Korean Standards Association	Chief Yu Hun	People's rep.	E-Mart	Park Min-Seok
	Dasol, the office of certified labor attorneys	CLA Lee Jong-Ho	Fliers (travel agent)	Lee Chang-geun	



IAC SR Stakeholders' Committee

### Subject of the discussion

### Q. Opinions on IAC's sustainable management activities and suggestions for the direction of IAC's future development

#### Scholars



- By 2022-2025, passengers are expected to go through airport security check faster thanks to the development of AI-based security check devices despite the increase in the number of passengers. Nonetheless, it means that about three-quarters of the current security check officers may lose their jobs. The situation requires a more careful approach.
- Nowadays, businesses' social contribution tends to focus on the creation of economic value. IAC needs to follow suit.

#### Those from social organizations



- The country is becoming an aging society. In that regard, IAC needs to pay attention to the results of the offline survey in the surveys of airport users' level of satisfaction.
- We expect IAC to listen to the voices of diverse sectors of society, particularly the socially disadvantaged.
- Safety signs need to be installed adequately concerning powered carts operated within the airport terminal. Service needs to be provided as well for the digitally disadvantaged.
- IAC needs to pay more attention to the needs (such as housing) of young airport workers living alone.
- We expect IAC to play a leading role in energy/environment-related sustainability R&D.

#### Airport-related businesses



- IAC needs to provide visible real-time air quality information for passengers.
- IAC needs to bring about a substantial result in the conversion of part-time workers into regular workers in areas of accompanying growth and win-win cooperation.
- IAC needs to improve infrastructure for the operation/maintenance of commercial facilities in connection with duty-free shops in the arrivals area in May 2019.
- IAC needs to strive to improve transportation for those working at the airport, particularly during rush hours.

#### People's representatives



- It is advisable to distinguish the "facility"-related part from the "service"-related part in drawing up reports on convenient airports.
- IAC needs to provide housing and shuttle buses for employees of businesses operating within the airport to improve their customer service.
- IAC needs to publicize its report on social value realization through social media or TV ads so that even ordinary people can take more interest in its sustainable management activities. Production of said report in multiple languages is also required.

#### President



I think we can summarize what was discussed today in the following three keywords:

- The first keyword is "people." Attendees cited the need for IAC to create more jobs and to cope positively with the needs of employees of businesses operating within the airport, particularly their human rights, balance between work and life, and commuting. There were also opinions on the need to establish a sustainable system for all customers including the digitally disadvantaged.
- The second keyword is "locality." Incheon Airport was started as part of infrastructure but has evolved as an industry. Now, it has to be developed as part of the local economy. Considering the possibility of the airport being more closely connected with the local economy, the sustainable management report needs to include contents about what is being done for said matters.
- "Environment" is the third keyword. IAC's future report on sustainable management needs to include contents related to the housing of airport workers, indoor air quality of the airport buildings, and IAC's ongoing efforts for the creation of social value.

# Materiality Assessment

## Materiality Assessment Process

Selection of material issues is one of the most important processes required for the 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 Inclusiveness) 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 issues that are most relevant to its sustainable management and businesses as well as those that stakeholders are most interested in.

### Materiality Assessment Process



## Materiality Assessment Results

IIAC's stakeholders have assessed the materiality of various sustainability issues, and IIAC has selected 17 key sustainability issues with the highest average materiality scores. In 2019, among the issues considered by the executives, employees, and stakeholders of IIAC to be most material, "Airport Security and Safety," "Ethics and Legal Compliance," "Response to Increase in Passenger and Cargo Demands," and "Transparency of Governance and Expertise," which are closely linked to IIAC's airport operations and issues that are basic to the sustainability of companies, were ranked highest.

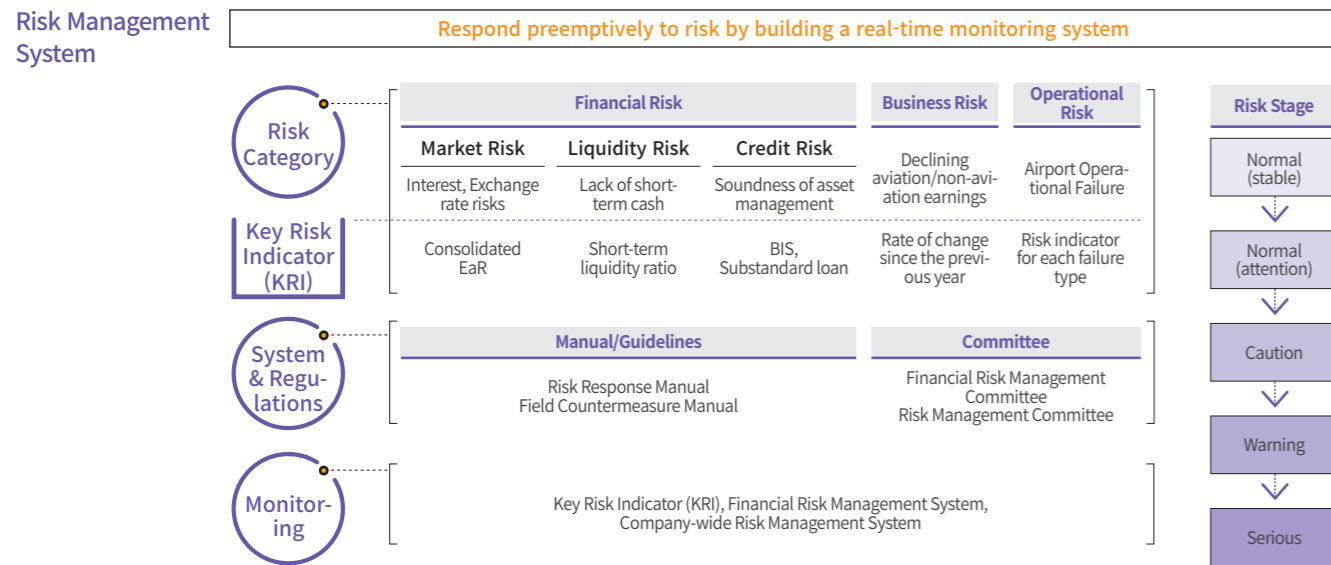


No.	Material Issues	Table of Contents	Reporting Boundaries	Ranking in 2018
1	Airport safety and security (operational safety, disaster safety)	Safe Airport	Executives, Employees, Customers	1
2	Ethics and legal compliance	Ethical Management	All Stakeholders	2
3	Response to rising passenger and cargo demand	Growing Airport	Executives and Employees	3
4	Transparency of governance and expertise	Governance	Executives and Employees	4
5	Management of economic/social/environmental risks	Risk Management	All Stakeholders	10
6	Respect for human rights and prohibition of discrimination	Human Rights Management	Executives and Employees	5
7	Protection of customer information	Safe Airport	Executives and Employees	9
8	Service improvement for building a convenient airport (smart airport, customer satisfaction improvement)	Convenient Airport	Executives and Employees	6
9	Fair performance evaluation and reasonable compensation	Realization of 'people-centered' Social Values	Executives and Employees	11
10	GHG emission and air pollution management (fine dust)	Creation of an Environmentally-Friendly Airport	Executives, Employees, Airlines	New
11	Development of overseas business and Air City, Expansion of airport infrastructure	Future-Oriented Airport	Executives and Employees	New
12	Work-Life balance	Realization of 'people-centered' Social Values	Executives and Employees	8
13	Support for partner companies/SMEs and mutual growth	Strengthening of Mutual Growth	Executives, Employees, Partner Companies	New
14	Waste and wastewater management	Creation of an Environmentally-Friendly Airport	Executives and Employees	13
15	Stakeholder engagement (expand communication channel, address their concerns)	Stakeholder Engagement	All Stakeholders	15
16	Organizations' participation in local communities (social contribution activities, etc.)	Expansion of CSR Activities	Executives, Employees, Local Community	New
17	Noise management	Creation of an Environmentally-Friendly Airport	Executives and Employees	New

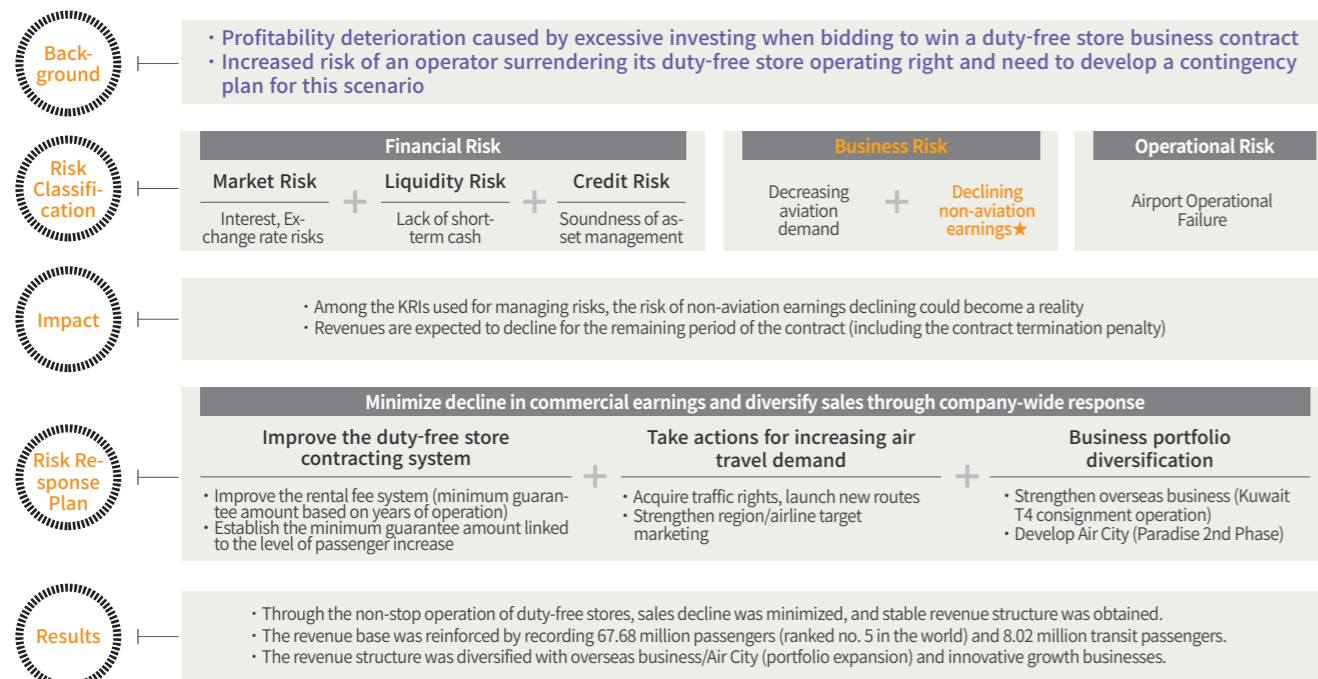
# Risk Management

## Company-wide Risk Management System

IIAC is striving to lay a foundation for sustainable growth through the systematic management of various risks that can arise from uncertain business environment and activities. By operating an Enterprise Risk Management (ERM) 24/7, IIAC strengthened the internal stability of its risk management. Likewise, for each category of risk, IIAC set a management direction to respond preemptively to risks that may arise. IIAC monitors risks at all times 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).



## Establishing and Implementing a Risk Response Plan for Responding to Business Risk



# APPENDIX



1. Sustainability Performance
2. Third-Party Assurance Report
3. ISO 26000 Performance Assessment Results
4. GRI & ISO 26000 Index
5. UNGC
6. Efforts to Perform the UN SDGs
7. Key Awards and Memberships

# Sustainability Performance

## Economic Performance

### Summary of Consolidated Statements of Financial Position

20<sup>th</sup>: January 1 ~ December 31, 2018  
19<sup>th</sup>: January 1 ~ December 31, 2017  
18<sup>th</sup>: January 1 ~ December 31, 2016

Incheon International Airport Corporation and its Subsidiaries		(Unit: KRW)		
Items	20 <sup>th</sup>	19 <sup>th</sup>	18 <sup>th</sup>	
<b>Current Assets</b>				
	901,557,255,937	877,353,824,344	592,945,210,582	
I.				
1. Cash and Cash Equivalents	431,223,505,725	502,724,825,699	281,867,978,793	
2. Current Financial Assets	1,153,332,368	820,203,896	1,163,531,683	
3. Trade and Other Receivables	360,565,979,889	331,778,070,864	270,697,308,550	
4. Inventories	34,001,950,505	22,502,605,857	19,757,410,341	
5. Current Tax Assets	50,079,144	97,970,516	106,096,403	
6. Other Current Non-Financial Assets	74,562,408,306	19,430,147,512	19,352,884,812	
<b>Non-Current Assets</b>				
	11,459,600,760,130	11,479,456,083,115	10,359,093,286,932	
II.				
1. Other Non-Current Financial Assets	34,283,171,553	31,071,987,126	32,058,496,652	
2. Long-Term Trade and Other Receivables	106,172,215,899	31,372,825,097	50,961,538,875	
3. Properties and Equipment	10,500,254,097,960	10,583,500,595,113	9,472,778,737,704	
4. Investment Properties	369,550,599,796	366,748,920,070	363,151,089,038	
5. Goodwill	177,398,443,930	177,398,443,930	177,398,443,930	
6. Intangible Assets Other than Goodwill	91,616,124,298	75,603,628,837	52,104,968,915	
7. Deferred Tax Assets	111,606,684,727	138,418,180,690	126,030,120,047	
8. Non-Current Non-Financial Assets	68,719,421,967	75,341,502,252	84,609,891,771	
<b>Total Assets</b>	<b>12,361,158,016,067</b>	<b>12,356,809,907,459</b>	<b>10,952,038,497,514</b>	
<b>Current Liabilities</b>				
	1,226,609,743,838	1,307,653,463,904	701,725,442,511	
I.				
1. Trade and Other Payables	327,437,060,496	478,766,105,413	256,831,591,295	
2. Current Financial Liabilities	560,000,000,000	546,486,912,400	195,823,959,591	
3. Current Income Tax Liabilities	236,656,174,200	219,467,735,368	196,646,353,877	
4. Other Current Non-Financial Liabilities	81,438,146,121	44,613,253,484	37,890,901,023	
5. Current Provisions	21,078,363,021	18,319,457,239	14,532,636,725	
<b>Non-Current Liabilities</b>				
	2,336,224,312,028	3,007,721,211,274	2,980,542,714,499	
II.				
1. Long-Term Trade and Other Payables	729,839,971,593	1,075,827,119,776	944,549,654,075	
2. Non-Current Financial Liabilities	1,489,000,000,000	1,800,000,000,000	1,907,301,799,800	
3. Non-Current Non-Financial Liabilities	103,530,102,753	123,774,321,980	118,758,980,323	
4. Employee Benefit Liabilities	13,854,237,682	8,119,769,518	7,520,610,952	
5. Non-Current Provisions	0	0	2,411,669,349	
<b>Total Liabilities</b>	<b>3,562,834,055,866</b>	<b>4,315,374,675,178</b>	<b>3,682,268,157,010</b>	
I.				
Paid-In Capital	3,617,845,480,000	3,617,845,480,000	3,617,845,480,000	
II.				
Retained Earnings (Deficiencies)	5,181,656,744,867	4,424,909,799,712	3,652,643,257,966	
III.				
Other Equity Components	(221,441,787)	(341,673,086)	335,465,438	
IV.				
Equity Attributable to Owners of the Parent Company	8,799,280,783,080	8,042,413,606,626	7,270,824,203,404	
V.				
Non-Controlling Interests	(956,822,879)	(978,374,345)	(1,053,862,900)	
<b>Total Equity</b>	<b>8,798,323,960,201</b>	<b>8,041,435,232,281</b>	<b>7,269,770,340,504</b>	
<b>Total Equity and Liabilities</b>	<b>12,361,158,016,067</b>	<b>12,356,809,907,459</b>	<b>10,952,038,497,514</b>	

### Summary of Consolidated Statements of Financial Position

Incheon International Airport Corporation and its Subsidiaries		(Unit: KRW)		
Items	20 <sup>th</sup>	19 <sup>th</sup>	18 <sup>th</sup>	
I.	Revenue	901,557,255,937	877,353,824,344	592,945,210,582
II.	Cost of Sales	431,223,505,725	502,724,825,699	281,867,978,793
III.	Gross Profit	1,153,332,368	820,203,896	1,163,531,683
IV.	Selling and Administrative Expenses	360,565,979,889	331,778,070,864	270,697,308,550
V.	Operating Profit	34,001,950,505	22,502,605,857	19,757,410,341
VI.	Other Revenue	50,079,144	97,970,516	106,096,403
VII.	Other Expenses	74,562,408,306	19,430,147,512	19,352,884,812
VIII.	Other Gains (Losses)	11,459,600,760,130	11,479,456,083,115	10,359,093,286,932
IX.	Financial Income	34,283,171,553	31,071,987,126	32,058,496,652
X.	Financial Costs	106,172,215,899	31,372,825,097	50,961,538,875
X I.	Gross Profit	10,500,254,097,960	10,583,500,595,113	9,472,778,737,704
X II.	Income Tax Expenses	369,550,599,796	366,748,920,070	363,151,089,038
X III.	Profit from Continuing Operations	177,398,443,930	177,398,443,930	177,398,443,930
X IV.	Profit	91,616,124,298	75,603,628,837	52,104,968,915
X V.	Other Comprehensive Income (Net of Tax)	111,606,684,727	138,418,180,690	126,030,120,047
X VI.	Total Comprehensive Income	68,719,421,967	75,341,502,252	84,609,891,771
Attributable Profit		1,226,609,743,838	1,307,653,463,904	701,725,442,511
X VII.	1. Profit Attributable to Owners of the Parent Company	327,437,060,496	478,766,105,413	256,831,591,295
	2. Profit (Loss) Attributable to Non-Controlling Interests	560,000,000,000	546,486,912,400	195,823,959,591
Attributable Comprehensive Income		236,656,174,200	219,467,735,368	196,646,353,877
X VIII.	1. Comprehensive Income Attributable to Owners of the Parent Company	81,438,146,121	44,613,253,484	37,890,901,023
	2. Comprehensive Income Attributable to Non-Controlling Interests	21,078,363,021	18,319,457,239	14,532,636,725

## Economic Performance

### Summary of Statements of Financial Position

(Unit: %)

Category		2016	2017	2018
Stability	Debt Ratio	50.7	53.7	40.5
	Equity-to-Asset Ratio	66.4	65.1	71.2
Profitability	Operating Profit Ratio	58.4	58.6	47.6
	Return On Assets	8.8	9.0	9.0
	Gross Profit Margin	57.1	58.8	54.5
Growth	Revenue Growth Rate	15.5	11.5	9.1
	Total Assets Growth Rate	16.0	12.8	0.0
	Properties and Equipment Growth Rate	15.1	11.7	(0.8)

### Performance in Air Transport

(Unit: %)

Category		2016	2017	2018
Aircraft Movements	Total Movements	339,673	360,295	387,497
	International Movements	334,528	355,162	381,747
Passengers	Total Passengers	57,765,397	62,082,032	68,259,763
	International Passengers	57,152,206	61,520,572	67,676,147
	Transit Passengers	7,155,109	7,319,144	8,020,405
	Transfer Rate (%)	12.4	11.8	11.7
Cargo	International Cargo (Tons)	2,714,217	2,921,635	2,952,069
	Transit Cargo (Tons)	1,072,560	1,130,949	1,161,777
	Transfer Rate (%)	39.5	38.7	39.4

### Performance in Airport Operations

(Unit: KRW 100 million)

Category		2016	2017	2018
Revenue		21,860	24,306	27,269
Aeronautical Revenues	Flights	3,552	3,671	3,953
	Passengers	4,133	4,493	4,969
Non-Aeronautical Revenues	Commercial & Retail	12,177	14,050	14,912
	Rent/Utility	1,917	2,008	2,440
	Overseas and Other Businesses	81	84	237

### Distribution of Financial Value

(Unit: KRW 100 million)

Stakeholders	Items	2016	2017	2018
Executives and Employees	Labor Cost*	1,059	1,241	1,370
Partners	Outsourcing Costs**	3,486	3,645	5,247
Shareholders and Investors	Dividends	3,473	4,725	3,755
	Interests	208	231	656
Government	Tax and Dues, Corporate Tax	3,489	3,892	4,061
Community	Contributions	68	181	131
Others	Facility Management Fees, Rents	3,970	4,533	5,932

\* Labor Cost: Pay + Allowances + Miscellaneous Pay + Retirement Benefits + Welfare Benefits

\*\* Outsourcing Cost: The airport industry is a labor-intensive industry, and IIAAC creates jobs for more than 6,000 people outside

## Social Performance

### Overview of Executives and Employees

(Unit: Persons, %)

Category		2016	2017	2018
Total		1,241	1,345	1,427
Gender	Male (%)	937(75.5)	1,017(75.6)	1,079(75.6)
	Female (%)	304(24.5)	328(24.4)	348(24.4)
Number of Employees Who Have Retired or Left to Work for Another Company	Male (%)	20(1.6)	15(1.1)	19(1.3)
	Female (%)	9(0.7)	10(0.7)	13(0.9)
New Employees	Male (%)	51(64.0)	88(75.0)	96(68.1)
	Female (%)	29(36.0)	30(25.0)	45(31.9)
Region	Domestic	1,225	1,334	1,412
	Overseas	16	11	15
Position	Executives	5	6	5
	Supervisors & Managers	427	452	188
	Employees	809	887	1,234
Age	20s (%)	301	324	355(24.9)
	30s (%)	350	379	409(28.7)
	40s (%)	404	430	427(29.9)
	50s and Older (%)	186	212	236(16.5)
	Regular	1,204	1,301	1,401
Types of Employment	Indefinite Term	2	5	13
	Temporary	35	39	35
	Indirectly Hired	6,863	9,219	7,562
Diversity	Number of Female Employees (%)	304(24.5%)	328(24.4%)	348(24)
	Number of Women in Management Positions (%)	21(4.9%)	24(5.3%)	37(7.3)
	Percentage of People with Disabilities (%)	3.5%	3.2%	3.4%
New Employees	Male (%)	51(64%)	88(75%)	96(68.1)
	Female (%)	29(36%)	30(25%)	45(31.9)
New Employees	People with Disabilities	3	1	7
	High School Graduates	8	26	3
	Men of National Merit	3	7	3
	Outstanding Regional Human Resources	29	48	51

### Training and Education

Category	Unit	2016	2017	2018
Training & Education Hours Per Person	Male	159	162	139
	Female	130	132	134
Training & Education Budget Per Person	KRW 10,000	244	253	288
Number of People Trained by Position (%) / hr	Levels 1~2	151(12)/11,760	163(12)/13,036	139(10)/14,444
	Level 3	318(26)/28,383	334(25)/37,070	309(23)/46,959
	Level 4	390(32)/43,341	450(34)/49,789	431(32)/68,721
	Level 5 and Under	365(30)/24,915	388(29)/42,991	450(34)/59,966
Satisfaction Level (Out of 5 Points)	points	4.74	4.73	4.78
Applicability (Out of 5 Points)	points	4.52	4.55	4.48

## Social Performance

### Integrity and Ethical Education Program

(Unit: Persons)

Education Target	Education Method	Time	2016	2017	2018
All Employees	Group, 1:1	Once a year	952	1,318	1,543
	Cyber Education	Any time of the year	2,014	3,208	1,255
Career Transitions	New hires	Time of hiring	129	67	52
	Promoted	Time of promotion	107	74	93
	Executive	Any time of the year	159	307	170
Outsourced	Outsourced education, e.g., Civil Rights Commission Integrity Training	Any time of the year	10	1	4
Others	Practical education for rank and file, department-level education	Any time of the year	542	625	413

### Use of Flexible Work Arrangements and Short-Term Work

(Unit: Persons)

Category	2016	2017	2018	
Hourly Work	19	29	58	
Flexible Work Arrangements	Personalized Start & Departure Times	199	306	431
	Personalized Work Hours	64	366	314
	Compressed Work Schedule	-	5	5
Remote Work Policy	Smart Work	231	106	88

### Mutual Growth

Category	Unit	2016	2017	2018
Shared Growth Assessment Rating	Average	Average	Average	Average
Partners' Satisfaction with the Win-Win Cooperation Program	points	94.4	94.7	94.1
SLA Budget		68	65	79
Purchases from SMEs	KRW 100 million	7,246	8,333	6,464
Airport R&D Revenue		68.2	102	14

### Customer Satisfaction Surveys

(Unit: points)

Type of Survey	2016	2017	2018
Satisfaction with Departure Services	80	87	87
Satisfaction with Arrival Services	83	85	88
Satisfaction with Transit Services	81	87	88
Satisfaction with Airlines' Services	89	91	92

### Use of Parental Leave

(Unit: Persons, %)

Category	2016	2017	2018	
Number of Users	Male	6	8	8
	Female	42	46	48
Number of Employees Who Returned to Work	Male	2	6	4
	Female	8	20	17
Number of Employees Still Working 12 Months After Returning to Work	Male	2	6	4
	Female	8	16	16
Return Rate	Male	100.0	100.0	100.0
	Female	100.0	100.0	100.0
Continuous Service Rate	Male	100.0	100.0	100.0
	Female	83.3	100.0	95.2

### Local Community Participation

Category	Unit	2016	2017	2018
Number of Volunteer Participants	persons	503	362	900
Volunteer Hours	hours	2,979	2,640	4,338

### VOC Operations

Category	단위	2016	2017	2018
Number of Cases Registered		5,426	6,083	7,380
Number of Cases Processed	cases	5,426	6,083	7,380
Process Rate	%	100	100	100

## Environmental Performance

### Energy Use

Category	Unit	2016	2017	2018
Electricity		2,728	3,266	4,087
Medium-Temperature Hot Water		489	671	757
Others	TJ	60	73	107
Total		3,277	4,010	4,951
Energy Use Intensity (Energy Use/Revenue)		0.00150	0.00165	0.00187

### GHG Emissions

Category	Unit	2016	2017	2018
Direct Emissions		22,770	23,346	28,131
Indirect Emissions	tCO <sub>2</sub>	154,290	188,987	232,101
Total		177,060	212,333	260,232
Emissions Per KRW (Emissions/Revenue)	TJ/KRW 1million	0.08100	0.08736	0.09794

※ Due to changes in how GHG Emissions are calculated, the data for the year 2016-2017 has been updated.

### Water Resource Management

Category	Unit	2016	2017	2018
Water Use	m <sup>3</sup>	1,645,543	2,039,943	2,404,367
Water Use Per KRW	ℓ/Revenue	0.75276	0.83926	0.90694
Sewage Volume		5,079,378	5,232,007	6,062,198
Amount of Water Recycled	m <sup>3</sup>	2,616,649	3,274,577	3,436,549

### Waste Generation

Category	Unit	2016	2017	2018
Waste Generated		31,010	32,807	45,164
General Waste	Ton	17,568	17,509	20,105
Designated Waste		1,430	1,402	1,516
Construction Waste		12,012	13,896	23,544

### Waste Processing

Category	Unit	2016	2017	2018
Recycling	Ton	18,195	19,135	28,063
Waste Recycling Rate	%	60	58	62
Incinerated	Ton	11,613	12,493	15,490
Buried		1,203	1,179	1,610

### Air Pollution at the Airport and Nearby Areas \*

Category	Unit	2016	2017	2018
Fine Dust (PM10)**		46(44)	46(45)	39(39)
Ultra-Fine Dust (PM2.5)**	μg/m <sup>3</sup>	30(30)	27(26)	22(22)

\* Average measurements from 3 air pollution monitoring stations.

\*\* The measurement values for PM10, PM2.5 were taken on days without yellow dust warnings.



## Incheon International Airport's Carbon Footprint

The IIC assesses and manages the greenhouse gas discharged through both direct and indirect routes during airport operations



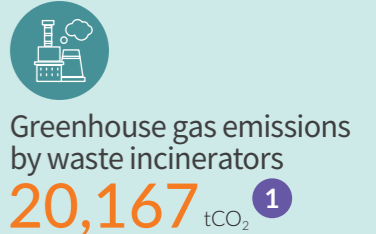
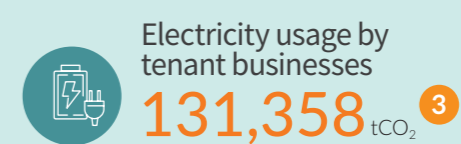
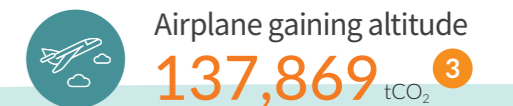
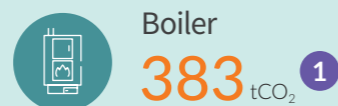
Carbon footprint



<sup>1</sup> Scope 1

<sup>2</sup> Scope 2

<sup>3</sup> Scope 3



### Total amount of GHG Emission in the Airport Areas

Based on 2018 (Unit: tCO<sub>2</sub>)

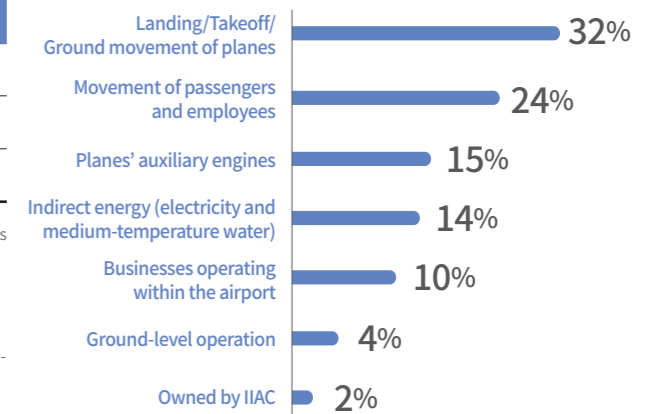
Division	2016	2017	2018
Scope1	22,637	23,347	28,131
Scope2	141,288	172,276	213,536
Scope3	1,116,691	1,171,856	1,225,067

※ Scope 1: Greenhouse gases emitted directly from the airport or emitted by sources (e.g., boilers and vehicles) owned and controlled by the business

Scope 2: Greenhouse gases emitted indirectly from the airport or emitted through the use of electricity and steam consumed by the business

Scope 3: Other greenhouse gases emitted indirectly from the airport or emitted from facilities not owned or controlled by the business (such as those emitted by planes, electricity/ medium-temperature water used by businesses operating within the airport, operation of vehicles, movement of passengers, and employees of businesses operating within the airport)

\* Changes in 2016-2017-related data due to changes in the scope of data calculation and relevant criteria



# 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 2018/1 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 economic, environmental, and social dimensions of performance measures and all statements contained in this report. The objective of the assurance is to offer professional counsel for improving 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 AA1000AP (2018), ISAE3000 and GRI Standards for the assurance of the Report.

<b>Assurance Scope</b>	Economic, environmental and social dimensions of the report’s performance measures and objectives
<b>Assurance Type &amp; Level</b>	Type II - Moderate level
<b>Assurance Criteria</b>	<ul style="list-style-type: none"> <li>• IPS Assurance Manual™ to verify compliance against the four core principles of AA1000AP (2018)</li> <li>• IPS Performance Indicators Assurance Criteria™ to assess the reliability of performance indicators based on ISAE3000</li> <li>• GRI Standards: The compliance of the “Core Option” criteria</li> </ul>

### Assurance Process and Activities

The Auditor confirmed ① the inclusivity, materiality, responsiveness, and impact 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, social and environmental quantitative performance measures
- Review of reference materials underlying economic, social and environmental qualitative performance measures
- Review of the Report’s compliance with GRI Standards

The Auditor conducted written correspondence and in-person interviews with the reporting management and staff, within IIAC, in the process of assurance measures. The staff appropriately reflected the Auditor’s request for revision and opinions in the Report.

### Assurance Findings

The Auditor discussed about the Report’s editing with IIAC through written correspondence and in-person interviews 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 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 communication and cooperation with stakeholders for pursuing sustainability management. It has been confirmed that the Public Participation Innovation Corps, which is held quarterly, is a representative process for listening to the opinions of IIAC’s core stakeholders. 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 confirmed that IIAC is identifying material issues affecting both stakeholders and management activities of the Company and is appropriately disclosing the management status of those issues. In particular, the identification of sustainability issues through the “SR Stakeholder Committee” and the facilitation of methods to prioritize material issues through stakeholder survey results appear to be IIAC’s core “materiality assessment process.” No omissions were discovered by the Auditor, in terms of sustainability management information important to stakeholders.

#### [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 reporting issues through those opinions collected in the process. The introduced themes of “Realizing Social Value,” “Airport Safety and Security,” and “Increasing Passenger and Cargo Demand” 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.

#### [Impact]

##### Does IIAC identify and measure economic, social, and environmental impacts on stakeholders and disclose the results through the Report?

It is the Auditor’s opinion that IIAC is appropriately disclosing the result of social and environmental cost saving and economic ripple effect in the

process of promoting unique business through the Report. Moreover, the Auditor confirmed that IIAC conducts fact-findings and impact evaluation in the process of human rights management, analyzes their social and environmental impacts on stakeholders in the aspect of business operation, and receives objective reviews on the results from external specialized organizations.

#### [GRI “In Accordance” Criteria]

The Auditor has recognized that the Report is in accordance with the “Core Option” criteria of the GRI Standards.

#### [Reliability of Performance Indicators]

The Auditor confirmed that the performance indicators presented in the Report are free from bias or error that would affect stakeholders’ judgment of IIAC. Followings are the key performance indicators the Auditor has recognized.

Category	Issue	Performance Indicator
<b>Safe Airport</b>	Airport safety and security	Decrease in delayed flight rate: -0.8%p, reduction of ground movement time: -6%
	Customer information protection	No. of private information disposals a year: approximately 76 million cases
<b>Convenient Airport</b>	Service innovation for convenient airport	Degree of precision of the baggage handling system: 99.9997%
<b>Growing Airport</b>	Response to increasing passenger and cargo demand	No. of transfer passengers a year: approximately 8 million persons
<b>Future-oriented Airport</b>	Development of overseas business and air-city	Cumulative new orders from overseas business: approximately USD 220 million
<b>Eco-friendly Airport</b>	Control of GHG emissions and air quality	Annual GHG emissions: 260,232 tCO <sub>2</sub> eq
	Control of wastewater and waste	Increase in waste recycling rate: +5%p
<b>Participation in Local Communities</b>	IIAC’s participation in local communities	Time spent on volunteer works a year: approximately 4,338 hours
<b>Ethical Management</b>	Compliance with business ethics and regulations	Performance in ethical management: 92.1 points in anti-corruption practice evaluation, 8.43 points in comprehensive integrity, and 2nd rating in internal integrity

\* 53 Qualitative and 19 quantitative performance indicators 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 Public Participation Innovation Corps, SR Stakeholder Committee, and surveys; ③ transparently disclose the Company’s economic, environmental, and social performance improvement based on internal and external sustainability agendas including social value realization, human rights management, and the UN SDGs.

Recommended in future reports with better quality are the followings:

- Accuracy: Securing a system to manage basic data including sales and the number of employees which are subject to change due to source, gathering criteria, and disclosure condition.
- Clarity: Explaining technical terminologies and English abbreviations used in the airport industry
- Comparability: Providing comparable intra-industry benchmark data when presenting performance indicators

### Independence of the Auditor

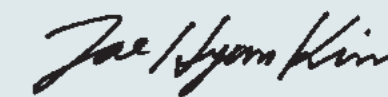
The Auditor does not have any for-profit or commercial affiliation with IIAC and did not involve in any of the preparations of the Report, with the exception of this third party assurance statement.

### Qualifications of the Auditor

The Institute for Industrial Policy Studies is a “Third Party Assurance Provider” engaging in 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 business administration, economics, and accounting, and also with many years of accumulated experience and professional training in the fields of ethical management, human rights management, CSR, and sustainability.

July 2019

Chairman The Institute for Industrial Policy Studie Tae Hyun Kim




# ISO 26000 Performance Assessment Results

## Assessment Standard

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

## Assessment Scope

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

## Assessment Method

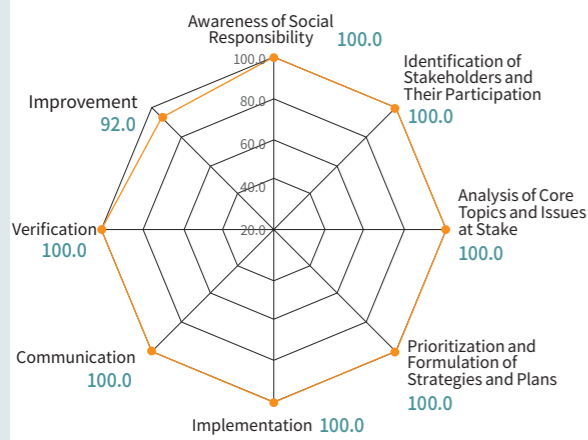
We performed the following activities to collect the necessary data and information based on the assessment criteria of ISO 26000:

- 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 . Diagnosis Results of ISO 26000 Social Responsibility Processes

We were able to verify that, based on the CEO's firm commitment to social responsibility, Incheon International Airport Corporation executives as well as all employees recognize the importance of social responsibility. In particular, steps like establishing a management strategy system wherein social responsibilities are the top priority, and creating a Sustainability Management Team, developing a "Social Values Implementation Plan," and sharing the results of its social value realization endeavors with the stakeholders are very positive activities. In the future, we hope IIAC will increase further its social responsibilities and the effectiveness of its social value realization activities by monitoring the standards for evaluating its social responsibility activities and analyzing the factors behind insufficient areas and implement measures to rectify the insufficiencies.

#### CSR Process Assessment Results



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

### II . ISO 26000 Performance Assessment Results by Seven Core Subjects

<b>Governance</b>	As the top decision-making body, the Board of Directors (BOD) not only reviews the efforts of IIAC to fulfill its social responsibilities but also encourages IIAC to increase its corporate social responsibilities by having the Planning and Budget Committee under the BOD review the budget spending performance report every quarter. The BOD votes on the company's strategies and implementation tasks related to social responsibilities and receive a quarterly report on the company's performance in implementing each strategy. IIAC includes its social responsibility goals in its annual business planning as well as its mid- to long-term planning, and the plans are finalized after obtaining the BOD's approval. We also verified that, through the budget spending performance report, it shares its key performances every year with stakeholders.
<b>Human Rights</b>	In 2018, IIAC established regulations on human rights and proclaimed internally as well as externally its human rights management charter. Highly commendable is the fact that it structured its organization for pursuing human rights management and set up a system (containing its human rights management vision and objectives) for implementing human rights management that could be used in its management activities. Especially impressive is the fact that IIAC carried out human rights impact assessments on its partner companies and developed its own human rights audit guidelines by adopting the guidelines published by the National Human Rights Commission and modifying them to suit its business environment conditions. We advise IIAC to concentrate on activities for preventing human rights infringements and keep on developing plans for increasing the effectiveness of its human rights protection and promotion activities.
<b>Labor Practices</b>	The labor practices at IIAC were found to be outstanding. IIAC was verified to be pursuing the creation of good jobs in two directions: reduce the number of non-regular (temporary) jobs to zero and create 50,000 new jobs. It has also established the mid- to long-term targets of these directions for each business area. Its decision to transition 10,000 employees to full regular employee status is the largest transition ever for a public organization, and the leadership shown by IIAC in teaching other public organizations the lessons it learned should be viewed favorably. We were also able to verify that IIAC operates mental counseling service and psychological treatment for its airport employees and employees of tenant businesses, programs like Emotion Recharging Station and Happiness Lecture, which were conceived for alleviating work stress, and career changing programs for employees who are getting ready to retire.

<b>Environment</b>	IIAC was verified to be striving to create an environmentally healthy and friendly airport, and we confirmed that it has adopted "low-carbon, environment-friendly airport" as one of its corporate strategies and established a mid- to long-term action plan to achieve this aim. We feel very positive about IIAC's activities for raising awareness of the environment and energy by educating IIAC employees and partner company employees about environmental issues through an e-learning program, carrying out energy guardian activities at the department level, launching an energy conservation campaign, and publishing its Green Report. As the number of passengers and facilities expands, however, GHG emissions and absolute energy usage increase accordingly. Therefore, we recommend that IIAC make more effort to lower GHG emissions and energy consumption through facility investments and reduce environmental impacts.
<b>Fair Operating Practices</b>	It was verified that IIAC has adopted the slogan "Make Incheon International Airport an airport where there is integrity in the system and everyday operations" as an anti-corruption objective and has established and implemented detailed strategic tasks. To increase employee participation, IIAC has launched events like "Idea Contest for Implementing a Culture of Integrity" that will yield new suggestions for improving the system and uncover new areas that could be a source of dishonest behaviors. As a means of getting departments to start anti-corruption activities on their own, IIAC has instituted the Integrity Mileage Program at the department level. The fact that IIAC operates a fair trade self-compliance program to prevent unfair practices at every stage of the contracting process, the fact that IIAC checks for violations of fair trading principles at the pre-contracting stage and also does monitoring at the post-contract stage, and fact that IIAC gives participation opportunities to SMEs, companies led by female owners or people with disabilities, and social enterprises by awarding them bonus points during the supplier qualification reviewing phase—all of these suggest that the company is completely committed to fair competition, and that it is working hard to fulfill its social responsibilities in the organization's value chain. This, we feel, should be regarded highly.
<b>Consumer Issue</b>	In all areas related to consumer issues, IIAC was found to be an excellent company. With the opening of Passenger Terminal 2, IIAC has provided very convenient, quick arrival and departure services and has improved transportation services to make it easier to leave and get to the airport. We also gave IIAC high points for establishing 100 actions plans for becoming the world's no. 1 smart airport and developing an operating model for commercial facilities. Furthermore, we verified that IIAC is working hard with the airport workers to create an airport that citizens could use safely by improving operational safety, disaster safety, and airport security. Especially noteworthy were the zero cases of cyber intrusion accidents and personal information leaks thanks to IIAC's cyber terror and information security management system and beefed-up response capabilities.
<b>Local Community Development</b>	It was verified that, when making investments in airport expansion constructions among others and developing neighboring areas, IIAC always discussed the issue with the national government and local governments before proceeding and reflected the views of local governments and residents before carrying out social contribution activities and noise pollution countermeasures. We also laud IIAC's development and expansion of programs for local communities that were launched after studying their needs. These included regional school specialization projects, scholarship support, creation of jobs in the region through the Incheon International Airport, and airport neighboring area development projects. Another commendable aspect is the fact that IIAC operates its social contribution program with the voluntary participation of employees and cooperation of local residents, airport tenant organizations, and partner companies, achieving both quantitative (increased volunteering hours) and qualitative (diversity of programs and participation) growth.

#### CSR Performance Assessment Results



<b>Organizational Governance</b>	Practices that comply with the principles of social responsibility principles and incorporate those principles into existing systems, policies, and practices.
<b>Human Rights</b>	Practices that protect and respect human rights within the organization and the area where its influence reaches.
<b>Labor Practices</b>	Labor policies and practices that have effects on employees' labor conditions within the organization and its partners.
<b>Environment</b>	Comprehensive approach to minimizing the environmental impact of the decision and practices of the organization.
<b>Fair Operating Practices</b>	Activities focused on ethical behavior during transactions between the organization and third parties such as transactions with partners and suppliers.
<b>Consumer Issues</b>	Activities for protecting consumer rights such as consumer education, disclosure of fair and transparent marketing information, and promotion of sustainable consumption.
<b>Local Community Participation and Development</b>	Recognizing and respecting communities' rights and maximizing support and opportunities for 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 356 out of 360 for process and 624 out of 640 for performance, for a total of 980 points. To realize the innovation goal of "Opening Sky Passages and Growing with the People," IIAC developed the "Incheon International Airport Innovation Implementation Plan" containing the voices of the public and stakeholders. Based on this plan, IIAC is pursuing a wide range of projects for public innovation and social value creation. In the future, we hope IIAC will become a company that will bring beautiful changes to our society and elevate the value of human beings through the realization of social values and sharing with stakeholders of the results of its social responsibility activities and sustainability management activities through its annual sustainability report.

July 2019  
CEO, Korea Standard Association Lee, Sang-jin

이 상진



Korea Standard Association (KSA) is a special public corporation founded in 1962 pursuant to the Industrial Standardization Act. As a knowledge service-providing organization, it promotes and provides industrial standardization, quality management, sustainable management, and KS & ISO certifications to industries. KSA contributes to the sustainable development of our society as the official advisory organization in Korea for ISO 26000, GRI-designated educational institution, AA1000 qualification agency, Korean Sustainability Index (KSI)-operating organization, UN CDM-operating organization, and organization for certifying the Greenhouse Gas Target Management System.

# GRI & ISO 26000 Index

## Universal Standards

### GRI 102: General Disclosures

Disclosures	ISO 26000	Page	Assurance
<b>Organizational profile</b>			
102-1	Name of the organization	8	●
102-2	Activities, brands, products, and service	8-9	●
102-3	Location of headquarters	8	●
102-4	Location of operations	8-9	●
102-5	Ownership and legal form	8	●
102-6	Markets served	8-9	●
102-7	Scale of the organization	8-9, 74-76	●
102-8	Information on employees and other workers	8, 77	●
102-9	Supply chain	60-63	●
102-10	Significant changes to the organization and its supply chain	8-9	●
102-11	Precautionary Principle or approach	72, 88	●
102-12	External initiatives	16-19, 88-89	●
102-13	Membership of associations	90	●
<b>Strategy</b>			
102-14	Statement from senior decision-maker	4-5	●
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	62-63, website	●
102-17	Mechanisms for advice and concerns about ethics	63	●
<b>Governance</b>			
102-18	Governance structure	64-65	●
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	76	●
102-41	Collective bargaining agreements	68	●
102-42	Identifying and selecting stakeholders	76	●
102-43	Approach to stakeholder engagement	76-78	●
102-44	Key topics and concerns raised	77-80	●
<b>Reporting practice</b>			
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	71	●
102-48	Restatements of information	Written in the related part of the report	●
102-49	Changes in reporting	Not applicable	●
102-50	Reporting period	About This Report	●
102-51	Date of most recent report	2018. 7.	●
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 Index	Appendix	●
102-56	External assurance	Appendix	●

## Topic-specific Standards

Disclosures	ISO 26000	Page	Assurance
<b>GRI 200 Economic topics</b>			
<b>Economic Performance</b>	<b>103 Management Approach</b>	30, 36, 42	●
201-1	Direct economic value generated and distributed	76	●
<b>GRI 300 Environmental topics</b>			
<b>Water</b>	<b>103 Management Approach</b>	48	●
303-3	Water recycled and reused	79	●
<b>Emissions</b>	<b>103 Management Approach</b>	48	●
305-1	Direct GHG emissions (Scope 1)	79	●
305-2	Indirect GHG emissions (Scope 2)	79	●
305-5	Reduction of GHG emissions	49, 79	●
<b>Effluents and Waste</b>	<b>103 Management Approach</b>	48	●
306-1	Water quality and waste water discharged at destinations	79	●
306-2	Waste by type and disposal method	79	●
<b>GRI 400 Social topics</b>			
<b>Employment</b>	<b>103 Management Approach</b>	57	●
401-1	New employee hires and employee turnover	77	●
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59-60	●
401-3	Parental leave	78	●
<b>Training and Education</b>	<b>103 Management Approach</b>	57	●
404-1	Average hours of training per year per employee	77	●
404-2	Programs for upgrading employee skills and transition assistance programs	66-67	●
<b>Diversity and Equal Opportunity</b>	<b>103 Management Approach</b>	57	●
405-1	Diversity of governance bodies and employees	74, 85	●
<b>Non-discrimination</b>	<b>103 Management Approach</b>	57	●
406-1	Incidents of discrimination and corrective actions taken	Not applicable	●
<b>Human Rights Assessment</b>	<b>103 Management Approach</b>	20	●
412-1	Business sites subject to human rights impact assessment or review	20-21	●
412-2	Employee training on human rights policies or procedures	21	●
<b>Local Communities</b>	<b>103 Management Approach</b>	56	●
413-1	Operations with local community engagement, impact assessments, and development programs	51-53	●
<b>Customer Health and Safety</b>	<b>103 Management Approach</b>	22	●
416-1	Assessment of the health and safety impacts of product and service categories	24-29	●
416-2	Violations of regulations on safety and health impact of products and services (result)	Not applicable	●
<b>Customer Privacy</b>	<b>103 Management Approach</b>	24	●
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable	●

# UNGC






## UNGC Advanced Level

Promising to fulfill its corporate social responsibilities, Incheon International Airport Corporation (IIAC) joined the United Nations Global Compact in March 2007, and it has been complying with the Ten Principles in the areas of human rights, labor, environment, and anti-corruption and has been reporting its implementation performance. To promote the fulfillment of social responsibilities by companies and their communication with their stakeholders, the UN Global Compact established the Advanced Level on the “Communication on Progress (CoP)”; this sustainability report contains the activities carried out by IIAC 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 glance
2.	The CoP describes the value chain implementation	Thinking Ahead #1. Realize “Human-centered” Social Values
3.	The CoP describes robust commitments, strategies, or policies in the area of human rights	
4.	The CoP describes effective management systems to integrate the human rights principles	Realization of ‘people-centered’ Social Values
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	Realization of ‘people-centered’ Social Values
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	
10.	The CoP describes effective management systems to integrate the environmental principles	Creation of an Environmentally-Friendly Airport
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	
13.	The CoP describes effective management systems to integrate the anti-corruption principle	Ethical Management
14.	The CoP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	
15.	The CoP describes core business contributions to the UN goals and issues	Thinking Ahead #2. Our Contribution to the SDGs
16.	The CoP describes strategic social investments and philanthropy	Expansion of CSR Activities
17.	The CoP describes advocacy and public policy engagement	IIAC at a glance
18.	The CoP describes partnerships and collective action	Strengthening of Mutual Growth
19.	The CoP describes the CEO commitment and leadership	Message from the CEO
20.	The CoP describes the Board adoption and oversight	Governance
21.	The CoP describes stakeholder engagement	Stakeholder Engagement

# Efforts to Perform the UN SDGs

SDGs Goal	Activity
 No Poverty	<ul style="list-style-type: none"> <li>Domestic community contribution programs</li> <li>Global social contribution: Social contribution activities overseas</li> </ul>
 Good Health and Well-Being	<ul style="list-style-type: none"> <li>Promotion of national sports</li> <li>Activities to promote the health of partners’ employees</li> <li>Introduction of a health checkup program for executives/employees and an employee assistance program (EAP)</li> <li>Acquired both KOSHA 18001 and OHSAS 18001 certifications (certifications for health and safety care management system)</li> </ul>
 Quality Education	<ul style="list-style-type: none"> <li>Global professional training programs</li> <li>Aviation personnel training and education in developing countries</li> </ul>
 Gender Equality	<ul style="list-style-type: none"> <li>Respect for human rights and diversity</li> <li>Employment of career interrupted women (career bridging)</li> <li>Female workforce training program</li> </ul>
 Clean Water and Sanitation	<ul style="list-style-type: none"> <li>Strengthening of water resource conservation and greywater recycling</li> <li>Wastewater and deicing fluid treatment</li> <li>Conservation of biodiversity</li> </ul>
 Affordable and Clean Energy	<ul style="list-style-type: none"> <li>Energy Management Systems (ISO 50001) and Environment Management Systems (ISO 14001) operations</li> <li>GHG emissions target monitoring</li> <li>Energy saving assessment (tenants and commercial facilities)</li> <li>Expansion of new &amp; renewable energy facilities</li> </ul>
 Decent Work and Economic Growth	<ul style="list-style-type: none"> <li>A Haven of Good Jobs: IIAC’s job platform</li> <li>Job Creation Competition</li> <li>Open recruitment and ‘Socially Fair Recruitment’</li> </ul>
 Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> <li>Overseas businesses and projects</li> <li>Opening of T2</li> <li>Phase 4 Airport Expansion Project</li> </ul>
 Sustainable Cities and Communities	<ul style="list-style-type: none"> <li>Community contribution programs</li> <li>Noise Management</li> <li>Pursuit to become a low carbon environment-friendly airport</li> </ul>
 Climate Action	<ul style="list-style-type: none"> <li>Airport Council International (ACI) Airport Carbon Accreditation</li> <li>GHG Emissions Trading</li> <li>Development of a low carbon, environment-friendly transportation system</li> <li>High-efficient equipment and environment-friendly facilities</li> </ul>
 Life on Land	<ul style="list-style-type: none"> <li>Development of a pine forest (Vista Park) at the entry to T2</li> <li>Conservation of biodiversity</li> <li>Development of the ‘Forest of World Peace’</li> <li>Community environmental cleanup activities</li> </ul>
 Peace, Justice and Inclusive, Strong Institutions	<ul style="list-style-type: none"> <li>Education and training on corporate social responsibility (CSR)</li> <li>Education and training on ethics and integrity</li> <li>Promotion of ethical culture</li> <li>Fair trade practices</li> </ul>

# Key Awards and Memberships

## Key Awards

Month and Year	Title	Award-giving Body
Feb. 2018	Platinum Award for CSR Report and Annual Report (AR) at LACP's Vision Awards (5 <sup>th</sup> Consecutive Year)	League of American Communications Professionals (LACP)
Mar. 2018	World's Best Airport for Employee Service at the 2018 Skytrax World Airport Awards	Skytrax
Jun. 2018	Best Public Corporation Award at the 6 <sup>th</sup> Good Company Conference	Sisa Journal
Jun. 2018	Customer Service Initiative of the Year Award at the 2018 FAB Awards	The Moodie Davitt Report & The Foodie Report
Sep. 2018	National Brand Award in the Corporation Category at the 2018 National Brand Conference	Institute of National Brand Promotion
Sep. 2018	World's Best Airport Duty-Free Store Award at the 2018 Business Traveler Asia-Pacific Awards (8 <sup>th</sup> Consecutive Year)	Business Traveler Asia-Pacific
Sep. 2018	Best Airport Award at the 2018 TTG Travel Awards (6 <sup>th</sup> Consecutive Year)	Travel Trade Gazette (TTG)
Oct. 2018	Grand Prize in the Public Enterprise Category at the 2018 Korea SNS Awards	Korea Association for Social Contents Development
Oct. 2018	National Productivity Grand Prize at the 2018 National Productivity Awards	Korea Productivity Center
Oct. 2018	Grand Prize in Social/Public Building at the 2018 Korean Architecture Awards	Ministry of Land, Infrastructure, and Transport, Korea Institute of Registered Architects, Seoul Economic Daily
Oct. 2018	2018 Incheon City Architecture Award	Incheon City
Oct. 2018	Ecosystem Award at the 2018 Korea Landscape Culture Awards	Korean Institute of Landscape Architecture
Nov. 2018	Asia's Large Airport of the Year Award at the CAPA Asia-Pacific Aviation Awards	CAPA (Centre for Aviation)
Nov. 2018	World's Best Airport Duty-Free Store Award at the Business Traveler China Awards	Business Traveler China
Nov. 2018	Comprehensive Award at the 11 <sup>th</sup> Korea Internet Communication Awards and Social Media Awards	Korea Internet Communication Association (KICOA)
Dec. 2018	Grand Award in the Customer Value Category (5 <sup>th</sup> Consecutive Year) at the 2018 Management Grand Awards	Korea Management Association Consulting (KMAC)
Dec. 2018	Service Innovation Award at the 2018 Web Award Korea	Korea Internet Professional Association (KIPFA)
Dec. 2018	Award for the highest number of trainees enrolled in an STP at the 5 <sup>th</sup> Global Aviation Education Symposium	International Civil Aviation Organization (ICAO)
Feb. 2019	Platinum Award for CSR Report at LACP's Vision Awards (6 <sup>th</sup> Consecutive Year)	League of American Communications Professionals (LACP)
Feb. 2019	Platinum Award for Annual Report (AR) at LACP's Vision Awards (6 <sup>th</sup> Consecutive Year)	League of American Communications Professionals (LACP)
Mar. 2019	Management Award at the 2019 Korea Human Resources Development Awards	Korea HRD Association
Mar. 2019	World's Best Transit Airport Award at the 2019 World Airport Awards	Skytrax
Jun. 2019	Korea Ethical Management Award at the 2019 Spring KABE Academic Conference	Korea Academy of Business Ethics

## Membership

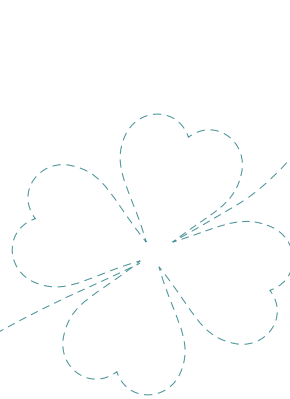
Year Joined	Institution	Year Joined	Institution
1995	Korea Environmental Preservation Association (KEPA)	2009	BBB Korea (BBB Movement)
2001	Korea Civil Aviation Association (KCA)	2011	Korea CSO Association
	Airports Council International (ACI)	2013	itSMF Korea
2002	ISO 9000/14000	2014	Incheon Environmental Volunteer Association, ISO 50001
	Incheon Chamber of Commerce and Industry		Korea Institute of Construction Engineering and Management
2003	Korea Productivity Center	2015	Korean Society of Civil Engineers
2005	IPS Ethical Management CEOs' Club		Korea Aviation Security Association
2006	Korea Navigation Institute	2016	Korean Operations Research and Management Science Society (KORMS)
	IPS Ethical Management SM Forum		Korea International Trade Association
	Korea Management Association (KMA)	2017	Korea Software Industry Association
International Air Cargo Association (TIACA)	Korean Network on Anti-Corruption and Transparency		
2007	UNGC, UNGC Korea	2018	IATA Common Use (CU) Council
	Korean Association for Public Administration		
2008	International Contractors' Association of Korea (ICAK)		

CONNECTING PEOPLE AND INCHEON AIRPORT  
The Initiatives for Our Better Future

With

## Previous Publication of IAC sustainability report





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