

With

2019/2020 Incheon International Airport Corporation Sustainability Report



Sustainability Management Key Issues

Airport Growing Together | Flawless and Safe Airport | Distinguished Airport Service | Airport Going Ahead



With

Connecting People and Incheon Airport

The Initiatives for Our Better Future

About This Report

Incheon International Airport Corporation (IIAC) has produced the annual sustainability report since 2007 with an aim of sharing our sustainability management and progress with our stakeholders.

This report, which marks 13 years of annual reporting, covers our key business activities and performances associated with our five strategies aiming to accomplish our vision of becoming a leading value creator of the global airport industry as well as salient issues identified and produced through our materiality assessment. The report details the different aspects of our business ranging from economy, society and the environment, and we publish 'Green Report' to give more detailed information especially for our environmental one.

Reporting Standards

This report aligns with Global Reporting Initiative (GRI) Standards (core option). In order to improve the quality of the report, we disclose our action on climate change and performance in compliance with the recommendations of Taskforce on Climate-related Financial Disclosure (TCFD) while embodying our management system and operations for protecting human rights of stakeholders in line with world's leading reporting framework, UNGRFF. The report also covers UN Global Compact and UN Sustainability Development Goals.

Reporting Boundaries

The data in this report covers our sustainability operations and progress from January 1 through December 31, 2019 as well as critical performance made during the first half of 2020. It also includes data for the recent three years (2017-2019) to give you a better understanding of the trends of quantitative performance's fluctuations.

Data Assurance

This report has been subject to third party verification conducted by an independent external organization to ensure improvement in its reliability and quality. Verification data is incorporated in this report.

Inquiries

This report is available on the IIAC's website. We invite your feedback on this report through QR code on the last page of the report or channel for feedback from readers within our website.

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Message from the CEO



Dear our distinguished stakeholders!

The year of 2019 was full of hope for Incheon International Airport Corporation (IIAC) when we embarked on our new journey toward a sustainable future. On this journey, we made brilliant achievements. We served 70.58 million international passengers and handled 2.76 million tons of international cargo, which earned us fifth ranking in international passenger transport and third ranking in international cargo transport among all airports in the world. We were also recognized for our outstanding customer service by acquiring Airport Customer Experience Accreditation Level 3 from Airports Council International (ACI) for the first time in the world.

In September, we declared Vision 2030 underpinned by these accomplishments. Under the vision 2030, we set aspiring goals. These include leaping into the world's number one airport in ATU, achieving KRW 5 trillion in sales and, based on which, making a contribution worth KRW 55 trillion to national economy and creating 1.01 million jobs. Growing into what we call super gap airport, which means the gap between us and competitors is too wide to catch up with, accommodating 120 million passengers a year as well as developing Airport Economic Zone as our new hub for growth are also part of our grand ambition. However, COVID-19 hit the entire world, and the unprecedented infectious disease has confronted us with the worst crisis, forcing us to reconsider our entire plans. Our bustling airport used to be visited by 200,000 people a day now became quiet with less than 10,000 a day. Due to the sharp drop in the number of passengers, we are expected to see a deficit in 2020 in 17 years.

Crisis reveals genuine capability

We took into account various possible changes in the management environment when we formulated Vision 2030, but we could not forecast the risk like COVID-19. Reflecting on the past, we always faced crises even though they appeared in different forms. Yet, we have fiercely risen to the challenges, thereby constantly growing to date. Therefore, the most important thing is to find opportunities in the crisis and swiftly respond to the change. IIAC will embrace this challenge posed by COVID-19 as another opportunity to prove our capability we have developed, such as safety management capacity.

In March 2020, we declared 'COVID-19 Free Airport' for the first time in the world while establishing a meticulous epidemic prevention system covering the whole departure and arrival process by implementing alcohol disinfection three times a day over key facilities and 3-step fever check for passengers. As a result, we have been bombarded with requests from airports, including the ones in France and Indonesia, for passing on know-how regarding our preventive measures. Accordingly, we plan to launch a COVID-19 Free Airport consulting service. Our outstanding preventive measures combined with our experience and know-how of state-of-the-art smart automation, proved through this challenge, will become our great strength in the overseas businesses including the construction and operation of airports in the world.

We will become a new standard for global leading airport

Convenience, service, safety and network have been elements to evaluate the value of leading airport so far, but hygiene, epidemic prevention and health care will be added. To become a leading value creator IIAC seeks for, we have to be a pioneer shaping a new paradigm in airport service by actively generating demand going beyond traditional airport services, such as passenger and cargo transportation. In order to evolve into the third generation airport, we will spare no effort to develop four hubs including tourism/logistics, business/ R&D, aviation support, and state-of-the-art industry.

We will go hand in hand in win-win relationships

We have relied on about 77,000 airport workers ranging from cleaning staff to workers at quarantine offices in overcoming the COVID-19 crisis. We have put emphasis on 'One Airport' so far, yet, now we feel it for real. The crisis has brought us together like one family and one community bound together.

Accordingly, we proactively ushered in an era of zero non-regular position from July 1, 2020 to ensure stability in employment. Besides, we have spared no effort to make the aviation industry survive as well as to preserve jobs by considerably reducing rental fees for airlines, duty-free shops and other commercial facilities.

Going forward, we continue to restore the airport ecosystem hard hit by the pandemic and vitalize the local economy in line with our 'Together' spirit.

We have been growing and overcoming all the challenges because our employees, airport workers and our stakeholders have constantly given supports and interests. IIAC will beat this ongoing COVID-19 crisis and be innovative to take the leading position in the post-corona era. We will always be humble to take one step closer and listen to you.

Thank you very much.

August 2020

Bon-Hwan Koo

President and CEO of Incheon International Airport Corporation

Incheon International Airport Corporation

Since our inception in 1999, IIAC has played a contributing role in national economic development on the strength of our high-quality technology and outstanding airport operation competence for 21 years. In 2019, which marked the 20th anniversary, we set out a new vision of becoming a 'Leading Value Creator of Global Airport Industry', and now we try to go even further to grow into a global leading company in the airport industry by leaping into the third-generation airport.

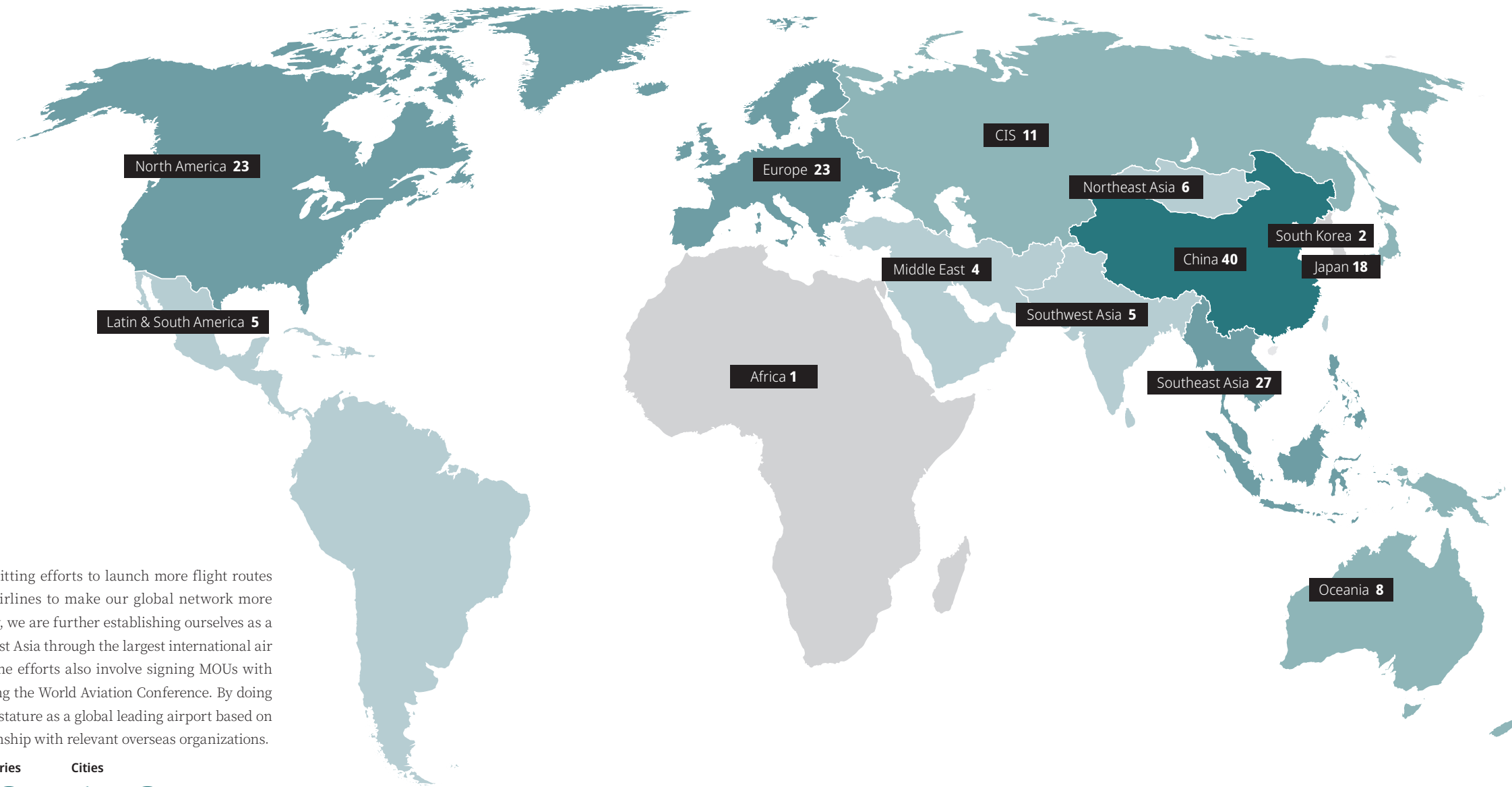
IIAC Overview As of December 31, 2019

| | |
|------------------------------|--|
| Name | Incheon International Airport Corporation |
| CEO | Bon-Hwan Koo |
| Date of Establishment | February 1, 1999 |
| Competent Authority | Ministry of Land, Infrastructure and Transport |
| Type of Organization | Market-based state-owned enterprise |
| Total Equity | KRW 9.29 trillion |
| No. of employees | 1,556 |
| Shareholder Composition | Government 100% |
| Headquarters | 47, 424beon-gil, Gonghang-ro, Jung-gu, Incheon |
| Legal Basis of Establishment | Incheon International Airport Corporation Act (Enacted on January 26, 1999) |
| Key Businesses | Construction, Management and Operation of Incheon Int'l Airport Development of its Surrounding Areas, Supplementary Businesses and Other State-Commissioned Projects Consulting Business Related to Airport Construction and Operations Construction and Operations Management and Operation of Foreign Airports, Development of Surrounding Areas |

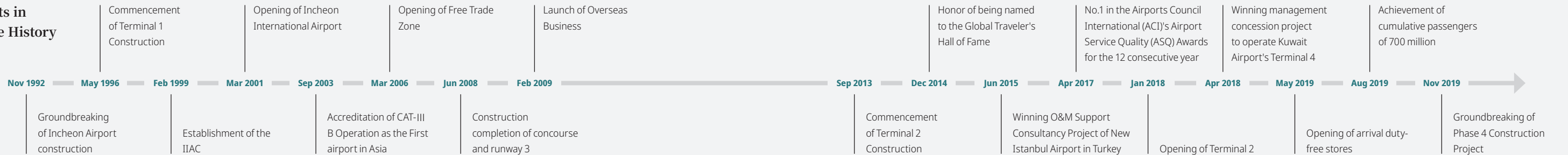
Global Network

IIAC has made unremitting efforts to launch more flight routes as well as to attract airlines to make our global network more competitive. Especially, we are further establishing ourselves as a hub airport of Northeast Asia through the largest international air networks. Moreover, the efforts also involve signing MOUs with foreign airports, hosting the World Aviation Conference. By doing so, we have raised our stature as a global leading airport based on the cooperative relationship with relevant overseas organizations.

Airlines 88 **Countries** 52 **Cities** 173



Key Events in Corporate History



Our Value Creation

The value of Incheon International Airport starts with the technology and facilities developed on the basis of our R&D activities as well as airport constructions. As a global leading value creator in the airport industry, we take the lead in airport operation paradigm while disseminating our meaningful performance and value to Airport Economic Zone and the local community.

Upstream

106 million people
Airport capacity after phase 4 construction

KRW 4.57 billion
Invested in the R&D of aviation industry

Midstream

170,000 hours
Uninterrupted airport operation

Lv. 3
ACI customer experience certification

2.76 million tons
Cargo

70.58 million
Passengers

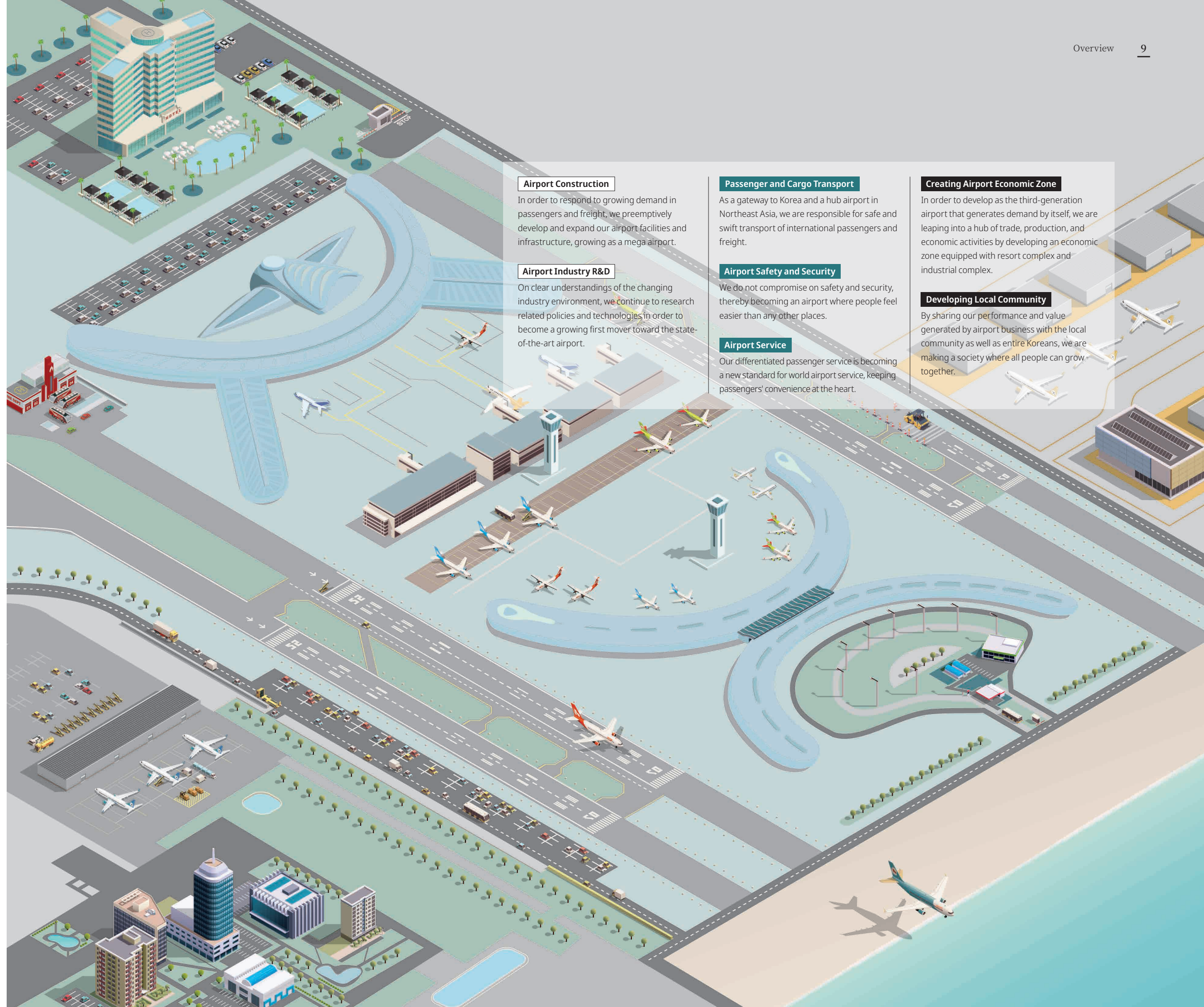
Downstream

KRW 1.04 trillion
Contribution to the national finance

5,764
No. of private jobs created

No. 1
for 12 consecutive years
Korea's Most Admired Companies

KRW 2.4 trillion
Social convenience generated



Airport Construction

In order to respond to growing demand in passengers and freight, we preemptively develop and expand our airport facilities and infrastructure, growing as a mega airport.

Airport Industry R&D

On clear understandings of the changing industry environment, we continue to research related policies and technologies in order to become a growing first mover toward the state-of-the-art airport.

Passenger and Cargo Transport

As a gateway to Korea and a hub airport in Northeast Asia, we are responsible for safe and swift transport of international passengers and freight.

Airport Safety and Security

We do not compromise on safety and security, thereby becoming an airport where people feel easier than any other places.

Airport Service

Our differentiated passenger service is becoming a new standard for world airport service, keeping passengers' convenience at the heart.

Creating Airport Economic Zone

In order to develop as the third-generation airport that generates demand by itself, we are leaping into a hub of trade, production, and economic activities by developing an economic zone equipped with resort complex and industrial complex.

Developing Local Community

By sharing our performance and value generated by airport business with the local community as well as entire Koreans, we are making a society where all people can grow together.

With Improved Infrastructure

Future We Envision

WE WILL GROW INTO ONE OF THE TOP 3 MEGA AIRPORTS

IIAC is ahead of other rivalries in a heating competition for airport expansion through phase-4 construction project while leaping into a hub airport representing Northeast Asia. We will evolve into an airport equipped **with a capacity for 106 millions of passengers, 6.3 million tons of cargo and 600,000 numbers of flights** by 2024 when Phase 4 Construction Project is slated for completion.



With Excellent Service & Safety

Future We Envision

WE WILL BECOME A STANDARD FOR AIRPORT SERVICE AND NEVER STOP OUR ROUND-THE-CLOCK SERVICE

Our unique passenger service surpassing customers' expectations has earned us outstanding records, including **first position in Airport Service Quality for 12 consecutive years** and **non-stop and zero accident operation of our navigation safety facility over 19 years** since we opened. Likewise, we have made new history in the aviation industry and will never stop innovating ourselves to provide distinguished service, which cannot be experienced in any other airports, so as to become a standard for airport service.

With Economic Contribution

Future We Envision

IIAC WILL BE THE LEADING VALUE CREATOR IN GLOBAL AIRPORT INDUSTRY

IIAC focuses on creating an ecosystem for the aviation industry underpinned by the convergence and cluster of airport-related industries. With making Airport Economic Airport Zone real, IIAC will make effect on **production inducement which is worth of KRW 15.3 trillion and create 53,000 jobs by 2030**. IIAC will never stop its challenge and innovation to become a global airport corporation.



With Community Development

Future We Envision

WE WILL BECOME A PEOPLE-ORIENTED COMPANY, GOING HAND IN HAND WITH ALL

To become a social value creator growing together with people, IIAC will continuously create social benefits through **investing KRW 300 billion by 2024 on a wide range of social values**, from job creation to local community vitalization.

We will be a low-carbon green airport by reducing annual GHG emissions by 12,000tCO₂eq through the conversion project of energy consumed within the airport to new renewable one by 2030.

COVID-19 Free Incheon Airport

Coronavirus disease (COVID-19) is a new respiratory illness by a virus which emerged in December 2019 and has spread throughout the world. In March 2020, World Health Organization declared coronavirus a pandemic, which means this infectious disease has an enormous impact. This situation has prompted the worldwide response to contain the spread of COVID-19 to save lives. IIAC has alleviated what makes stakeholders suffer and conducted customized activities to ensure safety. Furthermore, we are proactively formulating countermeasures in the post-corona era.

Securing the Safety of Stakeholders and Providing Support

IIAC is always one step ahead in response. We have run an emergency response center since January 2020 before the awareness of the severity of COVID-19 was raised in the aftermath of cluster's infection and the spread to local communities. Our response center has been responsible for securing the safety of our various stakeholders, including workers at the airport, passengers, and local communities, while lending support to them to date.



Securing Passenger Safety IIAC has made every effort to be safe and clean by ramping up the level of quarantine across the whole facilities and passenger flows of departure and arrival right after the outbreak of COVID-19 so that passengers can feel safe when they use the airport. We have implemented 3-step fever check from entrances to passenger terminals to boarding gates while operating COVID-19 screening centers for arriving passengers, an arrival lounge only for passengers coming from China and separate public transportation for passengers from overseas. Through these endeavors, we have established a perfect quarantine system for arrivals in order to stop the spread to local communities. We have expanded smart preventive measures through the adoption of fever checking robots and kiosks capitalizing on AI.

Securing Employee Safety IIAC has promoted the spread of a non-contact culture to create safe working conditions. We have expanded infrastructure for non-contact digitalized work through the establishment of remote smart office, the adoption of Robotic Process Automation (RPA) and video conferences. We held a discussion session on "How to overcome COVID-19 and subsequent economic crisis" in order to create a momentum for a corporate culture where all of our employees come together to rise to the challenge and all individuals' creativity is respected. Furthermore, communication channels are also being operated in preparation for the shift to new normal paradigm in the post-corona era, going beyond overcoming this crisis.

Supporting Airport Workers and Aviation Industry Ecosystem The prolonged disease has put IIAC at risk of deficit, causing a decrease in the volume of flights and passengers, but we have lent support to the overall ecosystem of the aviation industry which has taken a bigger hit. In detail, we lowered the facility rental fees for commercial

facilities, and the amount of reduction stood at KRW 359.9 billion as of June 2020 while supporting promotions and offering hygiene items. For airlines and ground handling agents, we cut airport charges by as much as KRW 50.9 billion to go through this hard time together.

Local Community Support As the decrease in the number of flights and passengers, caused by COVID-19, has seriously hurt the local economy near the airport. IIAC has cooperated with the shopkeepers and small-sized business owners within the region to provide regional electronic cash to economically vulnerable neighbors. For socio-economic enterprises in the face of difficulty entering offline overseas markets, we aided them in converting to online platform for pioneering markets and promoting their products. IIAC has provided stabilization funds for 200 companies including small business owners in advance of the government to settle the gap of timing between the needs of money and the actual funding support.

Shaping New Path

Standardization Plan for Quarantine

Departure

- 1 Terminal entry: Checking body temperatures and providing instructions through Artificial Intelligence guide robots
- 2 Airline check-in: Sharing daily guidance and infectious disease information of the destination by the country's crisis level
- 3 Security Check: Checking fever through the thermal imaging camera before entering, and synchronizing the results with passport information
- 4 Boarding Gate: Deciding whether to board or not based on information earned through the thermal images

Arrival

- 1 Gate assignment: Operating separate quarantine gates for arriving passengers to prevent the spread of infection
- 2 Terminal entry: Adjusting the level of disinfection of the airport based on thermal monitoring data at each entry gate with early warning system for infectious disease risks, and information sharing with airport stakeholders
- 3 Quarantine: Sharing the information of a person with symptoms by linking thermal imaging camera data at entry gates to the quarantine station system
- 4 Tracking management of arrivals: Assisting arrivals in installing the 'self-quarantine safety protection app' and 'self-diagnosis app' to support governmental efforts to trace and track arrivals
- 5 Sterilization and disinfection: Establishing smart disease control system by building negative pressure room and installing automatic disinfection system in vulnerable areas
- 6 Hospital transfer and management: Sharing information through automatic search and notification system regarding available hospitals where suspected patients can be transferred
- 7 Separate transportation: Operating a public transportation guidance system to separate arrivals from general public transportation

General

Big data management

Making decisions through big data management for optimal amount of required sanitary products, including masks, sanitary gloves, disinfectant, and antiseptics

Leading Airport in Post-Corona Era

COVID-19 has a huge impact on every corner of our lives, ranging from politics, economy, and society as well as the aviation industry. This situation puts a spotlight on what the future of the world will be like in the post-corona era. IIAC will embrace this era as an opportunity rather than a crisis and proactively draw up business strategies for the future to leap into a world-leading company.

Smart K-Quarantine System

We are actively preparing for the post-corona era of the high risks and concerns of epidemics. We swiftly established a new department responsible for smart disease prevention so that they systemize and standardize IIAC's outstanding disease prevention system to make it as a standard model for all international airports around the globe. The department will also be in charge of overseas promotion and consulting business.

Green New Deal Project

IIAC envisions a Green New Deal project which seeks for sustainable development putting environment and people first. To this end, we will replace all airside vehicles with eco-friendly ones while utilizing new renewable energy such as solar power, fuel cells, and hydrothermal power. By doing so, we will reach 20% in energy independence level to become an 'eco-friendly airport.' Aircraft is the main reason of greenhouse gases emitted from the airport. So, to solve this problem, we will create an environment for airlines to use environmentally friendly bio-air fuel, thereby growing as an airport equipped with a bio-aviation fuel supply infrastructure.

Digital New Deal Project

We have focused our capabilities on Digital New Deal Project primarily pursuing the enhancement of D.N.A.* ecosystem, the nurture of non-contact industry, and the digitalization of social overhead capital. As part of efforts to cultivate non-contact business, we plan to facilitate Smart Pass, which allows travelers to check in only with biometric information. Besides, indoor self-driving electric vehicles and IoT-based congestion analysis system are also to be operated in order to establish digital infrastructure.

* D.N.A.: Data, Network, and AI

Vision 2030

IIAC has been constantly growing based on Vision 2020 and leaping into a global leading airport. In recent years, however, we are faced with neighboring countries accelerating the expansion of their airports, which means that the competition is intensifying in taking the initiative in sky routes among airports around the globe. Against this backdrop, in September 2019 we established Vision 2030 and set out the vision of 'Global Airport Industry Leading Value Creator.' On the foundation of this vision, we will further grow into what we call 'super-gap airport', which means the gap between us and competitors is too wide to catch up with, accommodating 120 million passengers a year as well as Airport Economic Zone which serves as a new hub for the development of Korea.

Strategic Goals and Five Strategies for Vision 2030

In order to become a 'Global Airport Industry Leading Value Creator,' we set quantitative objectives to give the whole company

an exact direction toward a clear goal. We have a vision of achieving KRW 5 trillion in sales and raking first in ATU by 2030. Under this vision, we set goals of acquiring No. 1 rating in Airport Service Quality (ASQ) Awards, maintaining ZERO accident, making a contribution worth KRW 55 trillion to the national economy and creating 1.01 million jobs by 2030. The objectives are supported by five strategies. These five strategies embody nurturing new growth industries unleashing the future, becoming a Northeast Asia hub connecting the world, innovating airport operation through the convergence of the 4th industry, making the airport flawless and operating sustainable management for mutual growth. We have also prepared key management indicators for each strategy to accomplish our goals.

* ATU(Airport Throughput Units) : Airport Throughput Units (ATU), formulated by the Airports Council International (ACI), is an indicator used for the assessment of airports' air transportation capability.
It is counted as: No. of passengers + Tons of freight x 10 + No. of flights x 100



Vision 2030 key management indicators

■ New ■ Achievement rate ■ Exceeding target

| 1 Nurturing new growth industries unleashing the future | 2019 Performance | 2024 Goals* | Achievement Status |
|---|--|--|--------------------|
| Realization of Airport Economic Zone | New | Attracting four anchor tenants on a cumulative basis | ■■■■■■■■■■ |
| Gross regional domestic product | New | KRW 15 trillion | ■■■■■■■■■■ |
| Establishment of a R&D ecosystem for mutual growth | New | 8 cases | ■■■■■■■■■■ |
| Utilization of research findings | 6 cases | 11 cases | ■■■■■■■■■■ |
| Diversification of overseas businesses | Submitting two proposals | Submitting two proposals | ■■■■■■■■■■ |
| | Winning one contract on a cumulative basis | Winning four contracts on a cumulative basis | ■■■■ |

| 2 Becoming a Northeast Asia hub connecting the world | 2019 Performance | 2024 Goals* | Achievement Status |
|--|-------------------|-------------------|--------------------|
| No. of international passengers | 70.58 million | 94.72 million | ■■■■■■■■■■ |
| No. of Transfer Passengers | 8.39 million | 13.08 million | ■■■■■■■■■■ |
| Volume of international cargo handled | 2.76 million tons | 3.85 million tons | ■■■■■■■■■■ |
| No. of international flights | 399,000 | 523,000 | ■■■■■■■■■■ |
| Public Transport Service Accessibility Index | New | 67.53 | ■■■■■■■■■■ |
| Progress Rate of 4-phase Construction | 6.36% | 100% | ■■ |

| 3 Innovating airport operation through the convergence of the 4th industry | 2019 Performance | 2024 Goals* | Achievement Status |
|--|---------------------|--------------------------------------|--------------------|
| Departure processing time | 31 minutes | 35 minutes | ■■■■■■■■■■ |
| Arrival processing time | 28 minutes | 26 minutes | ■■■■■■■■■■ |
| ASQ Global Index | 94.354 points | 95 points | ■■■■■■■■■■ |
| Smart airport level | New | Smart airport Lv. 3.5 maturity level | ■■■■■■■■■■ |
| Commercial revenue | KRW 1,447.7 billion | KRW 1,554 billion | ■■■■■■■■■■ |

| 4 Making the airport flawless and safe | 2019 Performance | 2024 Goals* | Achievement Status |
|---|-------------------|-------------------|--------------------|
| No. of aircraft accidents | Zero | Zero | ■■■■■■■■■■ |
| A-CDM (Airport Collaborative Decision Making) Index | 67.87% | 74.80% | ■■■■■■■■■■ |
| No. of aviation security incident occurred | Zero | Zero | ■■■■■■■■■■ |
| No. of operations suspended | Nonstop operation | Nonstop operation | ■■■■■■■■■■ |

| 5 Operating sustainable management for growing together | 2019 Performance | 2024 Goals* | Achievement Status |
|---|------------------|--|--------------------|
| Debt ratio | 32.03% | 49.00% | ■■■■■■■■■■ |
| ROE | 9.30% | Over 10% | ■■■■■■■■■■ |
| Strategic Communication Index | New | 1,630.20 | ■■■■■■■■■■ |
| No. of regular jobs | 3,514 | 9,785 (scheduled for completion in 2020) | ■■■■ |
| No. of jobs newly created (cumulative from 2017) | 22,587 | 68,235 | ■■■■ |
| Social Value Index | New | 93 points | ■■■■■■■■■■ |
| Supply ratio of new renewable energy | New | 7.00% | ■■■■■■■■■■ |

* The goal for 2024 was set in 2019, so it is subject to change according to the changes in the management environment due to COVID-19.

Risk Management

Risk Stages

Normal (stable) > Normal (attention) > Caution
> Warning > Serious

Institution and Regulations

Manual and Guidelines Financial Risk Management Guidelines, Field Countermeasures Manual

Committee Financial Risk Management Committee, Company-wide Risk Management Committee

Monitoring

Key Risk Indicator (KRI), Financial Risk Management System, Company-wide Risk Management System

Risk Management System

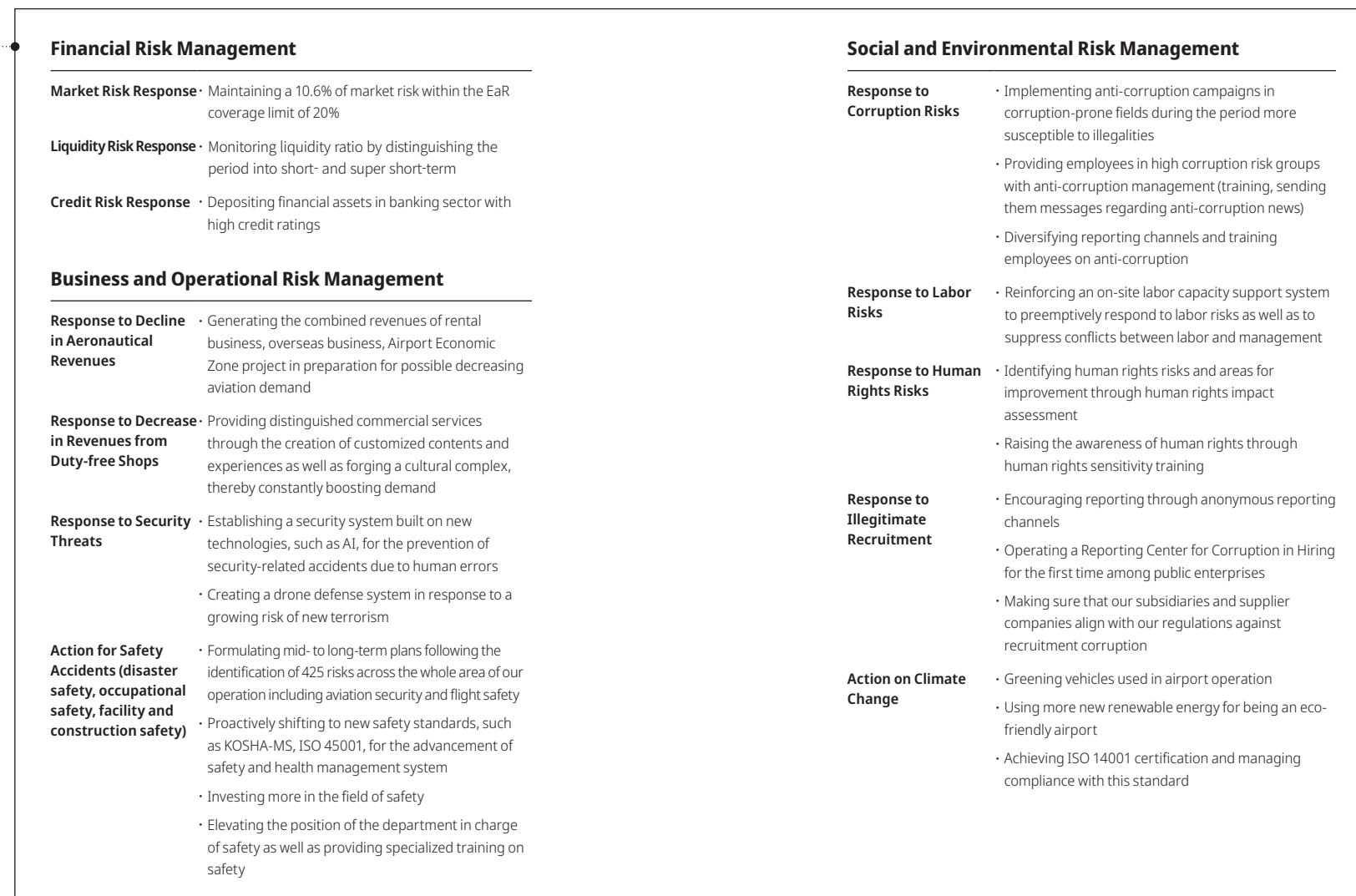
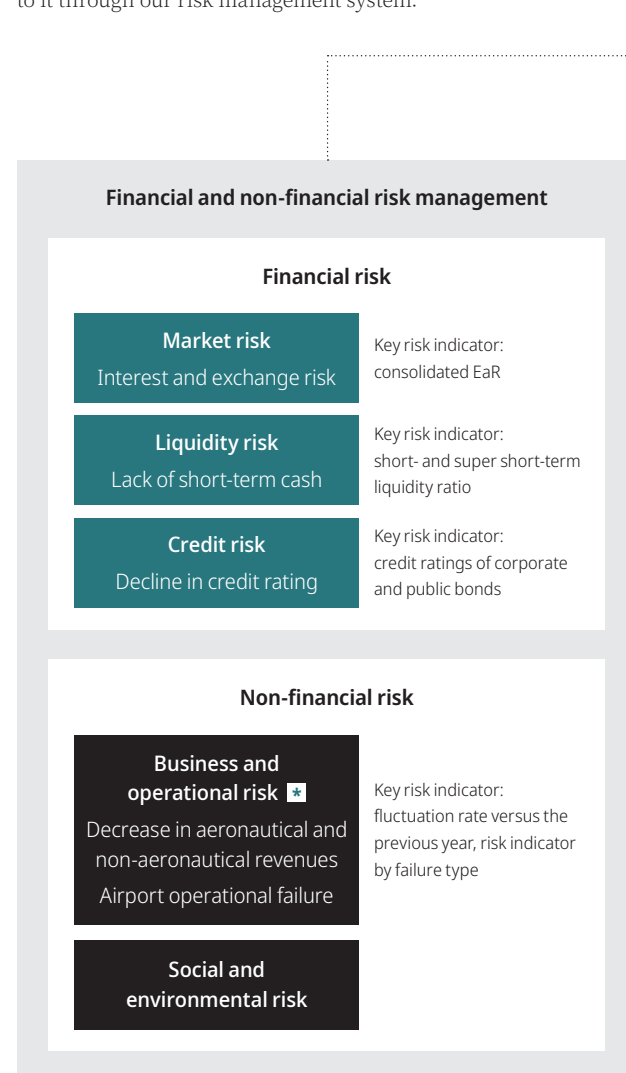
IIAC has put in place Enterprise Risk Management System and operated year-round in response to a variety of risks posed to us. As part of efforts to manage them more systemically, we break them into financial risk and non-financial risk. In 2019, we had an operation risk occurred with a sharp decrease in aviation demand due to Japan imposing a trade embargo, but we actively responded to it through our risk management system.

Actions in Preparation for Potential Risk Occurrence

As the prevention of risk is key to sustainable growth, companies should be ready for any possible risks. In the past, financial risk had the largest impact on corporate sustainability. Non-financial sector, however, has posed a growing risk in recent days.

Accordingly, we are expanding the reach of our risk management. As part of efforts for more systematic management, we segment risk areas into financial, business and operational, environmental, and social risks.

★ Achievements of Responsive Measures to Decreasing Number of Passengers on Flights between Korea and Japan



Stakeholder Engagement

Definition of Stakeholders and Communication Strategy

IIAC defines those who affect, either directly and indirectly, our management, including passengers, our employees, airport workers, and the government as our key stakeholders. We strive to actively communicate with our stakeholders through multiple communication channels for the identification of needs by type of stakeholders and reflect them in our decision-making and management directions.

Key Communication Channels by Stakeholder Group

IIAC has improved and operated customized communication channels by stakeholder group. In addition, we strive to listen to stakeholders so as to have a better understanding of their needs so that conflict factors are managed in advance through the creation of new communication channels including a citizen-led innovation group, job creation meetings and a human rights infringement relief committee.

Reflection and Reflux of Opinions from Stakeholders

IIAC spares no effort to reflect feedback from our stakeholders within and outside the airport in our management. In 2019, we have expanded communication channels tailored to each stakeholder, such as the Public Participation Innovation Corps, innovation hackathon, to invite diverse opinions from them. As a

result, we made innovative progress including enhanced service encounter quality through the adoption of smart scale for the first time in the world.



| | Opinions from Stakeholders Reflected in Management | Achievements |
|---|--|---|
| <p>Passengers</p> <p>Key Communication Channels operation of five channels at all times using social networking service, including voice of customers, innovation survey, customer satisfaction survey, customer committee, QR code-based satisfaction survey and YouTube.</p> <p>New Communication Channels citizen-led innovation group, innovation hackathon, joint inspection with the transportation vulnerable</p> | <ul style="list-style-type: none"> Allowing Smart Entry Service for short-term foreign travelers Operating Paper-less Priority Lane for the transportation vulnerable without Priority Lane Card Introducing autonomous driving, Personal Mobility and luggage-carrying cart robots Providing intuitive direction guide capitalizing on AI-based voice recognition signage Making more Self Bag-drops and introducing Self-tagging service Introducing world's first Smart Scale enabling the check of weight, size, and baggage fee | <p>Winning Level 3, the highest one in ACI Customer Experience Accreditation</p> <p>Achieving the record high score in IIAC ASQ Comprehensive Satisfaction</p> <p>Reducing the time required for check-in (28 minutes 13 seconds → 25 minutes 53 seconds)</p> <p>Giving more satisfaction in check-in process, immigration process, and transfer announcement compared to the previous year</p> |
| <p>Employees</p> <p>Key Communication Channels CEO management meetings, online suggestion board, focus group interview, company-wide vision workshop, idea contest for innovation, on-site workers in charge of grievance handling</p> <p>New Communication Channels CEO strategic discussion, Lunch Meeting between CEO and Employees, company-wide service cross check</p> | <ul style="list-style-type: none"> Adopting PC-OFF system Facilitating flexible work-hour system Reflecting grievance from the field departments Giving more opportunities for vindication including evaluation objections Conducting corporate-wide service cross-check | <p>Acquiring family-friendly management certification for 12 consecutive years</p> <p>Receiving satisfactory grade in fairness survey for 3 consecutive years</p> |
| <p>Airport Workers</p> <p>Key Communication Channels service improvement committee, service improvement group for resident companies, healing classes, commission of regular workers labor union, management and the government, 'one-family workshop' and welfare counseling service</p> <p>New Communication Channels inspection of all jobs, airport safety committee, Human Rights Management Committee</p> | <ul style="list-style-type: none"> Pushing forward the largest scale of transition to regular employment status as a public institution Placing resting spaces for ground handling workers Providing safety education Expanding airport family lounge Offering more fitness programs | <p>Achieving Zero Serious Accident</p> <p>Scoring 96.68 points in Resident Company Satisfaction</p> <p>Zero Temporary Worker from 2020</p> |
| <p>Government, Related Organizations, and Local Governments</p> <p>Key Communication Channels aviation industry development council, World Aviation Conference, win-win development committee with Incheon City, smart airport council, noise resolution committee, innovation growth SOC council</p> <p>New Communication Channels job creation meetings, economic zone implementation council, bio-logistics council</p> | <ul style="list-style-type: none"> Placing a system to nurture venture businesses and SMEs Hiring elderly and handicapped people Creating Airport Economic Zone Implementing residents-participating projects such as 'Haneulgil Safe Town' | <p>Creating 5,764 jobs</p> <p>Receiving presidential award on Social Welfare Day</p> |

SR Stakeholder Committee

IIAC is holding annual SR committee meeting to grasp the overall level of sustainable management and to identify areas for improvement. Led by 9 members with high expertise and interests in IIAC's business and sustainability, the SR committee meeting held in 2020 gathered diverse opinions from extensive areas encompassing safety and security, climate change, and passenger convenience, etc.

| Salient issues discussed | | |
|---|---|---|
| Sustainable management trends at home and abroad and sustainability of airport industry | Evaluation of IIAC's sustainable management and areas for improvement | Recommendations on the direction of sustainable management in the post-corona era and social values to be focused |



Prof. YUN-CHEOL LEE (chair)

Department of Business Administration in Korea Aerospace University

In the aftermath of COVID-19, management performances in most public areas are expected to be poor. IIAC, as a representative public corporation in Korea, should continue to make efforts to secure public interest such as social value creation in order to retain sustainability in the future even though it may require us to sacrifice some of financial benefits for now. This year's report should highlight on the future direction to go forward as well as current concerns of IIAC in preparation of the post-corona era. Besides, for sustainable development, it is critical for IIAC to find new growth engine and generate profits through business expansions such as establishing Airport Economic Zone, beyond taking the role of social infrastructure.

Prof. CHUL-UNG LEE

Department of Industrial Management Engineering in Korea University

Since the September 11 terrorist attacks in 2001, the United States established the Transportation Security Administration (TSA) and restored the public trust. Like this, the crisis of COVID-19 can become a momentum for IIAC to guide direction for sustainability and to recover trust. On top of that, the role of IIAC should not be confined to the response against COVID-19 but play an integral role in restoring ecosystem of the aviation industry. Efforts for SMEs in the aviation industry should also be made since they took a bigger hit. IIAC needs to come up with policies to let the SMEs use Incheon International Airport as a test bed so as to reinforce their technologies and capabilities, and further to promote them to the world.



Prof. YANG-HEE NAM

Department of Content Convergence in Ewha Womans University

Data-based scientific analysis is a key to better understanding the needs and convenience of passengers. To this end, airports need to put digital transition on their agenda. How to collect, accumulate and process data earned from the whole area of airport, including security, safety, facility operation and the flows of services, logistics and passengers, should be deliberated to make the transition real, since digitalization requires the adoption of new technologies, such as artificial intelligence or big data processing. In the mid- to long-term, I hope that airports become full-fledged digitalized ones so that they can capitalize on digital twin technology. This technology enables airports to replicate physical and non-physical factors in a virtual world for efficient management and operation as well as the simulation of exceptional cases. One more thing to suggest is to let users participate in the stage of analysis and ideation for usage analysis so as to identify areas for improvement in terms of passenger convenience as well as to analyze needs. For example, the inclusion of university students through capstone subjects or internship programs in the course of needs identification analysis can give you new perspectives of young people on needs and areas for analysis required in a new era. By doing so, the corporation can not only generate internship opportunities but also obtain promising insight in terms of airport operation.



*Digital Twin: A digital representation of a physical entity in reality. In airport, the concept is to digitally replicate two-dimensional designs of core airport facilities including passenger terminal and concourse transportation center (physical twin) and replicate virtual world of airport system reflecting invisible data including the flow of passenger, logistics, process, or service (data twin).



Associate Prof. JONG YIL-PARK

Seoul National University of Science and Technology

Recently, stakeholders' perspective on safety has been expanded to entire citizens in Korea, and accordingly IIAC needs to expand the scope and target of safety when managing risks. Not alone passengers, partner companies, employee, and airlines, employees at the airport who are not directly contracted should be also included in this scope to ensure equal safety for everyone. In case the economic crisis persists due to COVID-19, consistent monitoring is required to prevent lax safety management. In the long term, it is necessary to increase the efficiency of safety by making it smarter. Besides, IIAC should strive to make a social contribution in the form of technology transfer and support as well as training so that SMEs can utilize the leading safety platform of IIAC.

Safety and Security

Research fellow JUN HAENG-JO

Korea Transport Institute

The identification of areas for improvement and the enhancement of them are a key to action on climate change. Although it is necessary to respond to climate change through the airport's own greenhouse gas reduction efforts, airports should definitely strive to mitigate their GHG emissions but more important thing is to do something for aircrafts' fuel, the main culprit of GHG emissions in airports. Thus, IIAC is required to use its leverage to make aircrafts reduce their time of stay at the airport from the boarding to departure so that the GHG emissions can be minimized. Accordingly, I hope IIAC to develop a new statistics tool to manage data I mentioned above and disclose the results. Also, I wish Incheon International Airport to make strenuous effort to realize feasible reduction in GHG in cooperation with airline companies.



Climate Change



HOON YU, Head of Center

Business Innovation Center in Korean Standards Association

Now we have reached the point when an airport is selected by customers like other products and services. We are currently facing a grave situation owing to COVID-19, but I hope IIAC to raise safety in various areas including logistics and management so that people think they chose Incheon International Airport because of its safety established during the COVID-19 pandemic period when they look back. It is daunting times for everyone, but I wish IIAC to stand firmly with reliability for the people while actively responding to major requests from the government in terms of social value, bringing about feasible achievements in job creation, safety, fair economy, and mutual growth with local region.

Social Value

TAE-HYOUNG LIM, Expert Member

Korea Management Registrar

As we are seeing the growing significance and the expansive scope of human rights management, we need to broaden the scope of human rights management of IIAC to 'human rights for all' including employees, customers, workers, and partner companies. IIAC has achieved excellent results in external evaluations in relation to human rights as a leading sustainable management corporation. Yet, it needs to discover genuine human rights risks and develop an attitude to actively address them in order to growth further. Moreover, in carrying out social responsibility activities, we should not cover up any problems with white-washing or green-washing but rather focus more on those issues and constantly think the way to change.



Human Rights



OH-SOO PARK, Deputy Director

Incheon Airport Security

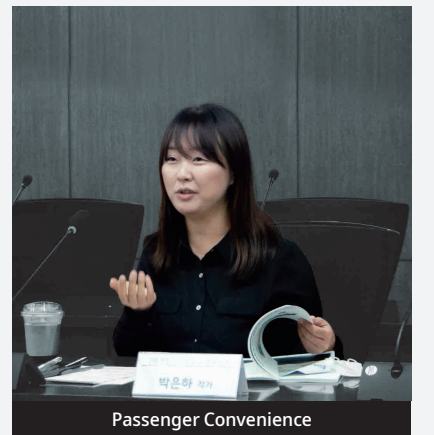
It is necessary to find out difficulties that IIAC's partner companies have experienced due to COVID-19 and actively support them. In addition, we need thoroughly examine the impacts of COVID-19 on the IIAC's sustainability management tasks. Diverse efforts should be taken to support partner companies as well. We need to come up with ways to secure and create aviation demand in the aftermath of COVID-19 together with airlines. For tenant businesses at the airport, IIAC needs to formulate ways to efficiently and thoughtfully helps them by analyzing rent and sales.

Shared Growth

EUN-HA PARK, Travel Writer

Customer Committee

I hope Incheon International Airport to grow as an airport where various travelers can enjoy, going beyond the role of passenger terminal by expanding cultural contents such as Sky Festival. If restrictions on overseas travel is lifted, the demand for travel can rapidly increase in the future, so it is necessary to share information regarding responsive measures and safety guidance against COVID-19 so that people can use and enjoy the airport with an easy mind. Also, I would like to thank you for IIAC's efforts to make an online version of the Sustainability Report. It lets more people access to this information.



Passenger Convenience

Materiality Assessment

Materiality Assessment Process

IIAC conducts a materiality assessment to get a better understanding of various interests of major stakeholders as well as internal and external environments that affects our sustainability management. The materiality assessment is conducted through the process of analyzing external environments, such as reporting issues of the same industry, media scan, and survey

of stakeholders, and internal environments, including employee survey and internal data review. The identified issues are analyzed from various angles, followed by the reclassification by interests of stakeholders and relevance or importance of businesses. In 2019, a total of 18 material issues were selected and reported. Detailed process is as follows.

Aiming at finding out sustainability issues of IIAC, we conducted internal and external environment analysis, and a total of 518 issues were identified.



1 Issue Review

Analysis on business strategy and performance, sustainable management standard and evaluation, policy and regulation, best practices in the industry, media analysis, and trend & impact analysis

2 Pool Creation

- Removing overlapped issues and integrating and omitting
- Categorizing issues based on GRI Standards

Among the identified 518 issues, 36 issues were chosen after integrating and omitting overlapped topics, followed by the selection of 18 final issues.



3 Issues Integration

Each issue was produced through surveying 931 major stakeholders and 371 internal stakeholders. Then, we prioritized the produced items through business impact level measurement. (survey period : May 11, 2020 ~ May 18, 2020)



4 Assessing priority

- Step 1: Key stakeholders
- Step 2: Experts in sustainability management
- Criteria for assessment: GRI Standards Materiality Guideline

5 Prioritizing reporting topics

- Placing issues in the report according to the priority

To ensure objectivity and transparency, the material issue selection process was subject to a third-party verification.



6 Third-party verification

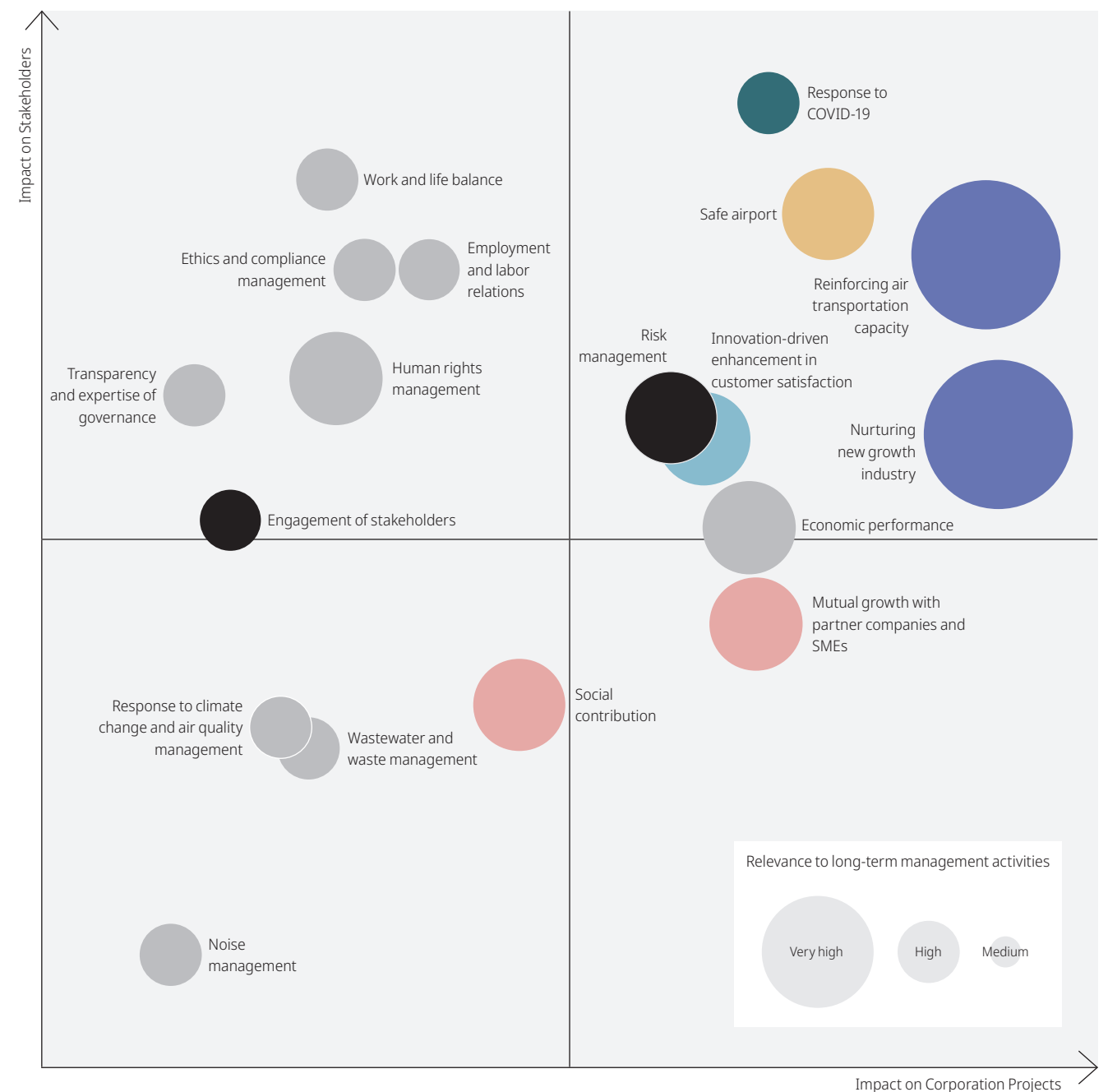
- Third-party verification of the materiality assessment
- Verification on whether to the report focuses on material issues

Materiality Assessment Result

The findings of the materiality assessment we conducted revealed that we have to focus on several issues as our priority ones. These include reinforcing air transportation capacity, which is closely related to our nature as an airport company, response to COVID-19, safe airport, nurturing new growth industry, increasing customer satisfactory level through innovation, etc. In this year's report, we cover aforementioned issues as well as other issues so as to enhance the communication with our stakeholders.

Material Issues and Report Composition

- Overview
- Sustainable Management
- Airport Growing Together
- Flawless and Safe Airport
- Distinguished Airport Service
- Airport Going Ahead
- Appendix



Key Activities and Performances

Airport Growing Together

Our Actions



Social Value
Creation



Job Creation



Shared Growth



CSR Activity

Business & Social Context

The airport industry is closely intertwined to passengers, partner companies, and local community by nature, so the success or failure of an airport operation can accordingly have great impact on their growth or decline. Thus, creating an environment for shared growth and promoting active mutual growth and social contribution activities are highly critical for an airport operation company in terms of not only the social value creation but also the retainment of sustainability of the business. Particularly public institutions or organizations should provide the directions to grow together in response to the government's policy emphasizing social value and the high expectations of the people.

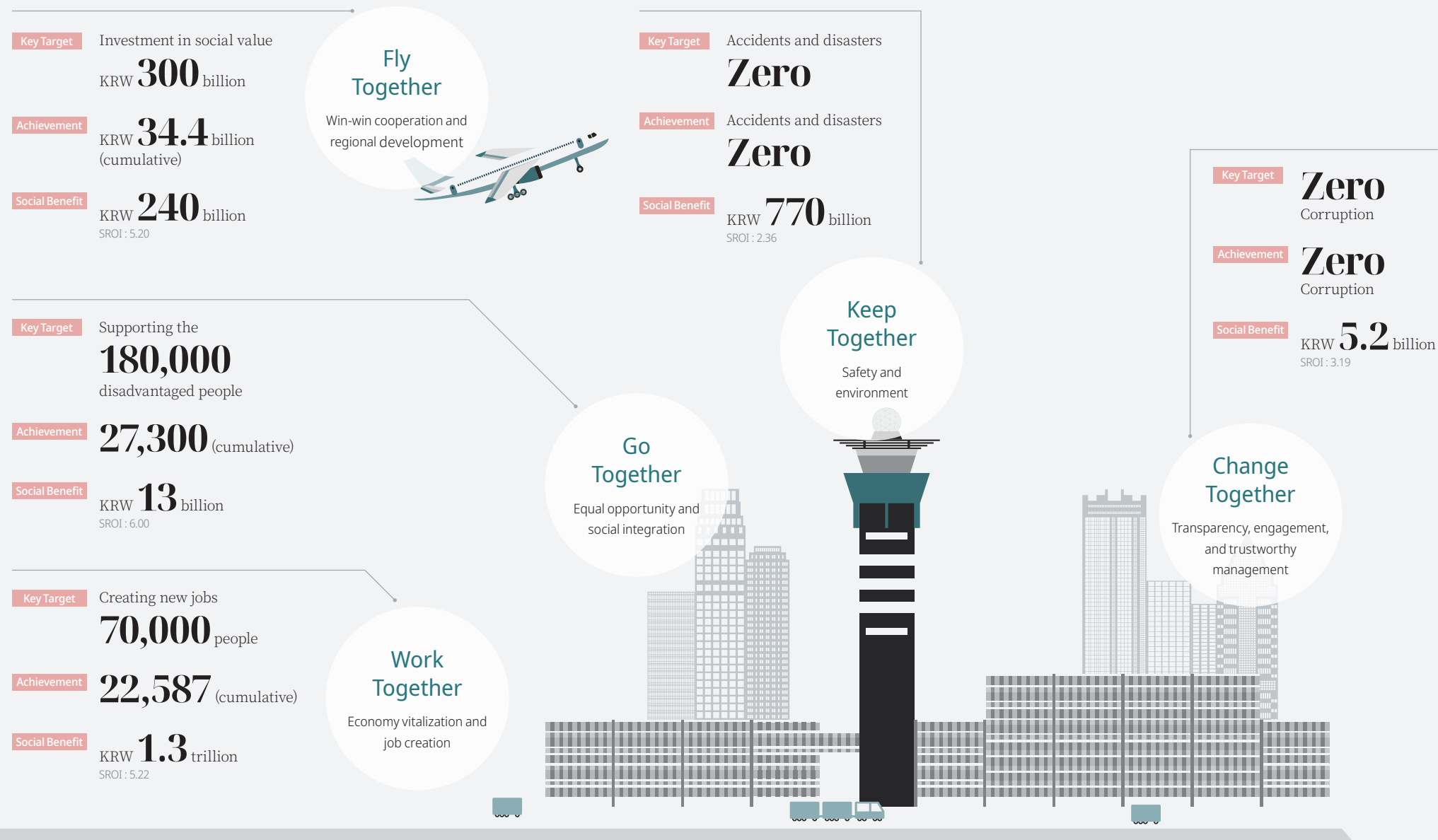
Approach & Future Directions

IIAC has been creating a variety of social values from job creation, shared growth with suppliers, alleviation of human rights issues to vitalization of local economy. In all our management activities, we make strenuous efforts to bring about social value that can contribute to public good as well as economic performance. Going forward, we will focus on social value creation activities, thereby becoming the first mover public corporation in social value growing together with our stakeholders.



Social Value Creation

IIAC has established five strategies for social value creation; Work Together (economy vitalization and job creation), Go Together (equal opportunity and social integration), Keep Together (safety and environment), Fly Together (win-win cooperation and regional development), and Change Together (transparency, engagement, and trustworthy management). On top of that, we have set key performance indicators on the basis of the five strategies to promote activities for fulfilling our goals.



“Incheon Airport, Social Value Creator, Flying into the World with People”

| | 2019 Performance | 2024 Goals* | Achievement Status |
|--|------------------|-------------|--------------------|
| Work Together | | | |
| Cumulative No. of jobs created in the aviation industry (cumulative from 2017) | 22,587 jobs | 68,235 jobs | ■ ■ |
| No. of jobs matched | 8,642 jobs | 50,000 jobs | ■ |
| No. of international passengers (unit: 10,000 passengers) | 7,058 | 9,472 | ■ ■ ■ ■ |
| Vol. of international freight handled (unit: 10,000 tons) | 276 | 385 | ■ ■ ■ ■ |
| ASQ Global Competition Index | 94.4 points | 95 points | ■ ■ ■ ■ ■ |

| | 2019 Performance | 2024 Goals* | Achievement Status |
|---|------------------|----------------|--------------------|
| Go Together | | | |
| Proportion of female managers | 8.4% | 10.7% | ■ ■ ■ ■ |
| Cumulative No. of people using service for the transportation and language vulnerable | 12,700 persons | 80,790 persons | ■ |
| Cumulative No. of global beneficiaries of alleviating social problems | 14,600 persons | 98,190 persons | ■ |

| | 2019 Performance | 2024 Goals* | Achievement Status |
|--|------------------|--------------|--------------------|
| Keep Together | | | |
| No. of victims from serious disasters | 0 person | 0 person | ■ ■ ■ ■ ■ |
| No. of aircraft accidents | 0 case | 0 case | ■ ■ ■ ■ ■ |
| No. of aviation security accidents | 0 case | 0 case | ■ ■ ■ ■ ■ |
| Information security management evaluation | 82.38 points | 85.10 points | ■ ■ ■ ■ ■ |
| Proportion of renewable energy supply | 2.63% | 7% | ■ ■ |

| | 2019 Performance | 2024 Goals* | Achievement Status |
|--|------------------|-----------------|--------------------|
| Fly Together | | | |
| No. of R&D ecosystems established for mutual growth | 3 cases | 8 cases | ■ ■ |
| Cumulative amount of support funding for SMEs | New | KRW 180 billion | ■ ■ ■ ■ ■ |
| No. of unfair trade complaints | 0 case | 0 case | ■ ■ ■ ■ ■ |
| Amount of donation (cumulative from 2018) | KRW 34.4 billion | KRW 120 billion | ■ |
| Local residents' score of social value contribution survey | 60.7 points | 66 points | ■ ■ ■ ■ ■ |

| | 2019 Performance | 2024 Goals* | Achievement Status |
|---|------------------|-------------|--------------------|
| Change Together | | | |
| No. of human rights violation cases | 0 case | 0 case | ■ ■ ■ ■ ■ |
| Integrity evaluation | 8.44 points | 8.48 points | ■ ■ ■ ■ ■ |
| No. of corruption cases | 0 case | 0 case | ■ ■ ■ ■ ■ |
| Record management agency evaluation | Unannounced | 74 points | |
| Total score of social value contribution survey | 72.9 points | 78 points | ■ ■ ■ ■ ■ |

* The goal for 2024 was set in 2019, so it is subject to change according to the changes in the management environment due to COVID-19.

*SROI(Social Return on Investment) : An analysis method to measure the monetary value of social returns from social value creation works throughout the year

Job Creation

The Korean labor market is faced with a number of problems such as sluggish employment growth, rising youth unemployment, and worsening dual labor structure, while witnessing different social issues including unemployed youth, retired breadwinner, and the poor elderly. To tackle these issues, the government established a job committee to implement related policies such as adding 810,000 jobs in the public sector and switching non-regular employment status to regular one in the public sector. As a representative public institution in Korea, IIAC is actively joining the government's efforts. Accordingly, we have made our strenuous efforts to raise the quality of jobs, creating a better employment environment beyond just adding the number of jobs.

Creating New Jobs

As of 2019, the number of newly created jobs through Incheon International Airport was 5,764 and the total number of employees of our partners was as many as about 77,000. These jobs were created owing to the establishment of Airport Economic Zone centering around four major industrial hubs and we estimate to see more than about 80,000 new jobs by 2025 around Incheon International Airport.



Providing Information on Jobs at Airport

In order to provide quality information on job openings at the airport, IIAC has built three platforms in regard to airport jobs. We also held an Incheon Airport Job Fair 10 times every month in 2019 to help SMEs and small enterprises having trouble finding staff and also to support job seekers. With the participation of 30 companies, a total of 131 successfully found jobs through the fair. In addition, we held relay job fairs in six different cities including Busan, Gwangju, and Jeju in partnership with representative aviation companies for regional young job seekers who have difficulty in accessing job information on the aviation industry, and 3,020 youth participated in these fairs.

IIAC's Platform in Regard to Aviation Industry Job

| | |
|--|--|
| Incheon Airport Online Recruiting Center | <ul style="list-style-type: none"> · Informing of real-time job postings · Providing company information |
| Aviation Job Employment Support Center | <ul style="list-style-type: none"> · Giving mentoring with current workers online and offline · Operating diverse programs such as special seminars about finding jobs |
| Aviation Industry Job Fair | <ul style="list-style-type: none"> · Announcing hiring plans by company · Providing job consulting and on-site recruitment |

Improving Job Quality

For the first time as a public institution, IIAC launched a permanent job committee comprising of six private entities including the Ministry of Employment and Labor and Incheon City in 2019, and has regularly resolved current issues such as improvement of the working environment in a vigorous manner. We also conducted a survey on all 77,000 workers at the airport and gathered opinions regarding the working environment. Considering the opinions we gathered, we added more resting places in the airport's apron, arranged more shuttle buses, and implemented an employee assistance program for staff at the airport, expanding quality jobs to make employees happy.

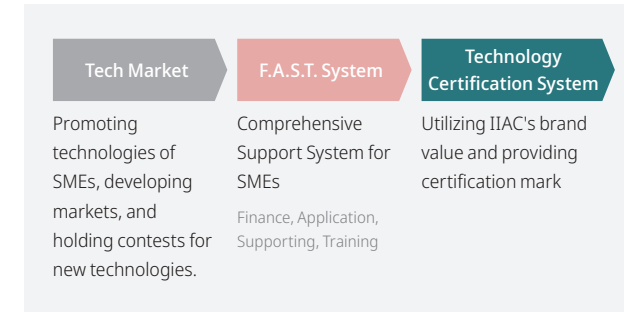
Shared Growth

IIAC is making a shared growth system for the aviation industry. We share our own infrastructure with SMEs and create fair opportunities and level the playing field. On the foundation of this, we are ultimately going toward a balanced national growth by creating jobs and vitalizing the national economy.

Support for SMEs' Growth

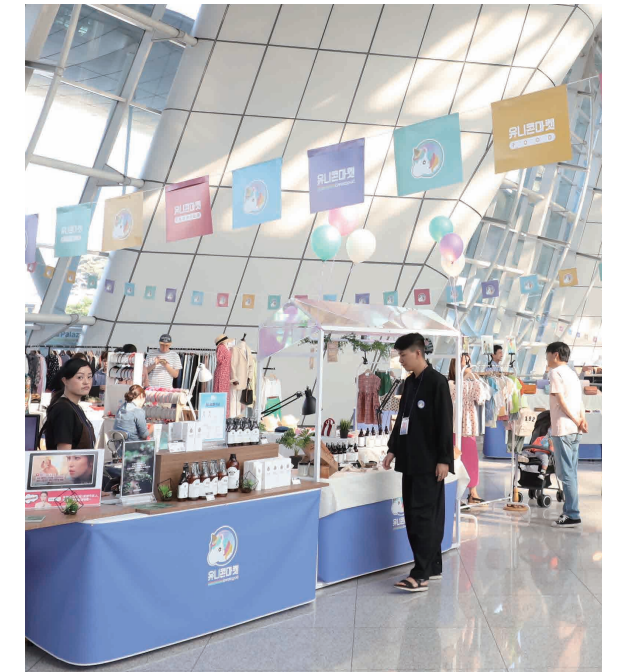
As a leading public corporation in the airport industry, we have created an ecosystem for shared growth with SMEs in the aviation industry in line with government policies by preparing a technology nurturing system for SMEs through the process of promotion-matching-support-certification. Given the fact that what makes SMEs suffer the most in their business is market development and promotion, we have established a platform to share aviation technologies called 'Incheon Airport Tech Market' for promoting excellent technologies that SMEs retain. Furthermore, we operate a comprehensive support F.A.S.T. system for selected outstanding SMEs through technology competition to provide financial support and training. The technology certification system using our brand value has also functioned as a platform to give opportunities for growth.

Comprehensive Support System for Aviation-related SMEs



Engaging Small Business Owners

We have eight pop-up stores run by youth/the vulnerable start-ups inside Passenger Terminals in the airport. We exempted entire rent fee and extended rental term up to two years, improving operation conditions from 2019 when minimum operating cost were claimed. We strive to help them find new sales channels



and promote brands through this. Moreover, we hold flea markets capitalizing on free spaces in the airport to offer sales channels for small sized business owners.

Establishing Fair Trade Order

To make fair economy work, IIAC focuses on the establishment of fair trade order. To this end, we have set up a fair economy model and continue to develop it. We help partner companies run their businesses smoothly by raising the amount of preliminary bid from 98% to 100% of the designed amount at the stage of contract ordering stage. In addition, we induce technology competition rather than price competition through increasing the proportion of technology scores in comprehensive examination bidding system for construction engineering service. During the service term of contract, we continue to eliminate elements that may incur unfairness toward primary suppliers, while stipulating compliance with subcontract laws on the contract with direct contractors in order to prevent any abuse of power between our direct contractors and subcontractors.

Our subcontract supervisory system has been implemented and an illegal subcontract reporting center is operated as well to prevent any possible damage to subcontractors. Besides, in order to guarantee a fair price to suppliers, our subcontractors are obliged to use Subcontractor Protection System so that we can lead the direct payment system, helping SMEs alleviate their financial difficulties.

CSR Activity

IIAC has been resolving social issues under the social contribution vision of 'Connecting People and Incheon Airport' through the governance among the government, local governments, NGO, and academia so that we can become a trustworthy corporation underpinned by the sincere fulfillment of our social responsibilities. In addition, we are making constant efforts to be fully responsible as a global leading airport by realizing SDGs value.

Community-Connection

Nurturing Local Talent

We have operated a local talent nurturing program for each stage of life considering the lack of education infrastructure in certain areas. For the last 13 years, we have worked on the specialization project in local schools providing art and language classes and job experiences for elementary and middle school students while establishing 'Haneul High School' inside Yeongjong International City. It has been also 16 years we have provided scholarship to excellent talents as well as low-income students through our scholarship program called 'Incheon Airport Value Dream.'

Building Healthy Local Community

In 2019, we adopted a local resident participation system for the first time with an aim of reflecting actual needs of the residents. We could resolve real problems that more than 20,000 residents had experienced through about 30 participatory projects. The system encourages residents to personally suggest solutions for local issues and realizes them, thereby contributing to creating a self-sustaining community that brings about changes in the local society. Besides, we have supported Incheon citizens' daily life sports activities as part of our win-win cooperation project called Good Growth. As a result, Incheon achieved the fifth place in the overall standings and the first among metropolitan cities in the National Sports Festival, which was the record-high performance in history.

Vitalizing Local Economy

IIAC has maintained the top place in government dividend contributions for six consecutive years among public institutions. In 2019, we played a locomotive role in local economy through active public infrastructure investment as well as the payment of

local taxes amounting to KRW 112.7 billion. In the first half of 2020, we concentrated on the 'quick, simple, and immediate' support in local economy restoration that was stagnant due to COVID-19. As part of our endeavors, we supplied local currency to the economically vulnerable class in cooperation with regional small business owners to assist families in crisis and stimulate consumption in the region. We also provided emergency management stabilization fund to small business owners who took a big hit in time of crisis before they received policy funds from the government in order for helping them overcome the grave situation.

Sympathy-Connection

Creating a Socio-economic Ecosystem

With an aim of giving back profits from on-arrival duty-free shops to society, which was our pledge to the people, we are leading the way invigorating social economy with the goal of cultivating 100 socio-economic enterprises by 2022 with the project 'Going Together with Incheon Airport.' We helped 25 selected socio-economic enterprises find overseas sales channels and provided related consulting so that they can stand on their own in their business. In addition, domestic financial support tended to concentrate on the metropolitan area, so we made efforts to find and support socio-economic enterprises in non-metropolitan areas which were neglected. On top of that, beyond simple funding, we supported selective eight travel-related startups with the goal of establishing a foundation for growth by discovering business items related to the airport industry in cooperation with socio-economic enterprises.

▼ Value Travel, Go Together with Incheon Airport, 3rd group



Supporting Public Growth

In order to resolve social problems pertaining to senior citizens, we held a contest for ideas, and then selected a dementia prevention program to provide it for 33 elderly welfare centers nationwide. In particular, we are promoting exchange projects between generations and job creation projects toward 'new type of the middle-aged' who are retired baby boom generation.

Value-Connection

Global Social Contribution

IIAC has dispatched volunteer groups comprised of our employees, airport workers, and university students to other countries around the world since 2011 for global sharing activities including talent sharing. Since 2018, we have invited children with heart disease in Uzbekistan to Korea to help them receive surgery, gifting the second life to them.

Alleviating International Social Issues

Our 'Value Travel, Go Together with Incheon Airport' is a 'Good Travel' sharing program. In 2019, as part of the program, we developed and sold barrier-free travel products to the transportation vulnerable by teaming up with the transportation vulnerable and socio-economic enterprises. In 2020, we created a low-carbon village in Mongolia, where air pollution is severe, by providing reformed heaters and solar energy facilities with an objective to ease global climate change problem.

Providing Aviation Training to Developing Countries

We have given world-class aviation training to aviation industry workers in 91 developing countries for free since 2008. As a global airport-specialized corporation, we contribute to the advancement of the global aviation industry by improving their expertise.

▼ Surgery support project for children having heart-disease in developing countries



Key Figures

Social Value Creation

Score of Social Value Creation Index (SVCI)

87.5

Creation of Social Benefits

KRW 2.4 trillion

No. of Job Created

5,764 jobs

Shared Growth

Purchase from SMEs

KRW 746.3 billion (71%)

Zero

Corruption Related to Contracts

Zero

Failure in Payment for Purchase and Wage

CSR Activity

Support for 27,300 socially disadvantaged people

Investment of KRW 34.4 billion in social value

Winning Presidential Prize on the 20th Social Welfare Day

Employee participation for Volunteer Work for

17,691 hours

2 Flawless and Safe Airport

Our Actions



Establishment of Next-generation Safety Management System



Advancement of Flight Operations Facility Management



Realization of Flawless Aviation Security

Business & Social Context

Given the fact that even one accident can possibly cause huge losses of life, we cannot overstate the gravity of safety in airports. Growing threats posed by terrorists across the world combined with COVID-19 has made airport safety a more salient element in securing reliability. This situation requires us to expand the scope of airports' safety management to cover not only existing areas, such as flight operations safety, disaster safety and flight operation security, but also infectious disease management, which means airports are required to respond in a systematic and thorough manner.

Approach & Future Directions

To ensure the health and safety of all our stakeholders, including passengers and our employees, IIAC makes sure that our safety management covers flights safety, flight operation security, disaster and facility safety and worker safety and health, thereby seeking a safe airport without any defect. In 2019, we placed safety Innovation Group right under CEO and hired more employees to enhance our safety capability as well as consolidated the foundation for safety management. IIAC will continue to seek for Zero Accident.



Establishment of Next-generation Safety Management System

CEO-driven Safety and Management Reinforcement

IIAC makes every effort to become a flawless and safe airport so that people feel easy when using the airport in line with our CEO's robust will toward safety management.

To this end, we have established a mid- and long-term integrated safety management system, Airport Non-defect Safety & Innovation Management (ANSIM) program, to thoroughly manage all of risks across the whole airport. Our management makes effort to spread a culture where our employees voluntarily participate in safety management such as reinforcing monitoring or holding CEO-led safety meetings on a weekly basis to always remind employees of safety issues. By doing so, we are creating a safety first culture under the leadership of our executives. Furthermore, we have ameliorated our emergency response system in the event of an accident in order to promptly save lives and ensure safety of people.

Unification of Airport Safety Management System

Airport is the most complicated and interconnected infrastructure like a nuclear power plant, which means even one single problem is multi-dimensionally intertwined with all facilities and systems, therefore, thorough preparation and response to safety accident is needed.

Accordingly, IIAC has elevated the status of Safety Innovation Group and put it directly under CEO to make it serve as a safety control tower. The group has consolidated safety systems, which used to be separately managed by different divisions according to their designated safety areas, into a mid- and long-term integrated safety management system, so called ANSIM program, to cover all safety risks across the whole area of the airport.

This ANSIM program consists of 110 safety risks, identified through a bottom-up way, covering the whole area of the airport and 425 action plans to solve them as of 2019. Furthermore, we increased safety budget by KRW 47 billion than we committed in 2018 for implementing this program successfully. Based on these corporate-wide efforts, we have continually put our efforts into becoming a safe and flawless airport making people put their mind at rest.

* ANSIM (Airport Non-defect Safety & Innovative Management) program : Zero defect, safety and innovation management



Integrated Safety Management



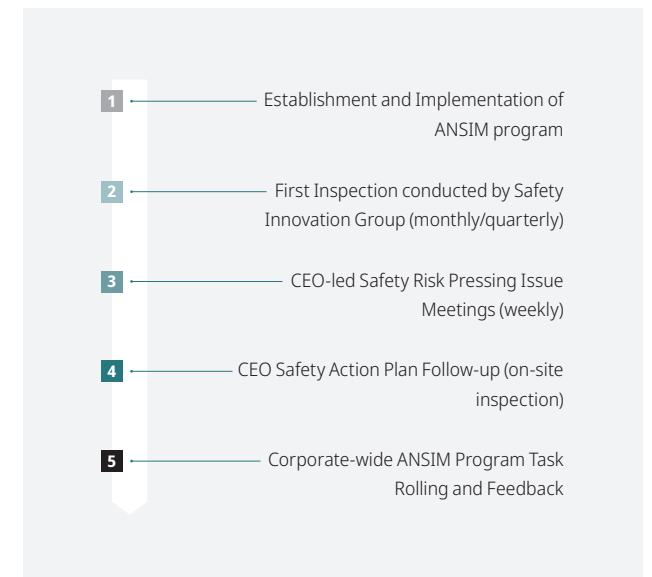
Reinforcing Safety Risk Monitoring

As part of efforts to firmly settle a voluntary safety management across the airport as well as to create a safety first culture, we hold CEO-led safety risk pressing issue meetings on a weekly basis while on-site inspections led by executives are conducted if necessary. These management-driven safety management activities contribute to the formation of the safety first culture and the virtuous cycle of safety reflux activities.

Especially for high-risk areas, such as power or navigation facilities, which are indentified through our own risk-level assessment based on a bottom-up way, CEO inspects the fields to check the compliance with safety guidelines, and then discusses areas for improvement with executives to come up with a variety of ideas. The ideas range from the way to take advantage of new safety technology to measures to manage our facilities considering their life-cycle, and we also try to put them into action.

In addition, we monitor on-site efforts through 5-phase reflux system, thereby ensuring no safety blind spot in our airport.

Safety Reflux and Monitoring System



Ameliorating Emergency Response System

IIAC has ameliorated our emergency response system under the leadership of CEO so as to strengthen our initial response and on-site response in the event of an emergency. In the conventional system, only the small number of employees had shared the situation in the initial stage of disaster occurrence, which made it difficult to identify the situation and take immediate measures in response. To overcome this problem, we currently made 30 employees in charge of each area get involved earlier in the emergency response action while assigning tasks to each team, such as situation team or response team, so that we can get a full understanding of the situation and take countermeasures in a systematic manner. On top of this amelioration, we conduct CEO-led situation response training to check whether our improved system works well or not. Furthermore, we conduct emergency response drill using social network service by sending emergency messages by CEO without notice simulating an emergency situation. Through the drill, we share identified areas of excellence and for improvement corporate-wide, thereby we have sharpened our emergency response capability, reinforced the function of emergency response office as the control tower, and established the disaster response system closely connected to the office and the filed.



COVID-19 Response Status

COVID-19, emerged in December 2019 in the city of Wuhan, China, has socially and economically wreaked havoc on the entire world. As the pandemic has prolonged, we have been seeing a steady rise in confirmed cases due to arrivals from overseas despite a sharp decrease in passengers visiting Incheon International Airport. The situation gives rise to the need for thorough response. IIAC formed an emergency headquarters right after we confirmed the first case of COVID-19 in Korea, in January 20, 2020. By doing so, we are ensuring the operational continuity of core function related to airport operation, as well as the safety of the people. Our monthly and daily responses to COVID-19 are as follows.

| | | | | | |
|--|---|---|---|---|-------------------------|
| <p>Day 23 Operating COVID-19 emergency headquarters (8 response teams) earlier and taking countermeasures by each team</p> <p>Day 28 Raising the alert level to 'caution' and accordingly instructing people to wear hygiene items and reserving 30 days of personal protective equipment</p> <p>Day 31 Formulating detailed response criteria (5th) for improved on-site applicability as well as for strengthened prevention of the infectious disease</p> | <p>Day 2 Formulating guidelines on how to respond in the event of a COVID-19 confirmed case</p> <p>Day 3 Establishing the core business continuity plan in preparation for a possible COVID-19 confirmed case</p> <p>Day 5 Taking more stringent preventive measures against departing passengers and establishing three-stage temperature check system (Free AIRPORT operation launched)</p> <p>Day 9 Doing a maintenance work on Free AIRPORT thermal cameras</p> <p>Day 11 Ramping up the screening procedure for passengers departing to the Americas (putting in place exit screening stations and issuing screen certificates)</p> | <p>Day 12 Having a discussion on adjusting urgent supply of masks with Public Procurement Service</p> <p>Day 16 Joining a video conference of the heads of public institutions, led by the Minister of Land, Infrastructure and Transport</p> <p>Day 19 ① Practicing social distancing in a restaurant on the 7th floor of the airport building ② Implementing special immigration procedures for all arriving passengers</p> <p>Day 22 Screening all people arriving from Europe</p> <p>Day 24 Landing support to pan-governmental COVID-19 support group</p> <p>Day 26 Commencing the operation of T1/T2 open COVID-19 screening centers</p> <p>Day 27 Executing the special immigration procedures for all passengers arriving from the U.S., including stricter quarantine screening</p> | <p>Day 11 Practicing distancing in daily lives and disseminating how to take action regarding Itaewon visitors</p> <p>Day 15 Instructing employees about Incheon Airport's response criteria (8th)</p> <p>Day 19 Altering a food and beverage promotion aiming to overcome COVID-19 crisis</p> <p>Day 24 Conducting disinfection in aprons and control centers</p> <p>Day 25 Securing and distributing 200,000 public masks</p> <p>Day 27 ① Making the wearing of mask mandatory for passengers of both international and domestic flights and requesting mask selling stores (pharmacies and book stores) inside the airport to secure the sufficient quantity of masks in advance ② Placing hand sanitizers around self check-in kiosks ③ Attaching anti-bacterial films to self check-in facilities and verifying the operation status ④ Attaching stickers on the floors encouraging social distancing practice in daily lives in preparation for a recovery in aviation demand</p> <p>Day 28 ① Complying with guidelines on distancing in daily lives and carrying out the second joint inspection in coalition with Seoul Regional Aviation Administration ② Broadcasting to inform passengers of the mandatory wearing of masks ③ Visiting an exhibition on preventive equipment against COVID-19</p> | | |
| <p>Jan. 2020</p> <p>Day 1 Implementing special immigration procedures for all arrivals</p> <p>Day 2 Temporarily limiting opening hours of 39 commercial facilities and 295 shops</p> <p>Day 6 Minister of Public Administration and Security conducting an on-site inspection of COVID-19 response</p> <p>Day 7 President Moon Jae-in visiting Incheon Airport for screening fields and encouraging on-site workers</p> <p>Day 8 Establishing a plan for securing the special supply of public masks</p> <p>Day 17 ① Launching a joint social distancing campaign in partnership with Seoul Regional Aviation Administration ② Distributing a total of 95,000 public masks to on-site workers working closest to passengers</p> <p>Day 20 Establishing a reorganization plan for emergency headquarters and operating it</p> | <p>Feb. 2020</p> <p>Day 6 Disseminating President's instructions and instructing employees about guidelines for the plan for securing airport function in response to COVID-19 spread (15 departments, 4 areas)</p> <p>Day 23 Elevating the alert level to 'serious' and delivering round-the-clock operating guidelines</p> <p>Day 24 Sending the 7th COVID-19 response guidelines</p> | <p>Mar. 2020</p> | <p>Apr. 2020</p> | <p>May. 2020</p> <p>Day 1 Making it more efficient to operate the weekend shift of emergency headquarters (switching 2-person working system to 1-person one)</p> <p>Day 3 Disinfecting kiosks more thoroughly without an anti-bacterial film on a regular basis and attaching additional anti-bacterial films</p> <p>Day 5 Complying with guidelines on distancing in daily lives and carrying out the third joint inspection in coalition with Seoul Regional Aviation Administration</p> | <p>Jun. 2020</p> |

Advancement of Flight Operations Facility Management

To create an environment for aircrafts carrying a number of passengers and freight to fly safe is the key to airport safety. IIAC has established a flight operations safety system and identified a variety of tasks for flight safety and has constantly improved them. One step further, we have reinforced the response system as part of preventive measures while advancing our air traffic control system in order to continuously respond to aviation traffic and firmly position ourselves as a stable hub airport.

Securing Advanced Flight Operations Safety System

Our flight operations safety system is seeking safety for all, including passengers, airport workers and aircrafts, to make our ground handling more competitive. We have improved our ground handling operation system by making our employees and ground handling agents working together at the de/anti-icing control tower to enhance joint response capability. Besides, in order to improve safety during winter season and relieve airport congestion, we have expanded engine-on de/anti-icing, during which workers remove ice with engines turned on. As we are well aware that poor working conditions can lead to the poor quality of ground handling, which is directly linked to the safety of workers, so we have ameliorated working conditions as well. Starting with signing a MOU between our CEO and ground handlers in December 2019, we installed resting places and provided indoor workplace for de/anti-icing workers. Additional safety facilities were also installed, including traffic signs in areas of high risks or congestion within ground handling sectors. Through these endeavors, we have made our flight operations safety system more advanced.

* De/anti-icing : the process of removing ice from a surface of an aircraft, including its body and wings, and applying chemicals that prevents the reformation of ice

Reinforcing Preventive Safety Management and Response System

Prompt response to an accident is significant but, what is more important is prevention. To make improvement in the situations where safety can be threatened in moving areas of aircrafts and vehicles because they are only dependent on naked eyes in perceiving traffic conditions, IIAC has established Vehicle Display System (VDS) for the first time in the world. With the

system controllers and drivers can bilaterally communicate about ground traffic information. Furthermore, the system enables the real-time identification of a moving object on the ground and the control of vehicles' moving paths. A-SMGCS has been also established, which aims to complement preliminary verification when adopting a new system. By doing so, we have overcome the existing limitation, which leads to the improved reliability as well as strengthened training function.

* Vehicle Display System (VDS): A display system which shares ground traffic information by loaded equipment in vehicle

Innovation Air Traffic Control System

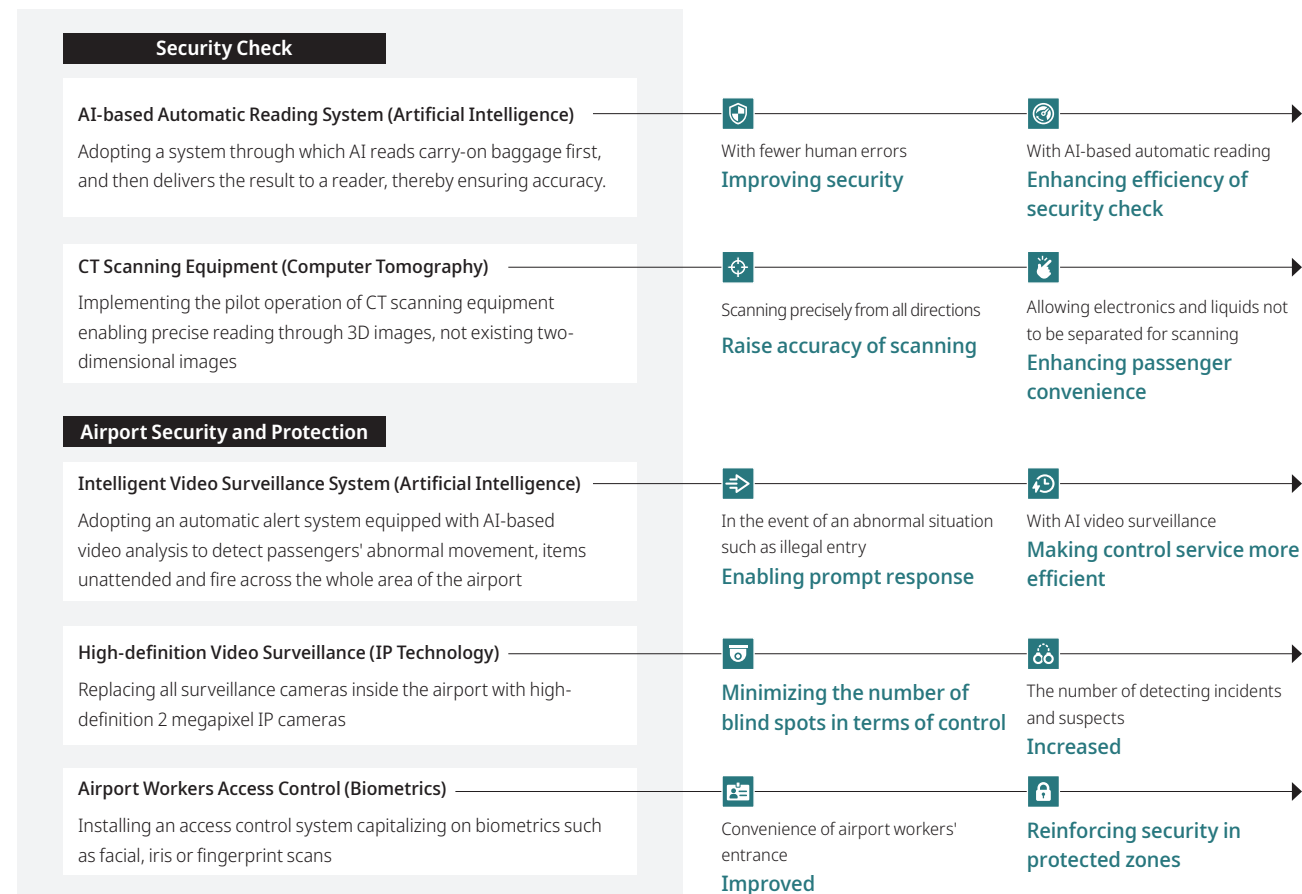
Continuously increasing aviation traffic gives rise to the need for making control towers safer and smarter to solve congestion. To this end, IIAC has established an air traffic control system allowing more than 100 aircrafts to take off and land per hour to increase air traffic capacity as well as to enhance air control in preparation for a future where we grow into a mega airport. We have innovated our control systems through four phases for a systematic approach, and now we are on the phase-4 (2019-2022), which focuses on advancing and increasing the capacity of Seoul approach control offices. We design and timely apply new flight procedures while connecting with Airport Collaborative Decision Making (A-CDM) to systemize the management of aircrafts' departure and arrival. Furthermore, we have automated the management of aircrafts' departure while reinforcing the cooperative governance to operate a super large-scale control training center. By doing so, IIAC has laid the foundation to constantly increase air traffic capacity by making our air traffic control system smart and automated at the proper time and also advancing the management of carriers' departure and arrival.



Realization of Flawless Aviation Security

Airports are required to put in place a stricter flight operation security system to safeguard passengers from all over the world against any possible forms of danger in airports. IIAC has made every effort to advance our flight operation security system by making the airport smart on the one hand, and to reduce inconvenience to make our flight operation security more passenger-friendly on the other hand. A preventive management system for security accident has been also established to be free from new terror threats.

Establishing a Smart Security System Underpinned by Next-Generation Core Technologies



Establishing Smart Security System

IIAC has been working hard on the establishment of a smart security system in the areas of security check, airport security and protection. In 2019, we adopted AI-based security check verification system for scanning carry-on baggage for the first time in the world. In addition, we are preparing to bring in cutting-edge CT scanning equipment with functions of reading 3D image and detecting automatic explosives. Artificial intelligence will be also applied to the areas of airport security and protection. Automatic alert system will also be installed so that we are automatically informed of abnormal situations identified by video analysis. Likewise, IIAC has taken advantage of next-generation core technologies.

Passenger-friendly Security Procedures

We are striving to make our aviation flight security passenger-friendly that can eliminate any passenger inconvenience generated during the security procedures and, at the same time, strengthen security. In December 2019, we signed a 'security system mutual recognition agreement.' As a result, passengers of aircrafts heading to the U.S., who used to be subject to high-level of security check, such as individual interview and additional screening in front of boarding gates, will be given immunity from additional screening from the second half of 2020.

IIAC has also made airlines and duty-free shops strengthen their announcements of the ban on carrying unpackaged liquids into transfer security check to reduce the unpackaging cases of transfer passengers. We have also reorganized the criteria for prohibited items while being clear about who should take responsibility for dangerous goods and materials between the corporation and airlines, thereby enhancing the safety in hazardous materials management.

Bolstering Response to New Terror Threats

More stringent security is required to safeguard our passengers against crimes such as terrorism. The emergence of the Fourth Industrial Revolution has brought about more new types of terrorist threats. In response, IIAC has established a preventive management system for security accidents. Taking advantage of big data, we worked with airport security experts on the identification of 109 areas of security-related risks in the areas of security check, airport security, response to terrorism and security equipment, and then analyzed probability of occurrence and severity. As a result, we produced 26 risk elements. We have put in place Behavior Detection Officer (BDO) using a profiling method in security check procedures to identify suspicious people to remove danger in advance.

Analysis of Security Threats (109 threats)

- 13 threats in security check** Security system paralysis, entry of passengers showing inconsistency between their passport and boarding pass, high number of cancellations or delays of flights
- 52 threats in airport security** Trespassers, use of illegal pass, violence/disturbance, illegal exportation of tax-free goods, airport facility destruction and other emergency situations
- 33 threats in response to terrorism** Discovery of bombs or biochemicals, vehicles rushing into the facilities, appearance of unauthorized drones, etc.
- 11 threats in security equipment** Security equipment system failure (X-ray, access control, etc), cyber hacking/malicious code attacks, unauthorized access, etc.

Proactively Establishing Response Manual by Each Security Threat

Key Figures

Systematic Disaster Management

Achieving **Triple Crown**

Achieving the highest grade in three disaster evaluations held by the government (Safe Korea Exercise, assessment over national infrastructure, assessment over public institution)

Anti-disaster Drill **856** times

Serious Accident and Disaster **Zero**

Operation of Safe Airport

Non-stop Airport Operation for **170,000** Hours

Zero Aviation Security Accident

Zero Air Traffic Control System Failure

Enhancing Flight Operations Stability





25% reduction in flight delays
21,943 flights '18
→ 16,492 flights '19

The time required for de/anti-icing is reduced by **10** minutes
74 minutes '18
→ 64 minutes '19

3 Distinguished Airport Service

Key Activities and Performances

Our Actions

| | | | |
|--|---|--|--|
|  Art and Culture Airport |  Convenient Immigration |  World's Best Commercial Service |  Convenient Access to Transportation |
|--|---|--|--|

Business & Social Context

An airport connects the world, providing the fastest means of transportation. As more and more passengers and logistics are expected to use the facility, it is all the more significant to raise convenience and satisfaction for people visiting an airport. To this end, Incheon International Airport spares no effort to provide innovative services underpinned by new technologies, emerged from the Fourth Industrial Revolution. Airports are also transitioning into cultural complexes to impress customers with art and culture and enable shopping, going beyond the simple places where carriers take off and land.

Approach & Future Directions

Our unique airport services cover all stages from departure toward the airport to arrival. We have adopted innovative technologies, such as 5G, IoT, and big data, to increase convenience while providing distinguished services by launching arrival duty-free shops. In addition, we strive to become an airport full of art and culture, carrying out a range of activities to develop Yeongjong Island into an island of art and culture.



Art and Culture Airport

IIAC has expanded our functions to serve as a platform of cultural complex where domestic and overseas passengers can enjoy full-fledged experiences with excitement and joy. In 2019, we hosted a total of 9,412 cultural shows, attended by 1.7 million audiences. It generated an economic value for promotion worth about KRW 25.7 billion. Besides, we held performances and exhibitions in partnership with rising artists and cultural events with disadvantaged people, social enterprises and intangible cultural assets while raising funds and launching donation campaigns. Likewise, IIAC has been taking the lead in creating social values such as citizen engagement, mutual growth and support for the disadvantaged.

Establishing Mid- and Long-term Strategy for Airport of Art and Culture

We have established a mid- and long-term strategy to leap into a super gap airport full of art and culture, which delivers new value to our customers and takes the lead in paradigm shift by adding an art and culture aspect to our airport brand. The direction in which we go forward is to work with the government and mecenat enterprises to create a platform where outstanding cultural contents, such as K-POP, K-Drama and K-Art, are presented, thereby impressing passengers with new value. Taking one step further, we will connect with the local community to boost urban regeneration as well as to nurture new artists. As part of plans, we will carry out an art and culture project, which aims to create a beautiful airport pathway by combining public art including graffiti by 2023 followed by attracting galleries and a landmark cultural complex in the vicinity by 2025 to lay the foundation for a cultural economic zone. Urban renewal project will also be conducted in partnership with the local government to build a coastal walk where culture is alive in harmony with nature. By doing so, we will transform Yeongjong Island into an island full of art and culture centering around the airport.

Roadmap for Airport of Art and Culture by 2022



Formulating a Mid- and Long-term Strategy for Art and Culture Airport

- Establishing art and culture BI
- Drawing up a mid- and long-term master plan
- Conducting short-term businesses such as building landmark sculptures around the airport

Developing Landmarks in Art and Culture Economic Zone

- Developing art and culture landmarks in the economic zone such as galleries and K-contents theme parks
- Creating a art and culture space for the local community

Creating Island of Culture and Nature

- Forming a coastal walk where art is alive in harmony with nature
- Carrying out an urban renewal project in cooperation with the local government

Vision



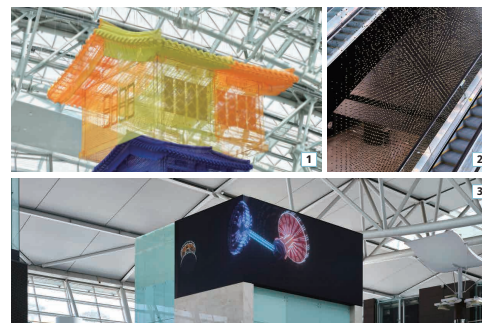
T1 On-site Performances in T1

Putting on relay performances on site in order to personally encourage and appreciate workers for their hard work in safeguarding the airport



T1 Culture Stage Performance

Giving opportunities to the socially disadvantaged including the handicapped, the marginalized, and less known artists to enjoy cultural performances



T1 HeartPort Project

- 1 Getting out of daily routine Title: House in House / Artist: Do-ho Seo
- 2 Breaking daily routine Title: An Aggregation / Artist: Seon-gi Park
- 3 Going beyond daily routine Title: Universe / Artist: Jae-sung Park



T2 Support Project for Young Artists (AYF, Artport Youth Festival)

Discovering and nurturing talented young artists by offering financial assistance and giving opportunities to perform, thereby setting the stage for their growth



T2 On-Tact Performance

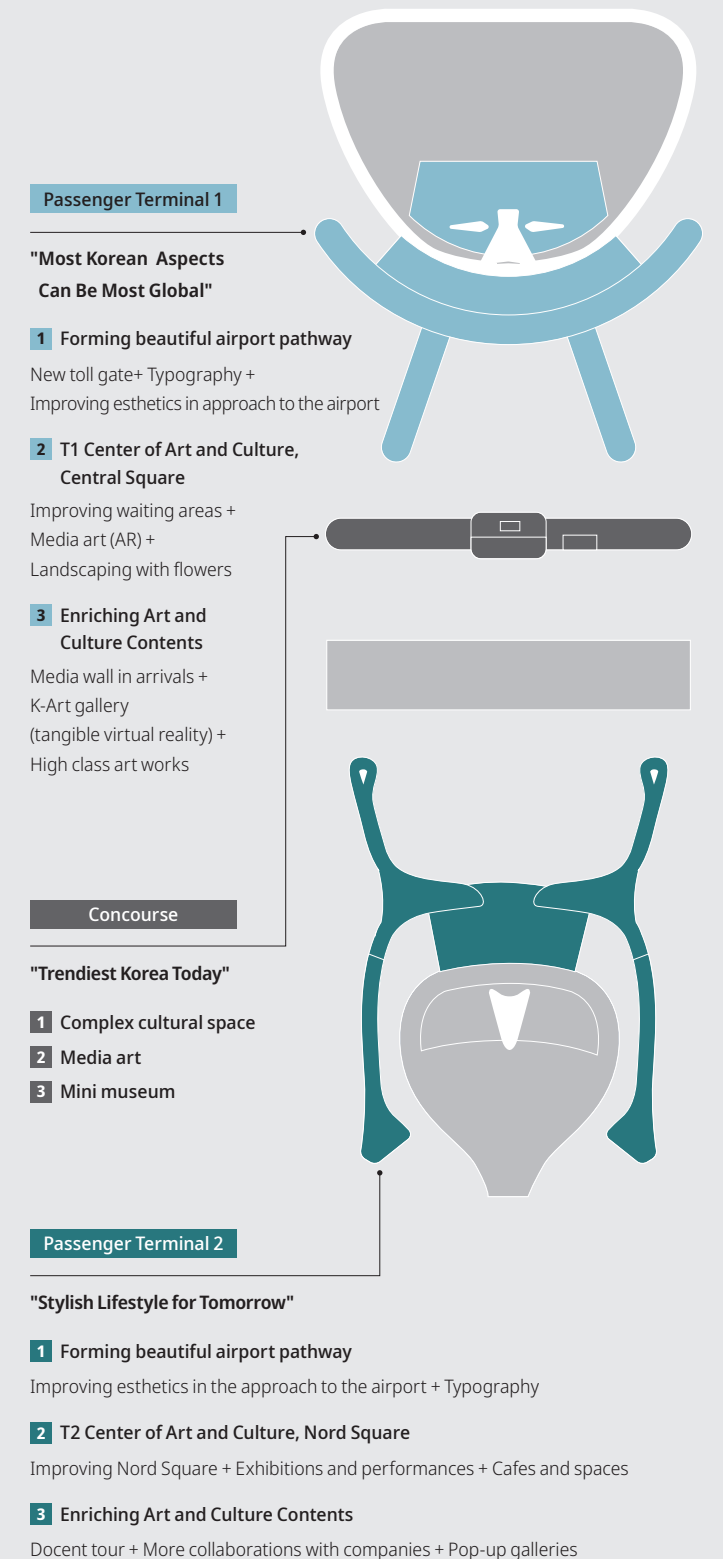
Putting on non-contact online performances to minimize contacts in the post-corona era



T2 HeartPort Project

Holding an exhibition in collaboration with National Intangible Cultural Property No. 91, Kim Chang-dae and modern space director Choi Jong-ha

Concepts and Programs by Terminal

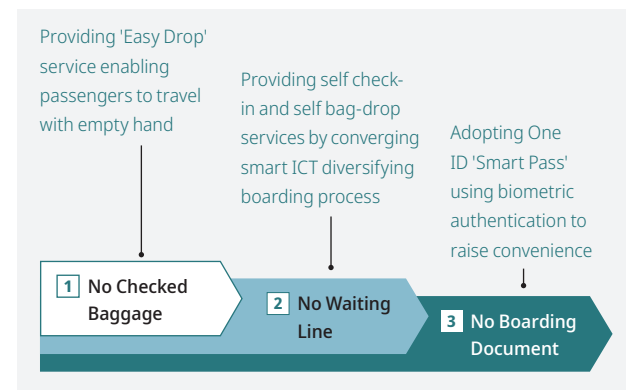


Convenient Immigration



IIAC strives to bring more convenience to our customers through the entire process from the moment of passengers heading to the airport to arrival to Korea. To this end, we are innovating our services of the entire travel by advancing immigration process while doing our best to become a barrier-free and ultimately an inclusive airport where anyone has no difficulty in using the facility.

Quick and Convenient 3 NO Check-in



1 'Easy Drop' Service for Empty-Handed Travel

We have conducted the pilot operation of 'Easy Drop' service, which is an upgraded version of conventional baggage delivery service developed jointly by the Ministry of Land, Infrastructure and Transport since March 2019. Currently, if passengers check in their baggage with boarding pass after security check in hotel check-in counter in the city center, they can pick up the baggage at the airport without additional process. We added more baggage checking points to large-scale hotels, regions outside metropolitan area, and some houses to reduce departure processing time so that passengers coming from outside the metropolitan area and the transportation vulnerable can conveniently enjoy our service.

2 Smart Boarding Process

We have fused ICT into our boarding process to realize no waiting line. Passengers can currently enjoy 'self check-in' and 'self bag-drop' services using kiosk, and we have introduced a full-fledged service for 'self-tagging', and expanded both manned and unmanned adjustable bag-drop infrastructure that can flexibly respond real time according to congestion status. In addition, we have installed more automated immigration desks and expanded the scope of eligible users for automated immigration to short-term visiting foreigners aged 17 or older.

3 Biometric Authentication One-ID, 'Smart Pass'

With an aim of reducing the hassle of having to repeatedly present passports and boarding passes during check-in process, we are preparing to introduce One-ID system called 'Smart Pass.' Smart Pass is a system integrating passports, boarding passes, and biometric information such as fingerprints, faces, and veins to handle at once all procedures for check-in. It is expected to maximize the efficiency of airport operation as well as passenger convenience by considerably reducing processing time. We have already prepared legal grounds including the revision of Immigration Act and the Aviation Security Act by formulating a consultative body with the corporation, the government (Ministry of Justice, National Police Agency, etc.) and airlines. Furthermore, we are considering the introduction of block chain technology so as to spread our Smart Pass system in and outside Korea.

Zero Congestion Immigration Service

By regularly checking the number of passengers, we utilize an immigration desk for the transportation vulnerable for general immigration in case congestion in a passenger terminal is estimated or during peak hours at the airport in order to reduce waiting lines. In the early morning, we operate additional immigration desks and use large-scale departures hall with more security checks as night-time departure area, making flexible use of flexible departure areas.

In 2019, we expanded the scope of eligibility for automated immigration to short-term visiting foreigners aged 17 or older, thereby greatly reducing the congestion level at immigration desks and achieving non-stop service operation. In arrival hall, we built a passage exclusively for tax self-reporting in order to prevent a long waiting line mixed with general travelers at customs.



Double-loading Detection System for Baggage

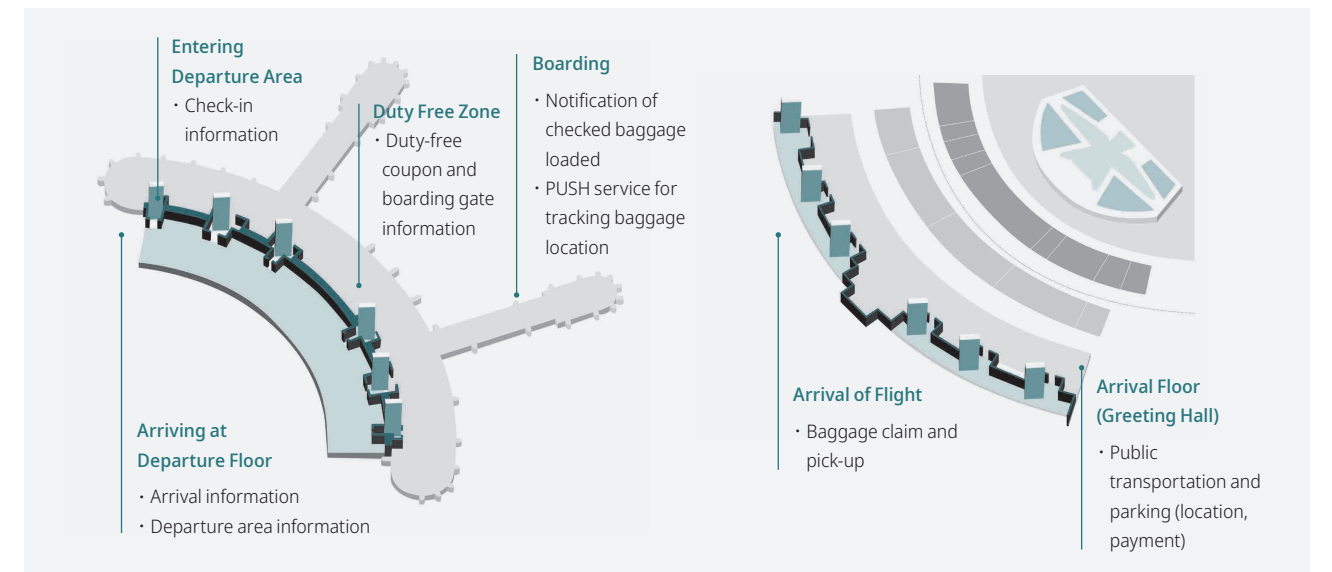
With an objective of higher speed and accuracy in departure baggage handling, we have concentrated on resolving misclassification due to dual-loading, which accounts for 39% of the cause of late baggage. As a result, in 2018, we succeeded in developing dual-loading detection algorithm and prototype based on our own technology taking advantage of depth camera and AI machine learning. Subsequently, in 2019, we developed the world's first 'double loading detection system for baggage' which automatically detects double-loaded baggage and moves it to manual handling area to completely eliminate the root cause of double-loading issue, and finished patent registration. In late 2019, the double loading detection system for baggage was applied to all 8 courses in Passenger Terminal 1, leading to a 30% reduction of late baggage cases.

ICT Location-based Passenger Information Service

IIAC launched an 'Incheon Airport Guide App' service with a fortified IoT function in May 2019 to provide location-based tailored notification service informing of necessary information customized to the route of passengers.

Our pilot kiosk service called 'Smart Signage' equipped with Speech To Text (STT) voice recognition function based on deep learning is to help the transportation vulnerable including the visually impaired as well as the elderly who are unfamiliar with IT devices. The 'Smart Signage' was first installed in six departure areas in Passenger Terminal 1 where a large number of people come and go, and it is scheduled to be installed in all kiosks by 2021.

Major Information by Location through Location-based Mobile Notification Service



World's Best Commercial Service

Making your hands full and your steps light, we strive to bring you excitement during your journey with our world's best commercial service. We began the operation of arrival duty-free shops in 2019 and improved a process after the pick-up of duty-free items, increasing convenience and safety of passengers.

Adoption and Promotion of Arrival Duty-free Shops

IIAC opened arrival duty-free shops on May 31, 2019. We selected small- and mid-sized businesses as the operators of arrival duty-free shops, and make sure that domestic SME products account for more than 20% of the store area. The optimal location was chosen in consideration of passengers' routes, customs, and immigration based on sedulous review and research conducted by specialized institutions such as Airport Industry Technology Research Institute. We also conducted a survey to arrival duty-free shop users after the opening and come up with ways to vitalize the operation of it in various perspectives including customer sentiment and related regulations.

The business model of arrival duty-free shops is the best presentation of a virtuous cycle in utilizing our proceeds to generate public interests, such as such as raising funds for fostering aviation talents and supporting socio-economic enterprises.

Advanced Pick-up Process of Duty-free Items

We have improved the environment and process for picking up duty-free items, thereby decreasing congestion at the pick-up area and raising passenger convenience. As the purchase of duty-free goods has increased, we have doubled the size of pick-up area. As the handling of checked baggage at the boarding gate could cause inconvenience to passengers waiting at the boarding gate, the process has been improved so that X-ray search, tagging, and charging can be handled all at the same area exclusive for repackaging.



Convenient Access to Transportation



IIAC has provided convenient transportation service that can be enjoyed by all passengers without time and language barrier. Considering the lack of accessibility to public transportation in midnight, we added more night-time public transportations, and also developed an application called 'Intercity Bus' to help foreign visitors reserve and pay for buses. On top of that, through 24-hour non-disruptive enforcement activities, we aim to prevent vehicle damage or unfair charge, which could occur from private parking agencies and diversified means of paying parking fee by adding unmanned payment system, thereby ultimately bringing convenience to vehicle users. Furthermore, we are much closer to the realization of a Smart Barrier-free Airport by introducing guiding cart robots for the transportation vulnerable and self-driving Personal Mobility (PM) and installing 23 baggage claims exclusively for the transportation vulnerable. Besides, we have simplified documentation required for exemption from parking fees for families with three children or more and expanded the scope of eligibility of the benefit, which led to the exemption of KRW 1.5 billion in annual parking fees. Through these efforts, we have enhanced public benefits in transportation service.

Key Figures

Convenient Immigration

Time required for check-in reduced by

2'20"

Time required for departure reduced by

2'57"

Waiting lines for arrival shortened by

12 meters

Enhanced Passenger Convenience

Achieving **Lv.3** in ACI customer experience accreditation for the first time among airports in the world (March 2020)

Achieving the **highest score** in IIAC ASQ Comprehensive satisfaction

Reduction in parking-related VOC by **38%**

Operation of Arrival Duty-free Shops

Creating added value worth

KRW **107.9** billion

Duty-free operators with **100%** SMEs

SME's products accounting for more than

20% of the Duty-free area

Key Activities and Performances

Airport Going Ahead

Our Actions



Airport
Infrastructure
Expansion



Reinforcing
Hub
Competitiveness



Diversifying
Overseas
Business



Creating
Airport
Economic Zone

Business & Social Context

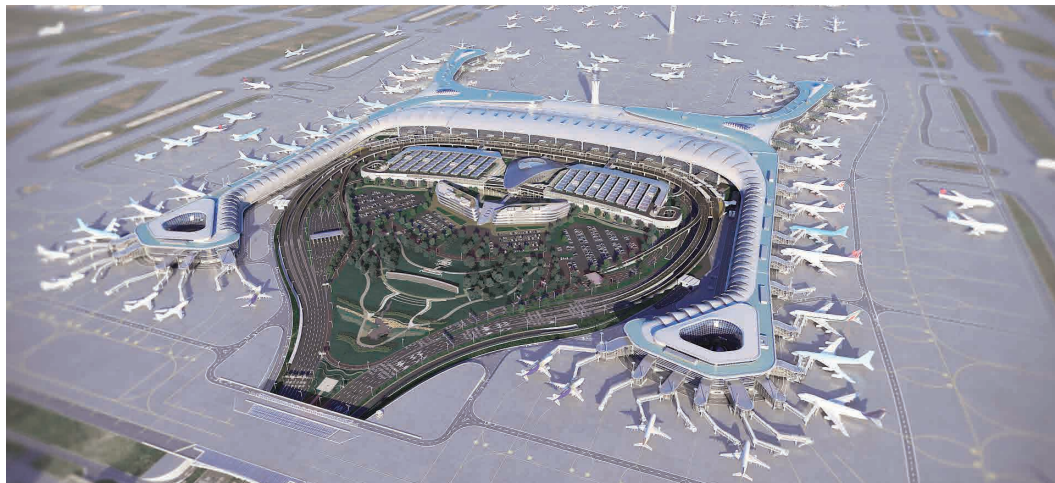
COVID-19 puts airports across the world in trouble, causing decreases in the number of passengers and sales in 2020, but major analysis organizations expect constantly rising aviation demand from the long-term view. Demand especially in the Asia-Pacific region is projected to grow more than other regions, which means the outlook of airports in the region is also optimistic in regard of the future growth. IIAC, as an international airport representing Northeast Asia, has maintained a 7% annual growth rate of aviation demand on average since our inception. We are well cognizant of the gravity of designing a clear direction in which we go forward for further growth in response to the changes.

Approach & Future Directions

IIAC is growing into the third generation airport underpinned by many projects we are working on. These involves the creation of Airport Economic Zone revolving around Incheon International Airport, which will allow us to generate demand on our own, through the reinforcement of R&D capabilities in order for raising the number of passengers and the volume of cargo handled. Phase-4 Construction Project is one of our major focuses of expanding infrastructure to accommodate increasing passengers and freight. In addition, efforts for securing new growth engine are also made through expanding overseas business particularly in developing countries.



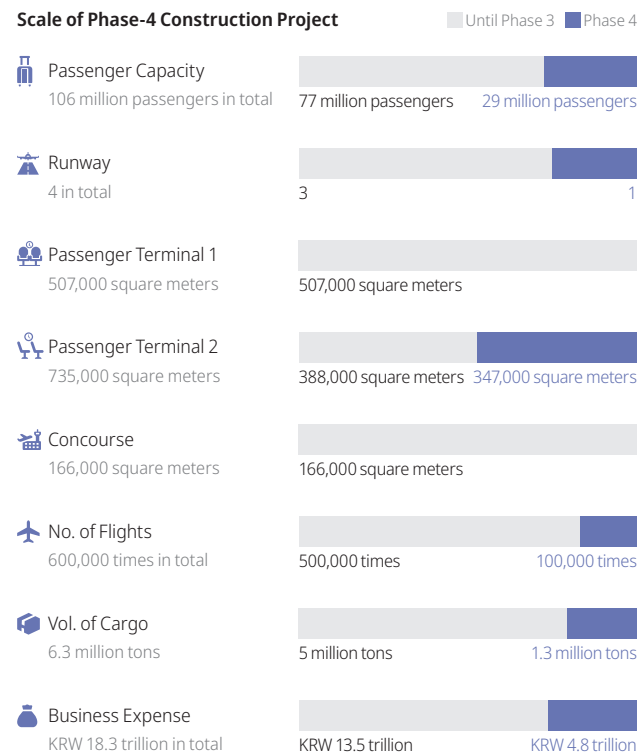
Airport Infrastructure Expansion



Global aviation demand is expected to grow more than double over the next 15 years, and especially demand in the Asia-Pacific region is projected to drive the growth of the global aviation market, growing nearly three-fold by 2037. Accordingly, IIAC has expanded our infrastructure to prepare for a forthcoming rise in aviation demand as well as to dominate over other competitors in this market.

Phase-4 Construction Project

Since 1992, IIAC has worked on four phases of construction project aiming for infrastructure expansion. Phase 1 and 2 projects from 1992 to 2008 were to construct Passenger Terminal 1, concourse and runways accommodating 54 million passengers, followed by Phase 3 project, between 2009 and 2017, building Passenger Terminal 2 and an apron, which allowed the airport to accommodate a total of 77 million passengers. We have worked on Phase-4 Construction Project featuring the expansion of Passenger Terminal 2 and the establishment of runway 4 since 2017. Through the project, we will grow into an airport accommodating more than 100 million passengers by 2024. The project is also projected to create economic ripple effects, including KRW 9.3 trillion in effect on production inducement, KRW 3.3 trillion in added value as well as 60,000 in job creation.



Reinforcing Hub Competitiveness

IIAC has contemplated the ways to develop ourselves as the number one hub airport in Northeast Asia while growing into super gap airport, playing as a leading role in the airport industry in the future. We are concentrating our capabilities on increasing the number of passengers and the volume of cargo for the creation of a global hub airport through the reinforcement of hub competitiveness.

Development Underpinned by Passenger Growth

Aviation Network Expansion

IIAC has constantly launched new routes as part of efforts to make our aviation network more competitive. In 2019, we adopted a new flight incubator system assisting airlines operating temporary flights in initial marketing to switch them into regular ones. Under the system, we selected five routes operated by three airlines last August, and they are currently preparing to launch new flights.

Compared to major airports in Northeast Asia, Incheon International Airport has relatively more international flights, but the problem is that the flights are skewed towards short routes. To remedy the problem, we have implemented marketing tailored to each airline. To this end, we work together with a target airline to select routes, have discussions at executive level, hold road shows, and participate in meetings concerning routes and slots. In addition, we have adopted an incentive system and held local briefings to launch new routes. As a result, we could expand mid- and long-distance routes by adding scheduled flights in 38 routes in 17 airlines in 2019, through which we expect the creation of economic effect worth KRW 1.2 trillion.

Boosting Aviation Demand through Target Marketing

Our marketing activities tailored to each situation have contributed to rising demand. In 2019, the deterioration of the relationship with Japan, triggered by Japan's economic retaliation, led to 'No Japan' movement which, in turn, resulted in a sharp decrease in travels for Japan. In response, IIAC has focused on increasing demand for short-distance alternative markets to reduce the dependence on Japanese routes, thereby minimizing the risk of declining demand. Considerable efforts for increasing demand in Northeast Asia have been made including slot support and airport facility charge freeze to actively induce alternative routes to be launched. As a result, we could successfully increase the demand in alternative markets including China, Mongolia, and Southeast Asia by more than 420,000 monthly, and it offset the declined demand in Japan by 310,000 a month.



Development Fueled by Freight Growth

Laying the Foundation for E-commerce Freight Logistics

The advancement of information technology combined with the diverse patterns of consumption is facilitating the development of e-commerce in domestic as well as the Asia-Pacific region whereas the proportion of existing aviation freight, such as electronic and electric products, is decreasing. Against this backdrop, IIAC has established an exclusive terminal for global top express delivery service companies and attracted global delivery centers in response to soaring freight demand derived from e-commerce.

The expansion of DHL cargo terminal, slated for completion in 2022, has enabled us to outperform DHL's hub facilities of our competitors in terms of scale, as well as to cut back the processing time of import and export freight, which leads to an increase in express delivery by 200%, thereby laying the foundation to become a global logistics hub. In addition, we supported Atlas Air, our No.1 foreign freight carrier in terms of the volume of cargo handled, in developing its Atlas Air Cargo Terminal (AACT), helping it alter security fence and move impediments. We also figured out the needs of an express delivery service company in the development stage to build a cargo terminal for Fedex. Another focus is to attract Global Delivery Centers (GDC). In order to realize it, we have established a strategic plan for an incentive scheme and a strategy for company attraction. We have established an incentive scheme and a strategy for attracting GDCs and improving related systems in order to consolidate the foundation for expanded e-commerce.

* GDC: A Global Distribution Center that receives and stores products of global companies, and delivers items according to personal orders after classifying and repackaging products by item.



Reinforcing Cold Chain Cargo

Quality transportation service is integral to fresh cargo delivery, such as foods or medical products, to customers. Hence, IIAC has developed Cool Cargo Center, a processing facility exclusively for fresh cargo, which enables us to curtail the transshipment time of fresh cargo as well as to minimize the exposure time of it. In addition, we acquired an international certification, IATA CEIV Pharma from the International Air Transport Association (IATA) verifying expertise as a medical cargo shipping company, thereby more stabilizing the air transportation of medical products.

Reinforcing Cold Chain Cargo

Establishing a state-of-the-art infrastructure and system
Improving safe transportation reliability

Preoccupying position as a fresh cargo hub airport and increasing aviation logistics revenues

- Breaking ground for Cool Cargo Center exclusively for foods and medical products
- Acquiring IATA CEIV pharma
- Launching joint marketing campaigns for exporting global medical products
- Rise in 2,291 tons of fresh cargo compared to the previous year
- Achieving KRW 9.5 trillion in imports and exports of medical products

Diversifying Overseas Business

IIAC has expanded our overseas business for future growth. We are seeing rising demand especially in developing countries, yet at the same time, competitions among global airport operators are intensifying. Against this backdrop, we are focusing on securing competitiveness capitalizing on our experience of airport operation and our technology.

Strategy for Overseas Business Expansion

We have set forth a strategy for overseas business as part of efforts to leap into one of the global top 5 corporations specializing in airport operation. We set a goal by 2030 of achieving 250 million passengers, an overseas sales ratio at 7% of the total, and 7 airports we engaged in their operation. Furthermore, we are trying to win contracts of PPP* project for Polish new international airport, 2 airport PPP projects in Montenegro, new Long Thanh international airport PPP project in Vietnam, Batam Hang Nadim International Airport PPP Project in Indonesia and consignment operation of Kuwait Airport T2.

In addition, we are working on founding a joint venture specializing in overseas business in partnership with private companies in preparation for growing overseas business down the road. We expect the combination of our high profile, extensive know-how of airport operation and private company's capital to create synergy when winning the contract of overseas business.

* PPP (Public-Private Partnership): Joint venture based on public-private partnership

Status of Overseas Business

Overseas countries pay great attention to IIAC for our outstanding operation of airport. Starting with the management support project for Iraq Erbil Airport in 2009, we have expanded our overseas business to 29 projects in 14 countries, earning USD 221.56 million. We also transferred our know-how to help Istanbul Airport, the world's largest scale airport, open and be stabilized. In 2018, we won the contract with consignment operation of Kuwait Airport T2 and have operated the terminal as well as its commercial facilities in a stabilized manner. Besides, as a result of working on a range of businesses abroad, we posted record-high sales of KRW 26 billion in overseas business.



Status of Key Businesses by Region

| | | |
|---------------------------|----------|--|
| Europe | 4 cases | Operation consulting for Turkey Istanbul Airport, share investment in Russia Khabarovsk Airport, etc. |
| Middle East | 4 cases | Consignment operation for Kuwait Airport T4, operation consulting for Iraq Erbil Airport, etc. |
| Asia | 18 cases | PMC technique support for Indonesia Jakarta Airport, CM support for Philippines Palawan Airport, feasibility study for Uzbekistan Tashkent Airport, etc. |
| Central and South America | 3 cases | Establishment of a master plan for Paraguay national aviation development, etc. |

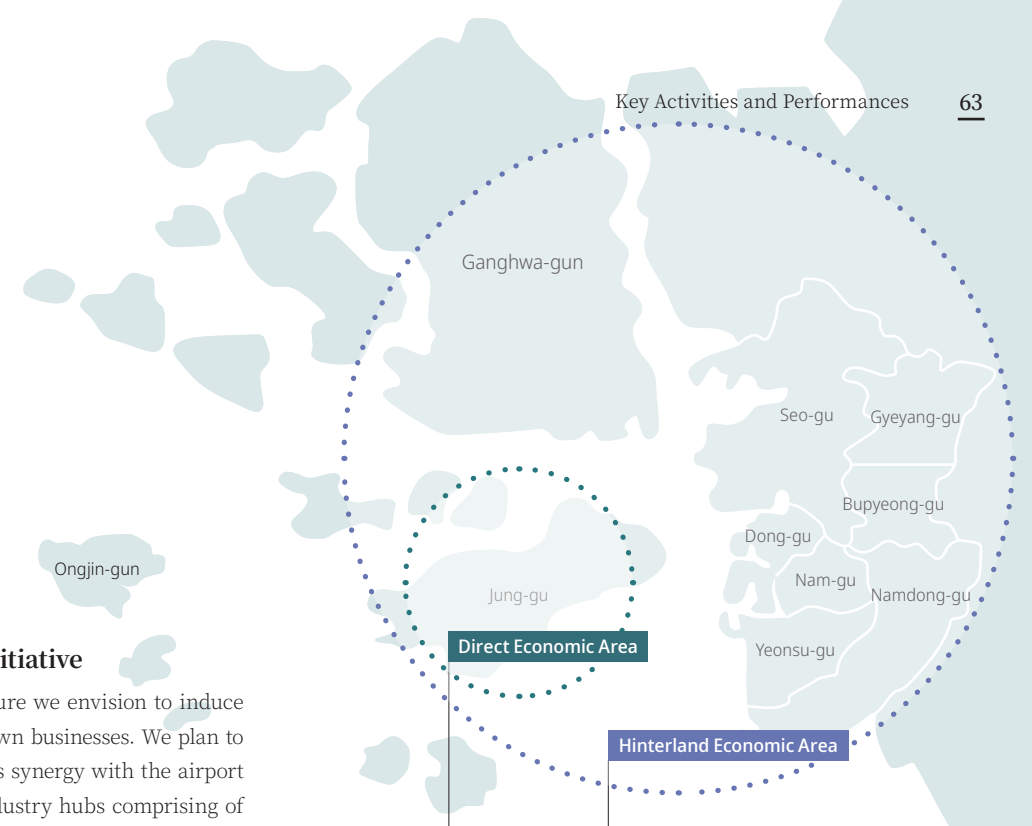
Creating Airport Economic Zone

Airports around the world are facing a paradigm shift in the airport industry. Through Airport Economic Zone, IIAC is preparing for leaping into the third-generation airport by nurturing newly growing industries that will usher in the future.



Paradigm Shift in Airport Industry, Third-generation Airport

The characteristic of the third-generation is that various industries cluster around an airport and create a giant economic zone around an airport. For instance, Amsterdam Airport Schiphol in Netherlands formed an airport economic zone by establishing a development company invested by state government, local government, and others while Memphis International Airport in the U.S. established an airport economic zone by inducing companies to move in to the zone after creating facilities such as cold chain center and cargo facilities in advance.



2030 Airport Economic Zone Initiative

2030 Airport Economic Zone is the future we envision to induce various economic players to run their own businesses. We plan to create self-sustaining demand as well as synergy with the airport network focusing on the four major industry hubs comprising of business/R&D, tourism/logistics, aviation support, and state-of-the-art industry. These activities will bring about significant ripple effects, thereby vitalizing the local community, growing the national economy and generating KRW 15.3 trillion worth of production.

Efforts to Make Airport Economic Zone Real

For the facilitation of the tourism industry and the creation of new passenger demand, we are making a large-scale tourism complex by developing a resort complex in the area adjacent to Incheon International Airport. With partnership with Paradise City operators, we attracted a number of events such as Blue Dragon Film Awards and Waterbomb Festival in 2019 to increase the number of foreign visitors and floating population in the region. On top of that, the whole area around the airport will establish itself as a representative tourist attraction in Korea as the construction of the Inspire Integrated Entertainment Resort is being undertaken. Besides, we are developing a public golf course to maximize a synergy effect with the resort complex and to appeal its tourism aspect, while attracting business hotels in the international business complex in front of Passenger Terminal 2 to enlarge the reach of accommodation service.



Making a foundation for hinterland industry including manufacturing industry and basic components regarding aviation export, training, and R&D industry

- Local tourism
- Parts materials industry
- Supply of products and manpower

Assuming a role of an anchor in overall Airport Economic Zone by attracting top-level businesses in each industry

- Cutting-edge assembling and processing
- International conference
- Resort complex
- GDC
- MRO

Consolidating R&D of Airport Industry

We are serving as a R&D incubator for domestic aviation industry while preparing for new growth engine through the development of new technology, the localization of core parts, pioneering market for SMEs, and technology certification. In the year of 2019, our R&D sales exceeded the record of previous year five times with high willingness to pursue R&D, and we particularly focused on the establishment of a R&D incubating system of the airport industry. As the business/R&D hub is included in our goal of creating four industrial hubs in Airport Economic Zone, we will focus more on R&D activities to secure a sustainable competitive advantage and become a leading corporation in the development of the airport industry.



Bolstering R&D Competitiveness and Driving Airport Industry

R&D Business Direction 1 Research on Management and Policy

- Supporting policy decisions by conducting research on diversification and advancement of duty-free shops and analyzing passenger behaviors and demand for aviation cargo.
- Securing credibility by cooperating with professional academic institutions as well as facilitating participation in conferences and sharing research findings.

Think-Tank
Stepping up as a think-tank of airport industry

6
Conducting 6 research projects based on demand

11
Working on 11 academic (thesis) papers

R&D Business Direction 2 Research on Technology of Airport Industry

- Developing new technologies related to airport operation
- Conducting R&D to localize core materials, parts, and equipment in the airport industry such as PC-AIR connecting hoses or Ground Probing Radar (GPR).
- Establishing an aviation demand forecasting platform using the 4th industrial technology and continuously developing a FOD automatic detection system.
- Facilitating the purchase of parts and system based on technologies from domestic companies.

Higher Competitiveness
Improving competitiveness of the airport industry through the localization of core components

22
Discovering 22 new R&D projects

System Procurement
Purchasing train brake system and high-speed unevenness monitoring system

R&D Business Direction 3 Commercialization of R&D Technologies

- Making an environment to share outstanding technologies through the operation of Tech Market, an open platform for sharing technologies with SMEs.
- Holding events such as Airport New Technology Exhibition and Sky Expo to make inroads into new market.

30
Promoting 30 technologies through Tech Market

48
Supporting 48 SMEs to enter new markets



Key Figures

Performance of Air Transport

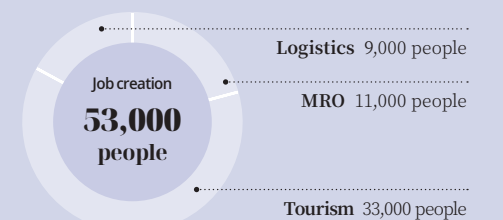
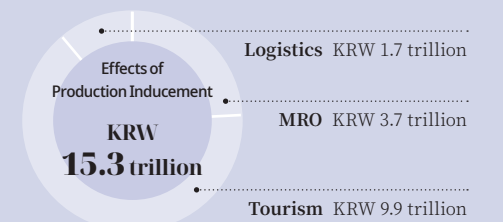
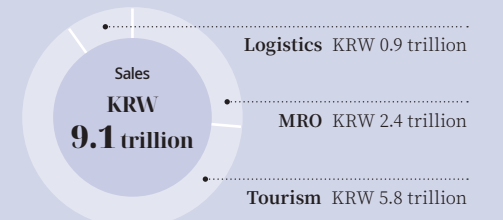
70.58 million Passengers
5th in the world

2.76 million tons of freight
3rd in the world

Progress Rate of 4-phase Construction

6.36 %
Scheduled for completion in 2024

Expected Effects Generated by Airport Economic Zone (as of 2030)



Sales Related to R&D in Airport Industry

KRW **1.53** billion

Appendix

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Ethical Management

We are seeing a growing awareness of ethics and integrity while the government is becoming more stringent about policies related to anti-corruption and integrity. People expect public institutions as well as companies to act with more fairness and transparency than ever. Against this backdrop, ethics management plays an essential role in sustainability management. In 2019, our comprehensive integrity level from integrity assessment conducted by the Anti-Corruption & Civil Rights Commission was grade 3, and there has been zero deduction due to corruption cases for six consecutive years.

Results of Integrity Assessment Conducted by the Anti-Corruption & Civil Rights Commission

| Category | Key Contents |
|-------------------------------------|---------------------------------------|
| Comprehensive Integrity Level | Grade 3 (8.44 points) |
| Corrupt Practice With Points Deduct | Score 'Zero' in six consecutive years |

Establishment of Ethical Management System

Under the vision of our Ethical management, 'a State-Owned Enterprise of High Integrity that leads a Transparent Society,' IIAC has set and implemented detailed objectives and strategic directions with the ethical management committee put in place as a top decision-making body. We declared an 'Incheon Airport Transparent Management Charter' and have disclosed our management information to stakeholders in a transparent manner. Based on this, we ensure the right to know of the people and firmly establish transparency in process and fairness in opportunity in all stages from hiring to contract. In addition, we have operated a variety of reporting channels, such as an anonymous reporting system (red whistle), a budget waste reporting center and an anti-corruption reporting center. And we make sure the anonymity of reporters of each channel in order to prevent both internal and external illegalities in advance as well as to boost the number of reports. Besides, we presented more stringent ethical management standards by revising our code of business ethics, employment regulations and auditing regulations.

Ethical Management Strategy

| Vision | | |
|---|---|---|
| Public Institution with High Integrity that Leads a Transparent Society | | |
| Core Values | | |
| Fair and Transparent System | Ethical Leadership | Culture of Practice |
| Mid- and Long-term Promotion Strategies | | |
| 2017-2019 | 2019-2020 | 2021-2022 |
| Spreading IIAC's anti-corruption system to reach a consensus on integrity | Establishing a new ethics management system in preparation for a shift in organization paradigm | Raising awareness of corporate ethics through the settlement of the culture of communication built on trust |

Establishment of Strengthened Ethical Management Standards by Revising Corporate Rules

| Category | Key Contents |
|---|---|
| Code of Ethics | <ul style="list-style-type: none"> Defining misconduct using higher position and its authority, and designing a prohibitive clause Stipulating the right to reject illegal demand made by supervisory offices and consultation procedure Detailing the training contents regarding code of conduct for employees Imposing a ban on easing disciplinary level in case of taking bribes and toughening criteria for disciplinary action for illegitimate solicitation |
| Audit Regulations | <ul style="list-style-type: none"> Imposing a ban on the appointment of wrongdoers, such as those taking bribes, as auditors, and adding an additional punishment provision |
| Employment Regulations | <ul style="list-style-type: none"> Establishing a prohibitive clause on workplace bullying Making preventive discipline on the bullying mandatory to be conducted at least once a year Adding a provision stating that measures will be taken in the event of workplace bullying |
| HR Regulations & Rules for Operation | <ul style="list-style-type: none"> Detailing criteria for selecting external members in recruitment process, such as excluding retirees or stakeholders Designing a clause stating that wrongdoers, including those who are involved in sexual crimes or drunk driving, will have a disadvantage in their promotion |
| Regulations on Management of Investment Companies | <ul style="list-style-type: none"> Holding investment companies' executives more accountable for safety-related accidents due to negligence of their duty Stating investment companies' duty to disclose transparently and raise public interest |

Spreading Ethics Management Culture

Learning and Experience-centered Activities

IIAC issues a monthly ethics newsletter informing of issues and trends in Ethical management to our employees while hosting 'Transparency and Ethics Golden Bell' and an event for Ethics Day. Especially, during the periods when corruption is more likely to occur than any other time, such as national holidays, we launch promotional activities to safeguard against corruption so that our entire workforce is cognizant of the gravity of ethics and integrity. Our efforts are also made for our supply chain to further spread the culture of Ethical management. As part of the efforts, we held a quiz event for 900 airport workers while sharing pots and handkerchiefs with integrity-related messages written on them.

Customized Ethics Training

Our ethics education has expanded to include not only our employees but also our supply chain. For the entire workforce, we conducted ethics training corporate-wide and education on code of conduct for our employees twice respectively, while holding separate workshops for employees in charge of ethics management and assisting two responsible staff in completing the course to become internal lecturers. By expanding the scope of subject to ethics education to suppliers, in-person training for ethics was performed while anti-corruption and integrity education was offered to representatives of suppliers in corruption-prone areas such as building, supervision and design.

First Category 1 Public Enterprise to Establish Audit-exclusive Organization for Subsidiaries and to Operate Corrupt-hiring Reporting Center for Suppliers

The fulfillment of corporate social responsibility comes with the expanded scope of our management and responsibility to cover our supply chain. In 2019, IIAC widened the scope of our ethics management even further to the supply chain and took actions to root out recruitment corruption.

IIAC became the first case in category 1 public company to establish an audit-exclusive organization for subsidiaries to investigate illegitimate employment, conduct audits and inspect whether illegal switch to permanent position was made or not. We also started the operation of a corrupt-hiring reporting center for suppliers for the first time among public corporations. By doing so, IIAC has been doing our best to eradicate any form of illegitimate recruitment from our society.

Human Rights Management

International organizations, such as UN and OECD, require corporations to expand their scope of responsibility even further to supply chain when it comes to compliance with respect for human rights. In addition to the prevention of human rights abuse, the formulation of norms and systems to quickly redress is highly recommended in the event of the abuse. In Korea, growing interests in human rights came with the establishment of National Human Rights Action Plan in 2018, and now the enactment of many laws associated with human rights are in progress.

Establishment of Human Rights Management System

IIAC declared the human rights charter to ensure the dignity and value of stakeholders in our management while regularly making plans for human rights management covering goals and tasks to be implemented. Human rights management committee, the top decision-making body of human rights management, makes decisions across the whole implementation of policies regarding human rights issues. As part of efforts to make our human rights management more extensive, we invite external experts from various fields, including human rights experts and industry experts, to the committee.

Human Rights Management Strategy

| Vision | | | |
|--|---|--------------------------------------|-------------------------------------|
| Incheon Airport, Adding Value to Human Rights Management | | | |
| Four Key Strategies | | | |
| Forward-looking Human Rights Awareness | Trustworthy Human Rights Management | Seamless Human Rights Protection | Human Rights Dissemination Together |
| Major Activities | | | |
| Human rights management education | Enhancement of human rights management system | Human rights impact assessment | Dissemination of human rights |
| Creation of human rights culture | Fortification of human rights organization | | |
| Sharing of human rights information | Analysis/certification system related to Human rights | Implementation of follow-up measures | Spread of human rights culture |

Spreading a Culture of Human Rights

As part of efforts to prevent potential human rights abuse risks as well as to enhance our employees' capability for human rights, IIAC provides human rights education associated with areas of high risk. In 2019, we offered training courses which is for nurturing human rights experts to promote IIAC's competency in human rights. Besides, we identified human rights risks by stakeholder to provide human rights protection activities tailored to each group of them.

Key Activities for Human Rights Protection in 2019 by stakeholder

| Stakeholders | Customized Human Rights Protection Activities | |
|------------------|---|--|
| Employees | <ul style="list-style-type: none"> Institutionalization of workplace bullying prevention (establishment of a reporting system and a relief procedure) Institutional expansion of workers' right to participate in labor issues by forming a joint committee of labor and management | |
| Supply Chain | Subsidiaries | Formulation of plans for nurturing specialized subsidiaries due to conversion to IIAC's regular positions |
| | Suppliers | Prevention of delayed payment of wage by activating the use of sub-contractor protection system |
| Industry Workers | Ground Handling Workers, Emotional Laborers, Workers in Enclosed Workspaces | Installation of resting spaces in 70 areas, such as loading bridges and aprons |
| | | Sprinkling water twice a day on runways to lower the surface temperature during a heat wave |
| | Workers in Enclosed Workspaces | Establishment of anti-icing control facility so that workers in charge of anti-icing can do indoor work during a cold wave |
| | | Formulation of manuals for protecting emotional labor workers |
| Consumers | The Transportation Vulnerable | Aiding the transportation vulnerable in carrying their luggage through the development of cart robots |
| | | Selling barrier-free travel products developed through the participation of the transportation vulnerable |
| | Foreigners | Adding more languages in kiosks and making it possible to recommend menu options tailored to different diets such as halal or vegan |
| Residents | Local Residents | Formation and operation of a noise response committee and a consultative body for resident support in order to promptly respond to complaints by local residents |
| | | Holding flea markets or concerts and opening sports facilities under IIAC for making more local residents enjoy culture |
| | The Socially Vulnerable | Operation of a rehabilitation program in coalition with expert organizations for homeless people within the airport |

Human Rights Assessment

IIAC constantly identifies and ameliorates elements of potential human rights violation by conducting human rights impact assessment. These include human rights impact assessment for our management and for key businesses to which specific businesses are subject. In 2019, we identified that raising awareness of human rights, managing the supply chain more responsibly and reinforcing protection of safety rights are the areas for improvement. Accordingly, we set directions and detailed strategies to be followed, and now we are executing them.

Results of Human Rights Assessment

| Category | Project Type | Time of Implementation | Contents |
|---|-----------------------------|------------------------|---|
| Human rights impact assessment on corporate operation | Overall corporate operation | Dec. 2018 | Method 10 indicators, 33 categories, 135 items |
| | | | Result Achieving 93.3% of positive results |
| Human rights impact assessment on major businesses | Construction business | Dec. 2019 | Method 6 categories, 37 items |
| | Airport operation service | May 2020 | Method 8 categories, 32 items |
| | | | Result Achieving 96.9% of positive results |

Relief Procedures for Handling and Settling Human Rights Violation

We have established a relief procedure for handling and settling human rights violation so that the victims of human rights abuse can freely submit their complaints with their anonymity guaranteed.

Detailed Process of Human Rights Violation Relief

| | |
|---|---|
| 1 Incident occurred | Human rights abuse and discrimination occurred |
| 2 Accepting report | Submitting complaints to a Helpline, an employee grievance counseling center and committee and a high-handed business practice reporting center |
| 3 Submitting to the human rights infringement relief committee | Comprising of 4 internal and 7 external members with expertise in various fields, including human rights and industry safety in the committee |
| 4 Taking follow-up measures | Ordering corrective action following statement hearing and onsite investigation Taking follow-up measures for the prevention of reoccurrence |

Green Management

We have been faced with growing interests of stakeholders in green management following 'Kyoto Protocol', took effect in 2005, aiming for the mitigation of greenhouse gas emissions. Accordingly, organizations and corporations have carried out a variety of activities to minimize impact, made through our business conduct, on the environment.

Implementation of Strategic Green Management

Under our green management vision of 'global-leading low-carbon, eco-friendly airport', IIAC is transforming into not an energy-consuming but an energy-independent airport. Under this vision, we have four promotion strategies; the advancement of our green management, the improvement of energy efficiency, the expansion of low carbon operation and the reinforcement of environmental resources management, which are supported by our green management activities. We also operate two committees; the 'committee for the promotion of GHG reduction and energy saving' aiming for systematic response to GHG emission trading, and the 'energy management working-level committee' responsible for efficient operation of energy management.

Green Management Strategy

| Vision | | | |
|--|--|---|--|
| Global-leading Low-carbon Green Airport | | | |
| Four Promotion Strategies | | | |
| Advancement of Green Management | Improvement of Energy Efficiency | Expansion of Low Carbon Operation | Reinforcement of Environmental Resources Management |
| Twelve Strategic Tasks | | | |
| Consolidation of Green Management System | Reinforcement of Energy Consumption Efficiency | Expansion of Eco-Friendly Transportation System | Monitor of Resources Circulation and the Environment |
| Comprehensive Energy Management System | Construction of Green Airport | Mitigation of Greenhouse Gases Emitted by Aircrafts | Creation of Eco-friendly Spaces |
| Expansion of Education and Promotion | Adoption of More New Renewable Energy | Operation of Carbon-offsetting Program | Minimization of Environmental Impact |

Advancement of Environment Monitoring System

IIAC monitors the quality of air, water, indoor air as well as aircraft noise level all the time through our environment monitoring system. We have monitoring stations in place nearby the airport, including 20 noise level measurement stations, three atmosphere monitoring stations, a fine dust monitoring station at construction site, two water quality monitoring stations and three indoor air quality monitoring stations so that we have a full understanding of the level of impact, caused by our airport operation, on the environment. The Environment Monitoring Office, which is within the Airport Integrated Communication Center (AICC), analyzes data earned in real time through these monitoring stations and our monitoring system.

Environmental Impact Management Activities

Atmospheric Environment Management

IIAC has conducted a wide range of activities for the amelioration of air quality in the airport region and the mitigation of highly concentrated fine dust in order for the protection of the health of the public as well as the compliance with relevant environmental laws of the government. In detail, we have taken fine dust reduction measures for decrepit diesel vehicles while coming up with solutions to vehicles exceeding the standard level of exhaust fumes in airport movement areas. Besides, we put alternate no-driving day in place during the high concentration period between December and March when fine dust concentration goes higher. The operation of AC-GPS resulted in 436 tons of reduction of nitrogen oxide.

Waste Management

All waste, generated by us, is being processed through resource recovery facility, water reclamation and reusing facility and waste resource classification treatment facility, through which we strive to promote recycling rate of waste. When we hire external organizations to dispose of waste, we put the conversion of waste into recycling above in line with our eco-friendly policies. Through these endeavors, the rate of waste recycling went up to 69% by 9 % point from the previous year.

Noise Management

With the purpose of minimizing noise level generated by aircrafts, IIAC operates a total of 20 noise monitoring stations and noise monitoring vehicles for noise measurement. We share collected data with airlines and the airplane noise reduction council, and constantly find out the way to reduce noise. As part of our efforts for this, we have suspended the operation of aircrafts with high noise levels or replaced them with the ones with low noise levels.

In addition, we hire expert organizations specializing in noise measurement to survey the impact of noise every five years. Noise level and the result of analysis from multiple angles are transparently disclosed on our website and the National Noise Information System website.

Water Resources Management

IIAC has made every effort to curtail the use of water in our facilities as well as to reuse wastewater in pursuit of the minimization of water use. Our Wastewater Reclamation and Reusing System, which uses a biological method called MSBR, converts wastewater generated from aircrafts, passenger terminals and other facilities into reclaimed water meeting the legal standard of water quality. In 2019, the rate of heavy water reused amounted to 3,680,135m², being used as industrial water, water for gardens and reclaimed water for city.

Management of Hazardous Chemical Substance

IIAC carries out inspections for all chemicals handled in the airport while putting in place a streamlined management system for toxic chemicals. Furthermore, we impose a ban on the use of construction materials containing asbestos for building or maintenance work on any facilities within the airport region to safeguard the health of passengers and airport workers.

Awards and Certification for Green Management



Passenger Terminal 2 Achieving Top Grade in Green Architecture Certification

IIAC achieved Green 1 grade, the top one, in green architecture certification for Passenger Terminal 2. This facility has been highly recognized as a terminal taking the future into account for the application of high-efficient LED lights and the utilization of new renewable energy, such as sunlight or geothermal heat.



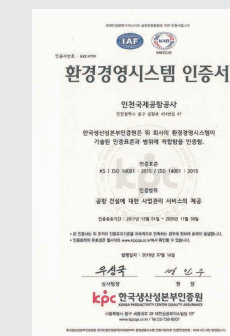
Renewal of ACI Level 3

IIAC obtained Level 3, the highest one, from Airport Carbon Accreditation (ACA) certified by the Airports Council International (ACI) for the first time in 2014. Since then, we have constantly managed the areas for certification and achieved the certificate renewal in 2020.



Operation of Energy Management System (ISO50001)

IIAC was officially certified in our energy management system in 2014 and completed the inspection for renewal in 2020. We have continually performed activities to reduce GHG emissions and energy consumption in line with energy management system.



Operation of Environmental Management System (ISO14001)

We acquired ISO 14001 in 1998 when we constructed Incheon International Airport, and it was the first time in the field of airport to be certified with environmental management system (EMS). After the opening, we also obtained certification in the area of airport operation. IIAC has operated environmental management system to date.

Green Management

Achievements from Making Airport Green

Three-layer to One-layer

Switching three-layer packaging to one-layer one, which resulted in the cutback on waste versus the number of deliveries

↓ **462MWh**

Replacing aeronautical ground light fixtures with LED ones, which resulted in 462MWh reduction in electricity used

↓ **131,424 tCO₂eq**

Running green aircraft stand, which saved 29,905 liters of fuels and reduced 131,424 tons of CO₂

↓ **98%**

Operating AC-GPS, which led to the reduction of energy use by 98% (compared to supplying power through aircrafts' own engine)

38%

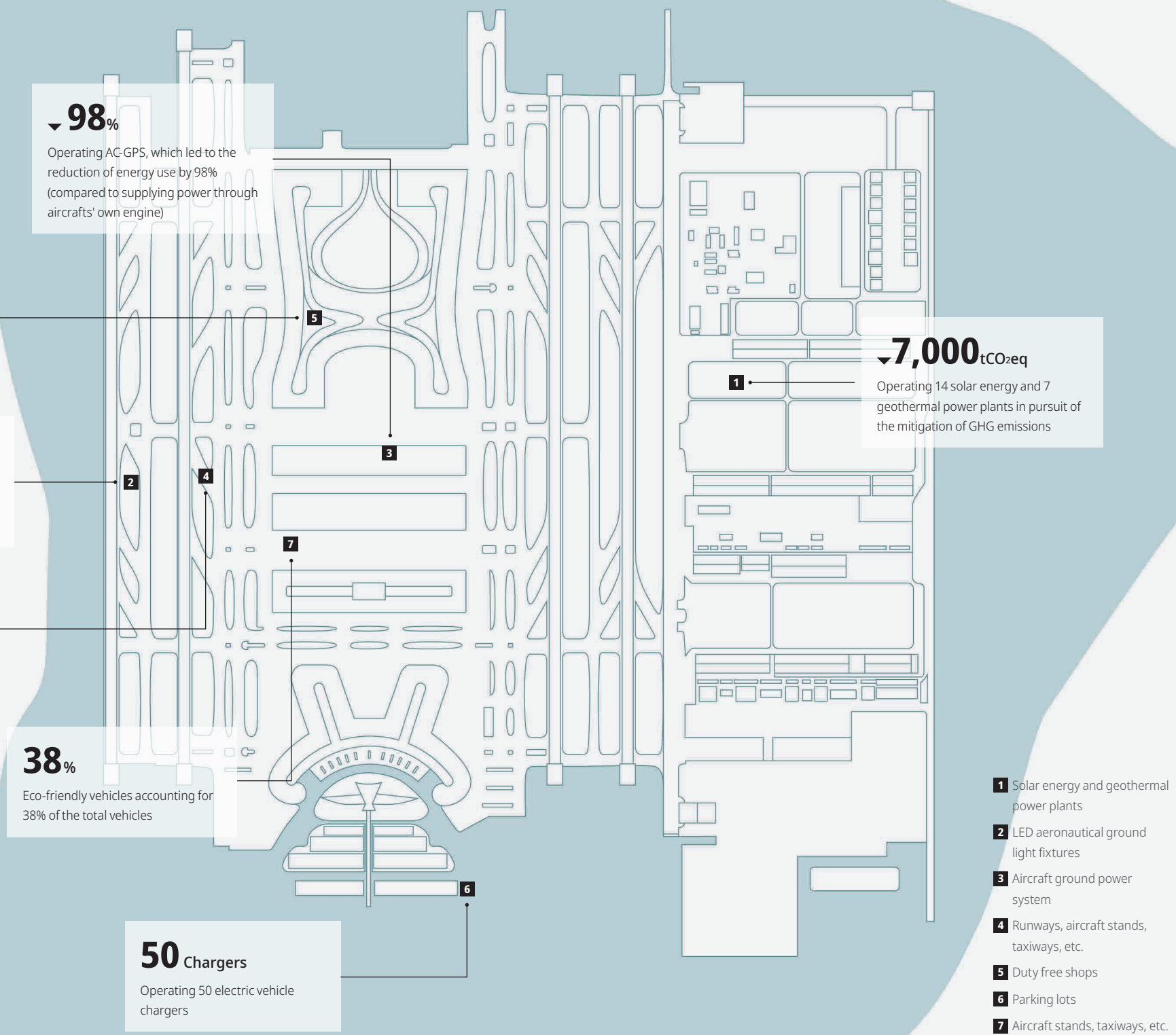
Eco-friendly vehicles accounting for 38% of the total vehicles

50 Chargers

Operating 50 electric vehicle chargers

↓ **7,000 tCO₂eq**

Operating 14 solar energy and 7 geothermal power plants in pursuit of the mitigation of GHG emissions



- 1** Solar energy and geothermal power plants
- 2** LED aeronautical ground light fixtures
- 3** Aircraft ground power system
- 4** Runways, aircraft stands, taxiways, etc.
- 5** Duty free shops
- 6** Parking lots
- 7** Aircraft stands, taxiways, etc.

Establishment of Green Transportation System

IIAC operated urban transit maglev, designed to create no pollution such as CO₂ or dust, while replacing buses within the airport with low-floor ones and articulated ones in phases. Vehicles for business will also be substituted with eco-friendly ones. In addition, we will install more hydrogen and electric charging stations to make it easy for eco-friendly vehicles to run, thereby we will take the lead in greening vehicles.

Mitigation of GHG Emitted by Aircrafts

We operate A-CDM, which enables fuel saving by reducing waiting time of aircrafts, noise control and the optimization of resources management, including equipment and personnel in charge, which contributes to the mitigation of GHG emissions. The operation of AC-GPS allowing power to be supplied from the ground has led to less energy use than using aircrafts' own engine for power supply. In addition, the designation of an aircraft stand near the runway which a specific aircraft mainly uses is made in advance to minimize aircraft movement while the allocation of optimal stand is made in order to cut down the amount of fuels used and GHG emissions.

Diversification of Energy Sources

With an aim of the reduction of GHG emissions, IIAC runs solar energy and geothermal heat power plants. One step further, we are doing construction work on a 40MW of fuel cell power generation facility in the vicinity of the gas-fired combine cycle combustion turbine plant at the airport so that we can shift a paradigm in airport operation from energy-consuming type to energy-independence one.

Operation of Green Passenger Terminals

Since 2009, we have replaced lightings within passenger terminals with LED ones. As a result, 97% of lightings were LED as of 2019. Moreover, aeronautical ground light fixtures, including flashers on the entrances of runways and taxiing guidance signs, have been substituted with LED, which resulted in a 462MWh of reduction yearly in electricity used. Regular facility checks are also conducted to replace outdated equipment at the correct time as well as to prevent the waste of energy in advance. Our efforts also cover the packaging. We changed three-layer packaging to one-layer one to curtail vinyl waste, which plays a remarkable role in reducing waste versus the number of deliveries.

Talent Management

Fair and Open Recruitment

Our hiring process is based on the National Competency Standards (NCS) and blind recruitment, which means we focus on job-related capabilities in evaluation so that everybody has access to opportunities in employment process regardless of sex, academic background and region. We revised the curriculum for interviewers to make it more practical by including job interview simulation session and training 99 interviewers all day before scheduled interviews to sharpen their interview skills in the curriculum. One step further, with the presence of an auditor, we randomly select interviewers by drawing lots for the prevention of illegitimate recruitment. In the event of employment-related corruption, we take disciplinary actions in compliance with strengthened standards. We also have a system in place for victims of recruitment corruption. These include making a reserve list for candidates at every stage of recruitment for redressing any injustice for the victims and operating a recruitment corruption reporting center (red whistle) so that applicants can submit their complaints regarding illegal treatment or corruption.

We achieved zero corruption case in 2019 and reached 98.68% in satisfaction level over our blind recruitment system as of the second half of 2019.

Number of Employees and New Hires Unit: Person

| Category | 2019 |
|---|-------|
| No. of Current Employees | 1,556 |
| New Hires in Regular | 145 |
| Position | |
| Youths | 48 |
| Female | 57 |
| Local talents from non-metropolitan areas | 6 |
| People with disabilities | 15 |
| Family of National Veterans | 5 |
| Low-income group | 155 |
| Total | |

Securing Diverse Talents

In 2019, IIAC created the largest number of jobs, a total of 342, including 155 newly hires (youth employment 145) and 187 interns. Among 155 hires, there were 57 local talents, which accounts

for 37%, in conformity of the policies on balanced development among regions implemented by the government.

As part of efforts to realize social value through recruitment based on social equity, we are striving to take into account diverse social classes to ensure any form of imbalance and discrimination in our recruitment cannot exist. We have put in place a separate process for the disabled and recipients of patriots and veterans pension to hire more of them and also developed and assigned appropriate jobs for the severely handicapped while providing extra points to those who are subject to national basic livelihood security in their document screening and written test. On top of that, we implement blind recruitment system from document screening through written test while training interviewers in regard to gender equality in advance.

Capacity-building of Employees

Laying a Robust Foundation for Female Talents

Endorsing the government's policies on gender equality, IIAC has made and consolidated the foundation in favor of empowering female talents. We have deployed female employees in core departments and expanded the scope of recipients of female leadership education, thereby committing to sharpening female workers' capability. Furthermore, we appointed a female worker as a department head for the first time in 2019 in 20 years since our inception. The number of female managers increased to 43, up by 6 in 2019 compared to the previous year.

Training Aiming to Nurture Value-creating Talent

Through the analysis of previous training performances, educational environment, learners, and job responsibilities and duties, we try to find out capabilities required to achieve corporation's management goals and the needs of employees in training programs. We provide professional training tailored to each position on top of general training for all executives and employees. Besides, 70 employees can complete training courses on the strength of operating all of the world's top 3 international aviation organizations'(ICAO, ACI, IATA) accredited training courses, which is the first case in the Asia-Pacific region.

Improving Employees' Quality of Life

Reducing Long Hours of Work

IIAC is eliminating employees' long hours of work to create an environment where they can balance work and family. As part of it, our PC-OFF system locks all personal computers after a certain time except for emergency situations. In addition, we adopted an intensive work system refraining employees from calls, meetings, and messenger activities for a certain period of time so that employees can be fully immersed in work.

Governance

IIAC has established a transparent governance structure to ensure a correct and clear decision-making process. The Board of Directors (BOD) has been making balanced decisions for pursuing happiness of all interest parties, including customers, shareholders, and suppliers.

Board of Directors

As of June 2020, BOD of IIAC is comprised of six executive directors and seven non-executive directors. BOD resolves critical issues on key strategies and policies in regard of operating IIAC. For performing its function of checks and balances against the management, BOD stipulates that the proportion of non-executive directors should be more than half of all directors in the board. One of non-executive member is allowed to assume the chairman of BOD so that the board can properly check the management, and we appoint candidates for directors equipped with qualifications stipulated in related laws and corporate regulations, by doing so, independence, fairness, and transparency are ensured. For CEO, the director recommendation committee recommends candidates for the position, and then the Minister of Land, Infrastructure and Transport makes a request for appointment, which is followed by the president's appointment. CEO appoints executive directors following a general meeting of shareholders while the Minister of Economy and Finance names non-executive directors after the recommendation of the director recommendation committee. The term of office for CEO and directors is three and two years respectively. They can serve consecutive terms every one year.

Stimulating Flexible Working Hours

We have implemented a flexible working hours system to better the lives of our employees. The system has various options; selective work schedule, flex-time work, and alternative work schedule. The users for this flexible working hour system increased compared to the previous year.

Status of Flexible Working Hours System Utilized Unit: Person

| Category | 2018 | 2019 |
|---------------------------|------|------|
| Selective work schedule | 58 | 71 |
| Flexible work schedule | 431 | 481 |
| Alternative work schedule | 314 | 362 |

Support System from Pregnancy, Childbirth to Childcare

We implement various support systems to ensure that entire stages of pregnancy, childbirth and parenting can be compatible with work. During the pregnancy period, we allow shortened work hours, while leaves and surgery expenses are financially assisted in case of getting a fertility treatment. We also extended the paternity leave for spouse's childbirth to 10 days and made sure childbirth leave can be used up to 90 days per child. In our system, childbirth leave can be automatically followed by childcare leave. We approve the applications for parental leave use 100 percent, encouraging male employees to participate in childcare. As a result, we are seeing that that paternity leave has accounted for 17 percent of all parental leave. Furthermore, two shorter hours of work a day is allowed for parents with child aged 5, and yearly two or three days of family-care leave is offered for parents in case of school events or clinical treatment for their children. IIAC operates the first and second daycare centers year-round for our employees and plans to establish the third one to meet growing demand. We are doing our utmost efforts to create an environment that works best for the balance between work and family.

BOD Composition As of June 2020

| Category | Name | Age | Gender | Position/Expertise | Role |
|-------------------------|----------------|-----|--------|------------------------------------|---|
| Executive Directors | Bon-Hwan Koo | 59 | Male | Chief Executive Officer | Chief Executive Officer |
| | Kil-Sung Kim | 61 | Male | Chief Corporate Auditor | Chief Corporate Auditor |
| | Nam-Soo Lim | 55 | Male | Executive Vice President | Business Administration Division Vice President |
| | Joo-Young Shin | 59 | Male | Head of Construction Division | Head of Construction Division |
| | Jeong-Sun Baek | 56 | Male | Head of Passenger Service Division | Head of Passenger Service Division |
| | Pill-Yeon Kim | 55 | Male | Head of Aerodrome Division | Head of Aerodrome Division |
| Non-Executive Directors | Hong-Sik Jung | 52 | Male | Finance/Administration | BOD Chairperson |
| | Sei-Kil Hong | 69 | Male | Aviation/HR Management | Head of Planning and Budget |
| | Seok-Koo Yoon | 63 | Male | Finance/Economics | Head of Audit |
| | Jung-Hyun Heo | 47 | Female | Legal/Marketing | Planning and Budget |
| | Jae-Hyun An | 45 | Male | Accounting/Finance | Audit |
| | Soon-Ae Park | 55 | Female | Public Affairs/Administration | Planning and Budget |

Operation of BOD

We have specified the BOD's operation goals and reinforced its performance indicators with an aim of establishing a reliable and trustworthy governance for Koreans. The president and CEO has the robust will to become a more activated and effective BOD. In line with this firm determination, we work hard to ensure independence, expertise, and diversity of the board of directors.

Current Status of BOD

We are making our BOD getting more involved in management to strengthen public nature and public interests as a public institution. To this end, we have established a clear operation system and widened the scope of a support system for non-executive directors in order to vitalize BOD operation. We gathered directors from various fields, including legal, public affairs, aviation, and economic industries, thereby raising feasibility of the BOD's role of votes and checks. The operation effectiveness is managed by highly detailed performance indicators such as attendance rate, ratio of preliminary review of agendas, and the number of comments made by non-executive directors. An executive office makes and notifies the schedule of board meetings convened by the chairperson of the BOD. Board meetings are held regularly, yet temporary meetings can be held if necessary. There were 16 board meetings held in 2019, and the attendance rate was 95.9%, which was increased by 2.0 percent point year on year. If any director has a special stake in a certain agenda, the person involved cannot participate in resolution of the agenda. In addition, information concerning major resolution of the BOD or subcommittees is open to public through IIAC website and ALIO in a transparent manner.

Status of BOD

| Category | 2017 | 2018 | 2019 |
|--|-------|-------|-------|
| Number of agendas decided/reported | 41/33 | 51/31 | 39/27 |
| Number of meetings held | 17 | 18 | 16 |
| Attendance rate (%) | | | |
| Board of Directors | 94.7 | 93.9 | 95.9 |
| Non-Executive Directors | 95.3 | 94.2 | 95.5 |
| Number of comments made by non-executive directors (per meeting) | 3.8 | 4.6 | 5.9 |

Encouraging Non-executive Directors to Participate and Build their Capacity

Active participation and recommendation of non-executive directors in management helps IIAC achieve management goals. Thus, we have established and operated diverse support systems for non-executive directors to enhance their capabilities and sense of responsibility. We hold orientations twice for new

directors in order to give them a better understanding of the airport industry and operation while providing opportunities to nurture global mindset through exchange programs with other advanced airports. In addition, our system of explaining agenda in advance not only improves the understanding of agendas but raised the efficiency of board meetings. Through the system, the CEO directly shares current issues in management, forming a consensus when making decisions. Besides, we hold a combined workshop with executives once a year to promote mutual understanding and have established an executive liability insurance system so that directors can make decisions according to their conviction.

Operation of Subcommittee

With an aim of raising rationality of decision-making in the BOD, IIAC has set up three subcommittees under the board of directors; Planning and Budget Committee, Audit Committee, and Director Recommendation Committee. Chairpersons of the subcommittees are all comprised of non-executive directors to secure independence and expertise. We have instituted a 'marathon deliberation process' because we found that the Planning and Budget Committee used to have difficulty in conducting in-depth reviews of a number of important agendas due to limited deliberation time. The marathon deliberation process enables the BOD to have a briefing session on the first day and an in-depth discussion on the second day while allowing the extension of deliberation time to two days, which results in better deliberations on agendas and higher efficiency of meetings.

Compensation and Evaluation of BOD

Remuneration of executive directors is paid in accordance with regulations after the approval of a general shareholders' meeting while that of non-executive directors is given on the basis of the 'Remuneration Guidelines for Public Officials of the Public Institutions' of the Ministry of Strategy and Finance. Remuneration of the board members is disclosed in both IIAC website and state portal called ALIO in a transparent manner under the related law and regulations. The head of the corporation is evaluated based on the Management Performance Assessment of Public Institutions and the Management Performance Assessment of CEOs at Public Institutions by the Ministry of Strategy and Finance while executive directors are evaluated in accordance with the Management Performance Assessment of Public Institutions and the Performance Assessment of Management Contract.

Sustainability Management Achievement

Economic Performance

| Summary of Consolidated Statements of Financial Position | | Unit | 2017 | 2018 | 2019 |
|--|--|------|--------------------|--------------------|--------------------|
| Incheon International Airport Corporation and its Subsidiaries | | | | | |
| I. | Current Assets | | 877,353,824,344 | 901,557,255,937 | 706,094,837,564 |
| | 1. Cash and Cash Equivalents | | 502,724,825,699 | 431,223,505,725 | 233,129,945,309 |
| | 2. Current Financial Assets | | 820,203,896 | 1,153,332,368 | 20,448,041,678 |
| | 3. Trade and Other Receivables | | 331,778,070,864 | 360,565,979,889 | 350,393,326,829 |
| | 4. Inventories | | 22,502,605,857 | 34,001,950,505 | 39,592,793,307 |
| | 5. Current Tax Assets | | 97,970,516 | 50,079,144 | 207,346,037 |
| | 6. Other Current Non-Financial Assets | | 19,430,147,512 | 74,562,408,306 | 62,323,384,404 |
| II. | Non-Current Assets | | 11,479,456,083,115 | 11,459,600,760,130 | 11,555,237,961,421 |
| | 1. Other Non-Current Financial Assets | | 31,071,987,126 | 34,283,171,553 | 43,413,227,215 |
| | 2. Long-Term Trade and Other Receivables | | 31,372,825,097 | 106,172,215,899 | 107,954,775,003 |
| | 3. Properties and Equipment | | 10,583,500,595,113 | 10,500,254,097,960 | 10,627,570,427,905 |
| | 4. Investment Properties | | 366,748,920,070 | 369,550,599,796 | 379,337,410,870 |
| | 5. Goodwill | | 177,398,443,930 | 177,398,443,930 | 177,398,443,930 |
| | 6. Intangible Assts Other than Goodwill | | 75,603,628,837 | 91,616,124,298 | 86,049,013,193 |
| | 7. Deferred Tax Assets | KRW | 138,418,180,690 | 111,606,684,727 | 109,514,397,702 |
| | 8. Non-Current Non-Financial Assets | | 75,341,502,252 | 68,719,421,967 | 24,000,265,603 |
| Total Assets | | | 12,356,809,907,459 | 12,361,158,016,067 | 12,261,332,798,985 |
| I. | Current Liabilities | | 1,307,653,463,904 | 1,226,609,743,838 | 1,227,767,191,655 |
| | 1. Trade and Other Payables | | 478,766,105,413 | 327,437,060,496 | 529,530,968,585 |
| | 2. Current Financial Liabilities | | 546,486,912,400 | 560,000,000,000 | 420,000,000,000 |
| | 3. Current Income Tax Liabilities | | 219,467,735,368 | 236,656,174,200 | 151,591,399,873 |
| | 4. Other Current Non-Financial Liabilities | | 44,613,253,484 | 81,438,146,121 | 75,961,128,535 |
| | 5. Current Provisions | | 18,319,457,239 | 21,078,363,021 | 50,683,694,662 |
| II. | Non-Current Liabilities | | 3,007,721,211,274 | 2,336,224,312,028 | 1,747,117,177,075 |
| | 1. Long-Term Trade and Other Payables | | 1,075,827,119,776 | 729,839,971,593 | 563,526,274,829 |
| | 2. Non-Current Financial Liabilities | | 1,800,000,000,000 | 1,489,000,000,000 | 1,069,000,000,000 |
| | 3. Non-Current Non-Financial Liabilities | | 123,774,321,980 | 103,530,102,753 | 85,510,169,159 |
| | 4. Employee Benefit Liabilities | | 8,119,769,518 | 13,854,237,682 | 29,080,733,087 |
| Total Liabilities | | | 4,315,374,675,178 | 3,562,834,055,866 | 2,974,884,368,730 |

| Summary of Consolidated Statements of Financial Position | | Unit | 2017 | 2018 | 2019 |
|--|--|------|--------------------|--------------------|--------------------|
| Incheon International Airport Corporation and its Subsidiaries | | | | | |
| I. | Paid-In Capital | | 3,617,845,480,000 | 3,617,845,480,000 | 3,617,845,480,000 |
| II. | Retained Earnings | | 4,424,909,799,712 | 5,181,656,744,867 | 5,669,667,325,008 |
| III. | Other Equity Components | | (341,673,086) | (221,441,787) | (46,878,652) |
| IV. | Equity Attributable to Owners of the Parent Company | KRW | 8,042,413,606,626 | 8,799,280,783,080 | 9,287,465,926,356 |
| V. | Non-Controlling Interests | | (978,374,345) | (956,822,879) | (1,017,496,101) |
| Total Equity | | | 8,041,435,232,281 | 8,798,323,960,201 | 9,286,448,430,255 |
| Total Equity and Liabilities | | | 12,356,809,907,459 | 12,361,158,016,067 | 12,261,332,798,985 |
| Income Statement | | | | | |
| Income Statement | | Unit | 2017 | 2018 | 2019 |
| Incheon International Airport Corporation and its Subsidiaries | | | | | |
| I. | Revenue | | 2,499,104,360,348 | 2,726,885,161,146 | 2,826,525,918,534 |
| II. | Cost of Sales | | 866,636,220,132 | 1,260,745,356,304 | 1,330,481,765,371 |
| III. | Gross Profit | | 1,632,468,140,216 | 1,466,139,804,842 | 1,496,044,153,163 |
| IV. | Selling and Administrative Expenses | | 168,320,722,786 | 167,481,989,788 | 206,264,280,572 |
| V. | Operating Profit | | 1,464,147,417,430 | 1,298,657,815,054 | 1,289,779,872,591 |
| VI. | Other Revenue | | 3,348,860,584 | 3,604,195,968 | 6,495,932,387 |
| VII. | Other Expenses | | 21,900,936,131 | 13,220,040,341 | 26,497,248,191 |
| VIII. | Other Gains (Loss) | | 42,514,125,425 | 258,683,678,201 | -22,444,008,392 |
| IX. | Financial Income | | 8,852,356,467 | 8,014,405,249 | 5,828,345,699 |
| X. | Financial Costs | | 27,725,772,139 | 69,071,570,239 | 52,745,976,986 |
| X I. | Gross Profit | | 1,469,236,051,636 | 1,486,668,483,892 | 1,200,416,917,108 |
| X II. | Income Tax Expenses | | 352,434,660,485 | 365,799,405,367 | 336,989,804,517 |
| X III. | Profit from Continuing Operations | KRW | 1,116,801,391,151 | 1,120,869,078,525 | 863,427,112,591 |
| X IV. | Profit | | 1,116,801,391,151 | 1,120,869,078,525 | 863,427,112,591 |
| X V. | Other Comprehensive Income (Net of Tax) | | 2,176,801,113 | -6,278,837,558 | 230,318,805 |
| X VI. | Total Comprehensive Income | | 1,118,978,192,264 | 1,114,590,240,967 | 863,657,431,396 |
| X VII. | Attributable Profit | | 1,116,801,391,151 | 1,120,869,078,525 | 863,427,112,591 |
| | 1. Profit Attributable to Owners of the Parent Company | | 1,116,726,531,483 | 1,120,845,244,889 | 863,492,171,763 |
| | 2. Profit (Loss) Attributable to Non-Controlling Interests | | 74,859,668 | 23,833,636 | -65,059,172 |
| X VIII. | Attributable Comprehensive Income | | 1,118,978,192,264 | 1,114,590,240,967 | 863,657,431,396 |
| | 1. Comprehensive Income Attributable to Owners of the Parent Company | | 1,118,902,569,302 | 1,114,568,010,908 | 863,717,504,096 |
| | 2. Comprehensive Income Attributable to Non-Controlling Interests | | 75,622,962 | 22,230,059 | -60,072,700 |

| Key Financial Indicators | | Unit | 2017 | 2018 | 2019 |
|--------------------------|--------------------------------------|------|------|-------|-------|
| Stability | Debt Ratio | | 53.7 | 40.5 | 32.0 |
| | Equity-to-Asset Ratio | | 65.1 | 71.2 | 75.7 |
| Profitability | Operating Profit Ratio | | 58.6 | 47.6 | 45.6 |
| | Return on Assets | | 9.0 | 9.0 | 7.0 |
| | Gross Profit Margin | % | 58.8 | 54.5 | 42.5 |
| Growth | Revenue Growth Rate | | 11.5 | 9.1 | 3.7 |
| | Total Assets Growth Rate | | 12.8 | 0.0 | (0.8) |
| | Properties and Equipment Growth Rate | | 11.7 | (0.8) | 1.2 |

| Performance in Air Transport | | Unit | 2017 | 2018 | 2019 |
|------------------------------|--------------------------|--------|------------|------------|------------|
| Flights | Total Flights | Flight | 360,295 | 387,497 | 404,104 |
| | International Flights | | 355,162 | 381,747 | 398,815 |
| Passengers | Total Passengers | | 62,082,032 | 68,259,763 | 71,169,722 |
| | International Passengers | Person | 61,520,572 | 67,676,147 | 70,578,050 |
| | Transfer Passengers | | 7,319,144 | 8,020,405 | 8,389,136 |
| | Transfer Rate | % | 11.8 | 11.7 | 11.8 |
| Cargo | International Cargo | Ton | 2,921,635 | 2,952,069 | 2,764,350 |
| | Transshipment Cargo | | 1,130,949 | 1,161,777 | 1,057,360 |
| | Transshipment Rate | % | 38.7 | 39.4 | 38.2 |

| Performance in Airport Operation | | Unit | 2017 | 2018 | 2019 |
|----------------------------------|--|-------------|---------|---------|---------|
| Revenue | | | 2,499.1 | 2,726.9 | 2,826.5 |
| Aeronautical Revenues | Revenue from Flights | | 367.1 | 395.3 | 412.4 |
| | Revenue from Passengers | | 449.3 | 496.9 | 517.1 |
| Non-Aeronautical Revenues | Commercial Revenues | KRW billion | 1,405 | 1,491.2 | 1,518.2 |
| | Revenue from Rent and Utility | | 199.5 | 242.7 | 278.8 |
| | Revenue from Overseas and Other Businesses | | 78.1 | 100.8 | 100.1 |

| Distribution of Financial Value | | Unit | 2017 | 2018 | 2019 |
|---------------------------------|---------------------------------------|-------------|-------|-------|-------|
| Employees | Labor Cost* | | 124.1 | 137 | 157.6 |
| Partners | Outsourcing Cost* | | 364.5 | 524.7 | 552.7 |
| Shareholders and Investors | Dividends | | 472.5 | 375.5 | 399.4 |
| | Interests | KRW billion | 23.1 | 65.6 | 49.2 |
| Government | Tax and Dues, Corporate Tax | | 389.2 | 406.1 | 410.6 |
| Local Community | Contributions | | 18.1 | 13.1 | 21.5 |
| Others | Facility Management Fees, Rent, etc.* | | 453.3 | 593.2 | 688.5 |

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

* Outsourcing Cost : Total of Outsourcing cost

* Other facility management fees, Rent, etc. : Combined total of (COGs + SG&A + donations + interest cost + Taxes and dues + corporate tax) - figures in the table above (excluding dividends)

Social Performance

| Overview of Executives and Employees | | Unit | 2017 | 2018 | 2019 |
|--|---|------------|------------|-------------|-------------|
| Total | | Person | 1,318 | 1,427 | 1,556 |
| Gender | Male (%) | | 1002(76.0) | 1,079(75.6) | 1,162(74.7) |
| | Female (%) | | 316(24.0) | 348(24.4) | 394(25.3) |
| Number of Employees Who Have Retired or Left to Work for Another Company | Male (%) | Person (%) | 9(52.9) | 19(1.3) | 24(92.3) |
| | Female (%) | | 8(47.1) | 13(0.9) | 2(7.7) |
| New Employees | Male (%) | | 88(75%) | 94(67.6) | 106(68.8) |
| | Female (%) | | 30(25%) | 45(32.4) | 48(31.2) |
| | Disabled | | 1 | 7 | 6 |
| | High school graduates | | 26 | 4 | 4 |
| | Veterans | | - | 3 | 15 |
| | Local talents | Person | 48 | 51 | 57 |
| Position | Executives | | 6 | 5 | 5 |
| | Supervisors & Managers | | 454 | 474 | 487 |
| | Below Supervisors & Managers | | 858 | 948 | 1,064 |
| Age | 20s (%) | Person (%) | 308(23.4) | 355(24.9) | 421(27.1) |
| | 30s (%) | | 370(28.1) | 409(28.7) | 440(28.3) |
| | 40s (%) | | 429(32.5) | 427(29.9) | 441(28.3) |
| | Above 50 (%) | | 211(16.0) | 236(16.5) | 254(16.3) |
| Types of Employment | Regular | Person | 1,306 | 1,419 | 1,548 |
| | Temporary | | 12 | 8 | 8 |
| Diversity | Number of Female Employees (%) | | 316(24.0) | 348(24.4) | 394(25.3) |
| | Number of Women in Management Positions (%) | Person (%) | 25(5.5) | 30(6.3) | 37(7.6) |
| | Percentage of People with Disabilities | % | 3.4 | 3.4 | 3.7 |

| Training and Education | | Unit | 2017 | 2018 | 2019 |
|---|-------------------|---------------|----------------|----------------|----------------|
| Training & Education Hours Per Person | Male | Hours | 162 | 139 | 149 |
| | Female | | 132 | 134 | 133 |
| Training & Education Budget Per Person | | KRW million | 2.53 | 2.88 | 3.09 |
| Number of People Trained by Position(%) /hr | Level 1~2 | Person(%) /hr | 163(12)/13,036 | 139(10)/14,444 | 141(9)/21,920 |
| | Level 3 | | 334(25)/37,070 | 309(23)/46,959 | 345(22)/52,413 |
| | Level 4 | | 450(34)/49,789 | 431(32)/68,721 | 510(33)/69,841 |
| | Level 5 and under | | 388(29)/42,991 | 450(34)/59,966 | 555(36)/80,902 |
| Satisfaction Level (Out of 5 Points) | | Points | 4.73 | 4.78 | 4.78 |
| Applicability (Out of 5 Points) | | | 4.55 | 4.48 | 4.70 |

Integrity and Ethical Education Program

| Education Target | Education Method | Unit | 2017 | 2018 | 2019 |
|--------------------|--|--------|-------|-------|-------|
| All Employees | Group and Face to Face | | 1,318 | 1,543 | 1,370 |
| | Cyber Education | | 3,208 | 1,255 | 2,658 |
| Career Transitions | New Hires | | 67 | 52 | 142 |
| | Promoted | | 74 | 93 | 56 |
| | Manager | Person | 307 | 170 | 140 |
| Outsourced | Outsourced Education, e.g., Civil Rights Commission Integrity Training | | 1 | 4 | 6 |
| Others | Practical Education for Rank and File, Department-level Education | | 625 | 413 | 526 |

Use of Flexible Work Arrangements and Short-Term Work

| | | Unit | 2017 | 2018 | 2019 |
|----------------------------|--------------------------------------|--------|------|------|------|
| Hourly Work | | | 29 | 58 | 71 |
| Flexible Work Arrangements | Personalized Start & Departure Times | Person | 306 | 431 | 481 |
| | Personalized Work Hours | | 366 | 314 | 362 |
| Remote Work Policy | Smart Work | | 106 | 88 | 71 |

Shared Growth

| | Unit | 2017 | 2018 | 2019 |
|---|-------------|---------|---------|------------------|
| Shared Growth Assessment Rating | Grade | Average | Average | Need Improvement |
| Partners' Satisfaction with the Win-Win Cooperation Program | Points | 94.1 | 95.0 | 94.6 |
| Payments under Service Level Agreements | | 6.5 | 7.9 | 9.3 |
| Trade Performance from SMEs | KRW billion | 833.3 | 646.4 | 746.3 |
| Airport R&D Revenue | | 10.2 | 0.27 | 1.53 |

Customer Satisfaction Surveys

| | Unit | 2017 | 2018 | 2019 |
|--------------------------------------|-------|------|------|------|
| Satisfaction with Departure Services | | 87 | 87 | 88 |
| Satisfaction with Arrival Services | Point | 85 | 88 | 89 |
| Satisfaction with Transit Services | | 87 | 88 | 89 |
| Satisfaction with Airlines' Services | | 91 | 92 | 93 |

| Use of Parental Leave | | Unit | 2017 | 2018 | 2019 |
|---|--------|--------|------|------|------|
| Number of Users | Male | Person | 8 | 8 | 12 |
| | Female | | 46 | 48 | 54 |
| Number of Employees Who Returned to Work | Male | | 6 | 4 | 4 |
| | Female | | 20 | 17 | 12 |
| Number of Employees Still Working 12 Months After Returning to Work | Male | | 6 | 4 | 4 |
| | Female | | 16 | 16 | 11 |
| Return Rate | Male | % | 100 | 100 | 100 |
| | Female | | 100 | 100 | 100 |
| Continuous Service Rate | Male | | 100 | 100 | 100 |
| | Female | | 100 | 95.2 | 92.0 |

| Local Community Participation | | Unit | 2017 | 2018 | 2019 |
|----------------------------------|--|--------|-------|-------|--------|
| Number of Volunteer Participants | | Person | 362 | 900 | 2,302 |
| Volunteer Hours | | Hour | 2,640 | 4,338 | 17,691 |

| VOC Operations | | Unit | 2017 | 2018 | 2019 |
|----------------------------|--|------|-------|-------|-------|
| Number of Cases Registered | | Case | 6,083 | 7,380 | 6,589 |
| Number of Cases Processed | | | 6,083 | 7,380 | 6,589 |
| Process Rate | | % | 100 | 100 | 100 |

Environmental Performance

| Energy | | Unit | 2017 | 2018 | 2019 |
|--|---|-----------------|---------|---------|---------|
| Energy Use | Electricity | TJ | 3,303 | 4,087 | 4,217 |
| | Medium-temperature Hot Water | | 671 | 757 | 660 |
| | Others | | 73 | 107 | 178 |
| | Total | | 4,046 | 4,951 | 5,055 |
| | Energy Use Intensity (Energy Use/Revenue) | TJ/KRW 1million | 0.00165 | 0.00187 | 0.00186 |
| Capacity of Renewable Energy Facility | Solar Power (Cumulative) | KW | 4,951 | 5,832 | 6,842 |
| | Geothermal Power (Cumulative) | | 8,195 | 8,195 | 8,195 |
| Electric Vehicle Charging Stations | Express Charge (Cumulative) | Stations | 13 | 25 | 39 |
| | Slow Charge (Cumulative) | | 11 | 11 | 11 |
| Waste Heat from Resource Recovery Facility | Volume of Waste Heat Produced | Ton | 80,061 | 86,077 | 90,433 |
| | Volume Consumed Within Facility | | 40,708 | 42,751 | 40,881 |
| | Sales Volume | | 39,353 | 43,326 | 49,552 |

| Waste | | Unit | 2017 | 2018 | 2019 |
|----------------------------------|---------------------------|------|--------|--------|--------|
| Waste Generated | General Waste | Ton | 17,509 | 20,105 | 20,872 |
| | Designated Waste | | 1,402 | 1,516 | 1,825 |
| | Construction Waste | | 13,896 | 23,544 | 31,108 |
| | Total Waste | | 32,807 | 45,164 | 53,805 |
| Waste Processing | Amount of Waste Recycling | Ton | 19,135 | 28,063 | 38,172 |
| | Waste Recycling Rate | % | 58 | 62 | 71 |
| | Incinerated | Ton | 12,493 | 15,490 | 13,964 |
| | Buried | | 1,179 | 1,610 | 1,669 |
| Disposal of Waste De-icing Fluid | | Ton | 8,979 | 8,183 | 8,236 |

| Water | | Unit | 2017 | 2018 | 2019 |
|--|----------------------------|----------------|-----------|-----------|-----------|
| Water management | Water Use | m ³ | 2,039,943 | 2,404,367 | 2,293,037 |
| | Water Use Per KRW | ₩ / Revenue | 0.83926 | 0.90694 | 0.84588 |
| | Sewage Volume | m ³ | 5,232,007 | 6,062,198 | 6,439,329 |
| | Amount of Water Recycled | | 3,274,577 | 3,436,549 | 3,680,145 |
| Monitoring result of pollutants in drainage from wastewater reuse system | COD (Legal standards 20) | | 3.60 | 4.70 | 6.5 |
| | BOD (Legal standards 10) | | 0.40 | 0.40 | 0.5 |
| | SS (Legal standards 10) | ppm | 0.70 | 0.50 | 0.6 |
| | T-N (Legal standards 20) | | 3.31 | 4.90 | 4.4 |
| | T-P (Legal standards 2) | | 0.16 | 0.18 | 0.2 |
| Reclaimed Water Usage | City Reclaimed Wastewater* | | 898,413 | 1,353,920 | 1,377,431 |
| | Landscaping | | 752,859 | 418,376 | 751,532 |
| | Industrial Water | m ³ | 972,502 | 953,864 | 1,205,499 |
| | Others | | 650,803 | 710,389 | 345,683 |
| | Total | | 3,274,577 | 3,436,549 | 3,680,145 |

* City reclaimed wastewater: water used for toilet cleansing, water for cleaning, and water for cleaning and sprinkling

| Emission | | Unit | 2017 | 2018 | 2019 |
|---|--|---------------------|-----------|-----------|-----------|
| GHG emission* | Scope 1 | | 23,346 | 28,131 | 27,475 |
| | Scope 2 | | 172,276 | 213,483 | 205,249 |
| | Scope 3 | tCO ₂ eq | 1,131,579 | 1,193,121 | 1,242,697 |
| | Total | | 1,327,202 | 1,434,735 | 1,475,421 |
| Airport Area Air Quality Monitoring* | SO ₂ | | 0.006 | 0.006 | 0.006 |
| | CO | ppm | 0.4 | 0.5 | 0.5 |
| | NO ₂ | | 0.018 | 0.020 | 0.020 |
| | O ₃ | | 0.038 | 0.040 | 0.040 |
| | Fine Dust (PM10)* | µg / m ³ | 46(45) | 39(39) | 40.00 |
| | Ultra-fine Dust (PM2.5)* | | 27(26) | 22(22) | 23 |
| Fine dust concentrations of Indoor air | Indoor Parking Lot – Legal standards 200 | | 89 | 61 | 52 |
| | Passenger Terminal and Concourse – Legal standards 150 | µg / m ³ | 31 | 29 | 23 |
| Measurement of gas emissions from resource recovery facility* | PM-Legal standards 26 | mg / m ³ | 1.13 | 1.21 | 1.64 |
| | SO ₂ -Legal standards 18 | | 0.17 | 0.07 | 0.00 |
| | NO ₂ -Legal standards 50 | ppm | 2.77 | 3.21 | 5.99 |
| | CO- Legal standards 50 | | 7.35 | 6.58 | 4.43 |
| | HCl- Legal standards 15 | | 1.86 | 1.69 | 1.71 |

* Amount of GHG emissions: Data for two years from 2017 to 2018 changed in accordance with the altered scope of GHG emission calculation and standards.

* Air quality monitoring for the airport and its surrounding areas: The average of three results measured from air quality real-time monitoring stations

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

* Measurement of emitted gas from resource recovery facility: Average of values measured from two incinerators

Third Party's Assurance Statement

To the Readers of Incheon International Airport Corporation Sustainability Report 2019-2020:

| | |
|---------------------------------|---|
| Responsibility and Independence | Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of Incheon International Airport Corporation (hereinafter "IIAC") to verify the contents of its 2019-2020 Incheon International Airport Corporation Sustainability Report (hereinafter "the Report"). IIAC is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below. As independent third party, KMR does not have any stake in the business of IIAC which may result in a conflict of interest. |
| Verification Methodology | The verification has been conducted based on AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. The assurer's assurance team (hereinafter "the assurance team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of specified sustainability performance information. In addition, the assurance team checked whether the Report satisfied the 'Core Option' requirements of GRI Standards Guidelines. The data and information of outside of the organization among report boundaries such as suppliers, contractors is excluded from the verification scope. The assurance team has verified data management system and reporting process, and verified internal documents and data, and interviewed people in charge of preparing the Report. |
| Findings and Conclusion | The assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below, nor could find any evidence the Report did not comply with 'Core Option' requirements of GRI Standards. <ul style="list-style-type: none"> • Inclusivity IIAC is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder IIAC left out during this procedure. • Materiality IIAC is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process. • Responsiveness The assurance team could not find any evidence that IIAC's counter measures to critical stakeholder issues were inappropriately recorded in the Report. |
| Recommendation for improvement | We hope the Report is actively used as a communication tool for stakeholders and we recommend the following for improvements. <ul style="list-style-type: none"> • Incheon International Airport Corporation (IIAC) provided a detailed report of key sustainability issues such as response to COVID-19, Japan's trade restrictions on Korea, and security system in the context of sustainability. Also, it presented a clear description of the issue of realizing social value with key achievements and mid-term plans and used numerical values for intuitive understanding. We recommend that IIAC continuously improve reporting on key topics to meet global standards. |

Aug, 4th, 2020



CEO E. J. Hwang

GRI Index

Universal Standards (GRI 100)

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| Organizational Profile | | |
| GRI 102-1 | Name of the organization | 6 |
| GRI 102-2 | Activities, brands, products, and services | 6 |
| GRI 102-3 | Location of headquarters | 6 |
| GRI 102-4 | Location of operations | 6-7 |
| GRI 102-5 | Ownership and legal form | 6 |
| GRI 102-6 | Markets served | 6-7 |
| GRI 102-7 | Scale of the organization | 6-7 |
| GRI 102-8 | Information on employees and other workers | 6, 80 |
| GRI 102-9 | Supply chain | 37 |
| GRI 102-10 | Significant changes to the organization and its supply chain | 6-7 |
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| GRI 102-14 | Statement from senior decision-maker | 4-5 |
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| Governance | | |
| GRI 102-18 | Governance structure | 75-76 |
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| GRI 102-51 | Date of most recent report | About This Report |
| GRI 102-52 | Reporting cycle | About This Report |
| GRI 102-53 | Contact point for questions regarding the report | About This Report |
| GRI 102-54 | Claims of reporting in accordance with the GRI Standards | About This Report |
| GRI 102-55 | GRI content index | 86-87 |
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| GRI 103-3 | | |

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| GRI 203-2 | Significant indirect economic impacts | 38-39, 62-63 |
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| GRI 205-2 | Communication and training about anti-corruption policies and procedures | 67-68 |
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Topic Specific Standards-Environmental Performance (GRI 300)

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Topic Specific Standards-Social Performance (GRI 400)

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| Diversity and Equal Opportunity | | |
| GRI 405-1 | Diversity of governance bodies and employees | 75 |
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| GRI 406-1 | Incidents of discrimination and corrective actions taken | N/A |
| Human Rights Assessment | | |
| GRI 412-1 | Operations that have been subject to human rights reviews or impact assessments | 68-69 |
| GRI 412-2 | Employee training on human rights policies or procedures | 68-69 |
| Local Communities | | |
| GRI 413-1 | Operations with local community engagement, impact assessments, and development programs | 36-39 |
| Customer Health and Safety | | |
| GRI 416-1 | Assessment of the health and safety impacts of product and service categories | 40-47 |
| GRI 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | N/A |
| Customer Privacy | | |
| GRI 418-1 | Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data | N/A |

Sustainability Management Initiatives

UN Global Compact Ten Principles (UNGC)

The United Nations call on companies to align with 10 universal principles defined in the four areas of human rights, labor, environment, and anti-corruption and to support its development plan in a comprehensive scope by endorsing ten principles. 'Communication on Progress' (COP) regulations have been refined to the Advanced Level to encourage corporates' social responsibility and to facilitate communication with stakeholders. UNGC Advanced Level means a declaration and announcement of adopting sustainable governance and management on the basis of the 'Blueprint for SDG Leadership' and the 'UN Global Compact Management Model' and disclosing the achievement in regard to sustainable management to public. Firmly committing to fulfilling our corporate social responsibilities, IIAC joined the UN Global Compact in March 2007 and has been reporting performances in compliance with ten principles. This report contains 21 standards required by Advanced Level of the UN Global Compact. We implement blind recruitment and provide training on gender equality to interviewers in advance of actual interviews.

| Principle | Page |
|---|-----------------------|
| 1 The COP describes mainstreaming into corporate functions and business units. | 6-7 |
| 2 The COP describes value chain implementation. | About This Report, 88 |
| 3 The COP describes robust commitments, strategies or policies in the area of human rights. | 68-69 |
| 4 The COP describes effective management systems to integrate the human rights principles. | 68-69 |
| 5 The COP describes effective monitoring and evaluation mechanisms of human rights integration. | 68-69 |
| 6 The COP describes robust commitments, strategies or policies in the area of labor. | 74-75 |
| 7 The COP describes effective management systems to integrate the labor principles. | 74-75 |
| 8 The COP describes effective monitoring and evaluation mechanisms of labor principles integration. | 74-75 |
| 9 The COP describes robust commitments, strategies or policies in the area of environmental stewardship. | 70-73 |
| 10 The COP describes effective management systems to integrate the environmental principles. | 70-73 |
| 11 The COP describes effective monitoring and evaluation mechanisms for environmental stewardship. | 70-73 |
| 12 The COP describes robust commitments, strategies or policies in the area of anti-corruption. | 67-68 |
| 13 The COP describes effective management systems to integrate the anti-corruption principle. | 67-68 |
| 14 The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption. | 67-68 |
| 15 The COP describes core business contributions to UN goals and issues. | 88-92 |
| 16 The COP describes strategic social investments and philanthropy. | 38-39 |
| 17 The COP describes advocacy and public policy engagement. | 19, 36, 62-63 |
| 18 The COP describes partnerships and collective action. | 37, 64 |
| 19 The COP describes CEO commitment and leadership. | 4-5 |
| 20 The COP describes Board adoption and oversight. | 75-76 |
| 21 The COP describes stakeholder engagement | 24-29 |

UN Guiding Principles Reporting Framework (UNGPRF)

The UN Guiding Principles Reporting Framework (UNGPRF) is a global guidance for companies to report human rights issues. This report embodies the contents of the management system and activities to safeguard and improve human rights of our stakeholders in accordance with the guidelines of UNGPRF.

| Category | Framework | Activities of IIAC | Page | |
|--|--|--|---|-------|
| Governance of Respect for Human Rights | A1 Human Rights Policy Commitment (whether or not to disclose the will to respect) | IIAC has prepared a human rights charter to protect human rights of our stakeholders and practice human rights management in all our business activities. | 68-69 | |
| | A2 Embedding Respect for Human Rights (efforts to internalize the will to respect human rights) | We educate all of our employees on human rights to spread culture of respecting human rights. | 68-69 | |
| Focus Areas of Reporting | B1 Statement of Salient Issues (material human rights issues related to management) | We implemented a human rights impact assessment on corporate management in 2019 and identified what we need to improve. These areas include human rights awareness enhancement, responsible supply chain management, and safety rights protection, which is followed by improvement efforts in those areas. | 68-69 | |
| | B2 Identification of Salient Issues (method to determine material issues) | We conduct a human rights impact assessment on major businesses and corporate operation in order to determine major human rights issues on a regular basis. | 68-69 | |
| | B3 Choice of Focal Geographies (places where major human right issues occurred or ways to select places) | Major issues occurred in Korea where we operate. | 68-69 | |
| | B4 Potential Human Rights Issues (underlying human rights issues besides material issues) | We identify potential risks regarding human rights by stakeholder and promote activities to prevent them. | 68-69 | |
| | Management of Salient Human Rights Issues | C1 Specific Policies (policies to deal with salient human rights issues) | IIAC regularly makes human rights management plans including goals and major tasks for human rights management. | 68-69 |
| | | C2 Stakeholder Engagement (participation of stakeholders in determining and responding to human rights issues) | In conducting human rights impact assessment, we receive opinions from stakeholders through questionnaires. | 68-69 |
| C3 Human Rights Impact Assessment (constant identification of human rights issues) | | In accordance with human rights regulations, we conduct human rights impact assessments as part of our human rights management efforts and monitoring obligations. | 68-69 | |
| C4 Taking Action (decision-making process and reflecting onto activities) | | Based on the human rights impact assessment results, we recommend taking preventive measures or to continue promoting human rights in accordance with the human rights regulations. | 68-69 | |
| C5 Tracking Performance (effectiveness of human rights issue resolution) | | We have identified areas that need improvement through a human rights impact assessment on major businesses. Accordingly, we continue to improve those areas by establishing a profound human rights management system, strengthening human rights capacity, and implementing on-site human rights practices using human rights promotion organizations. | 68-69 | |
| C6 Remediation (supporting human rights victims) | | We have established a remedy process for human rights violations from the moment of violation to follow-up measures to relieve victims. | 68-69 | |

UN Sustainable Development Goals (UN SDGs)

In September 2015, UN member states around the world agreed on UN Sustainable Development Goals (UN SDGs) concerning the challenging tasks that the international community is faced with in making sustainable development real while alleviating poverty. UN SDGs are comprised of 17 goals and 169 targets. IIAC is making endeavors to contribute to the achievement of the entire goals, but we are focusing more to goal 3, 4, 7, 8, 9, and 13, which can be accomplished actively capitalizing on our characteristics and capabilities of our unique business.



- 1 No Poverty
- 2 Zero Hunger
- 3 Good Health and Well-being
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water and Sanitation
- 7 Affordable and Clean Energy
- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 10 Reduced Inequality
- 11 Sustainable Cities and Communities
- 12 Responsible Consumption and Production
- 13 Climate Action
- 14 Life Below Water
- 15 Life on Land
- 16 Peace and Justice Strong Institutions
- 17 Partnerships to achieve the Goal



Ensure healthy lives and promote well-being for all at all ages.

Reporting page: 39, 75

The UN SDGs' third goal is related to health. The goal includes the reduction of the death toll derived from the preventable diseases, the provision of essential health service for all and the establishment of a universal medical security system. In accordance with this goal, IIAC has strived to guarantee the health of our employees and airport workers as well as developing countries through a range of activities. As part of efforts, we are operating yoga and Group Exercise programs for airport workers while expanding welfare programs for employees suffering from subfertility and pregnant employees. We have newly launched a health care center in Passenger Terminal 2, thereby providing all airport workers with an environment where they can work healthily. In addition, our Healing Talk program allows airport workers to get health-related consultations or receive medical care by applying through our website or phone call.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Reporting page: 38-39, 74

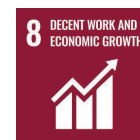
The fourth goal aims to ensure inclusive and fair quality education as well as more opportunities for lifelong education. In line with this goal, IIAC has provided specialized training in order to nurture female leaders and raise female leadership while deploying female employees in key departments as part of efforts to help them enhance their capability and to lay the foundation for their firm status. In addition, we have strived to offer quality education opportunities regardless of the position whether they are regular, contract or other types of employment status. Besides, utilizing our top-class aviation education system, we provided aviation training for 182 trainees in 42 countries for free in 2019 and a total of 1,093 trainees have benefitted from the program, which was launched in 2012.



Ensure access to affordable, reliable, sustainable and modern energy for all.

Reporting page: 70-73

IIAC has actively responded to domestic air pollution and climate change by becoming a low-carbon and eco-friendly airport while conducting projects providing sustainable energy for developing countries as part of our global social contribution activities. We developed and distributed improved heaters especially to gers in Mongolia, one of the countries where we operate overseas projects and whose fine and yellow dust affect the air quality in Korea. By doing so, we have contributed to less greenhouse gases as well as the better quality of life for local residents.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Reporting page: 36, 62-63

IIAC has focused on creating Airport Economic Zone to be aligned with the UN SDGs' eighth goal in pursuit of sustainable economic growth and quality job creation. The corporation has expanded the reach of our economic zone to have a positive impact on a wide range of stakeholders within the zone. These efforts, combined with informing of job vacancy, have also promoted quality job creation. Furthermore, we have also concentrated on cultivating socio-economic enterprises in favor of social value creation.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Reporting page: 58

The ninth goal of UN SDGs is linked to the establishment of safe and sustainable infrastructure and industrialization. IIAC is working on Phase 4 Construction project, which aims to construct a new runway and expand a passenger terminal. The completion of the project will ease congestion and fortify the safety of aviation, thereby making a contribution to safe infrastructure establishment. We also designed the project to use renewable energy from the very initial stage of the construction to promote the development of the eco-friendly industry.
















Take urgent action to combat climate change and its impacts.

Reporting page: 70-73

The thirteenth goal of UN SDGs is related to climate change, and our stakeholders are more concerned about this issue than any other times. Against this backdrop, we have evolved ourselves into an eco-friendly airport. As part of efforts, we have operated eco-friendly power plants, such as solar or geothermal one, to mitigate GHG emissions while using magnetic levitation railway, low-floor buses fueled by hydrogen and articulated buses so as to build an environmentally-friendly transportation system. We have also focused on increasing the number of hydrogen and electric charging stations to make it easy for eco-friendly vehicles to run. In addition, AC-GPS has been operated to provide electricity to aircrafts from the ground to reduce greenhouse gases emitted through the operation of aircrafts' own engine.

Efforts for UN SDGs

| UN SDGs | IAC's Activities | Page |
|--|--|---------------|
|  1. No poverty | Running social contribution activities in domestic and overseas Supplied local currency to the economically vulnerable class which suffered from COVID-19 | 18, 38-39 |
|  3. Good Health and Well-being | Vehicles which are operated in the airport are substituted with eco-friendly ones to realize airport without fine dust Opening health care center in the passenger terminal 2 to ensure airport workers' health care service accessibility. Inviting children with heart disease in Uzbekistan to Korea to help them receive surgery | 39, 72-73, 90 |
|  4. Quality Education | Running training programs to nurture female leaders. Nurturing aviation industry workers from developing countries by utilizing IAC's aviation training program. | 39, 74 |
|  5. Gender Equality | Increasing the number of female directors in the BOD Increasing the number of female recruitments with blind recruitment system without gender discrimination. | 74-76 |
|  6. Clean Water and Sanitation | Increasing the amount of reclaimed water production. Promoting the quality of reclaimed water by strengthening the facility management. | 70-73 |
|  7. Affordable and Clean Energy | Installing renewable energy facilities. Introducing high efficiency energy facilities and equipment. Operating energy management system (ISO50001) | 70-73 |
|  8. Decent Work and Economic Growth | Operating a job platform to share quality job openings in the airport Contributing to the national and local economy by striving to create Airport Economic Zone Nurturing socio-economic enterprises to create social value | 36, 38, 62-63 |
|  9. Industry, Innovation and Infrastructure | Improving aviation safety and easing congestion in the airport by implementing Phase 4 Construction Project Contributing to the development of eco-friendly industry by designing Phase 4 Construction Project environmentally friendly | 58 |
|  10. Reduced Inequality | Converting non-regular workers into regular ones in the largest scale among public institutions Providing welfare programs for subsidiary employees without discrimination | 36 |
|  11. Sustainable Cities and Communities | Regularly conducting noise impact assessment Consistently discovering ways to reduce noise through an airplane noise reduction council Realizing a low-carbon eco-friendly airport | 70-73 |
|  12. Responsible Consumption and Production | Facilitating purchases from SMEs Giving sales routes to small sized business owners capitalizing on idle spaces in the airport Implementing fair trade with partner companies | 37, 67-68 |
|  13. Climate Action | Carrying out activities to minimize environmental impact in various aspects regarding air quality, waste, water resources, and hazardous chemicals Operating ISO 14001 Mitigating greenhouse gas emissions caused by aircrafts inside the airport | 70-73 |
|  15. Life on Land | Setting a protection and restoration plan for ecosystem to improve biological diversity Protecting endangered species and monitoring the ecosystem | 70-73 |
|  16. Peace and Justice Strong Institutions | Giving ethics and anti-corruption education Implementing programs to disseminate a culture of ethics company-wide | 67-68 |

Task Force on Climate-related Financial Disclosures (TCFD)

Task Force on Climate-related Financial Disclosures (TCFD) is an organization set up in 2015 by G20 financial ministers and central bank governors with an aim of disclosing financial information related to climate change. TCFD issued recommendations that urge companies to release financial impacts in relation to climate change. Accordingly, IAC discloses our governance, management strategy, risk management, and goal-setting in regard to climate change in compliance with TCFD recommendations in order to step up as a leading corporation in responding to climate change.

TCFD Recommendations

| 4 TCFD Recommendations | IAC Activities |
|---|--|
| <p>Governance</p> <p>Disclose the organization's governance of climate-related risks and opportunities.</p> | <p>a Describe the board's activities in regard to action on climate change</p> <p>b Clarify management's role in assessing and managing climate-related risks and opportunities.</p> |
| <p>Strategy</p> <p>Release the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> | <p>a Explain the climate-related risks and opportunities over the short, medium, and long term.</p> <p>b Describe the impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c State the strategy of organization, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> |
| <p>Metrics and Targets</p> <p>Announce the metrics and targets used to assess and manage relevant climate risks and opportunities.</p> | <p>a Disclose the metrics used to assess climate-related risks and opportunities.</p> <p>b Release Scope 1, Scope 2, and Scope 3 of greenhouse gas emissions (GHG).</p> <p>c Describe the targets to manage climate-related risks and opportunities as well as related outcomes.</p> |

Since climate issue is one of the salient ones in our management, the board of directors of IAC comprehensively manages climate change matters and makes related decisions. In order to effectively cope with climate change, we have established and operated a GHG reduction and energy saving committee, which is a decision-making body for environmental area as well as an advisory body to CEO. Chaired by the vice president of IAC, the committee is regularly holding half-yearly meetings for analyzing and discussing plans and performances of critical tasks for low-carbon and eco-friendly management.

To join the global action to keep global warming below two degrees Celsius, we established an eco-friendly strategy with a vision of 'global leading low-carbon and eco-friendly airport.' We make tasks every year to carry out goal-oriented activities under four promotion strategies; advancement of green management, improvement of energy efficiency, expansion of low carbon operation, and reinforcement of environmental resources management.

Risks and Impacts deriving from climate change are as below;

- Precipitation changes: Ground subsidence, reduction of airport capacity, and flooded Aerodrome, underground infrastructure, and ground transportation infrastructure
- Temperature rise: Burdening cooling facilities due to the deterioration of aircraft performance and thermal damage on the surface of runway and taxiway
- Wind volume and direction: Extended route stage or route owing to convective climate, increased air turbulence due to jet stream, and changes in noise distribution in surrounding areas
- Sea level rise: Reduced airport air path capacity inside Yeongjong Island and loss of accessibility to airport infrastructure and ground transportation
- Disaster: Difficulties in airport operation, extension of routes, and troubled assess to ground transportation and supply of facilities

IAC classified various elements that can have influence on climate change into energy, waste, water resource, and greenhouse gas, and include detailed indicators in each category. Detailed indicators are described in this report as well as Green Report. In addition, our goal is to expand the use of renewable energy such as hydrogen or solar energy under the strategic task for vision 2030, which is the 'realization of low-carbon and eco-friendly airport' with an aim of responding to climate change in the long term.

- Scope1: 27,475 tCO₂eq
- Scope2: 205,249 tCO₂eq
- Scope3: 1,242,697 tCO₂eq

Awards and Membership Status

Major Award-winning Records

| Date | Name of Award | Host |
|-----------|---|---|
| Feb. 2019 | Annual Report (AR) of Vision Awards, Platinum Awards for six consecutive years | League of American Communications (LACP) |
| Mar. 2019 | 2019 Korea Human Resources Development Awards, Management Grand Prize | Korea HRD Association |
| Mar. 2019 | 2019 World Airport Awards, World Best Transit Airport | Skytrax |
| May 2019 | 2019 New York Festival Advertising Awards, Second Prize Award | New York Festivals |
| Jun. 2019 | 2019 Spring Conference of the Korean Academy of Business Ethics, Grand Prize for Korean Business Ethics | Korean Academy of Business Ethics |
| Jun. 2019 | Asia Freight, Logistics And Supply chain Awards, Winner for Best Airport in Asia | Asia Cargo News |
| Jun. 2019 | 2019 National Service Awards, Winner of Grand Prize for Transfer Service | Institute for Industrial Policy Studies |
| Jun. 2019 | Airport FAB Awards, Global and Regional Winner of 2019 | The Moodie Davitt Report |
| Sep. 2019 | 20th Social Welfare Day Ceremony, 30th National Social Welfare Convention, the 'President's Commendation for Meritorious Social Welfare' | Ministry of Health and Welfare |
| Sep. 2019 | 2019 Business Traveller Asia-Pacific Awards, Best Duty-Free in the World for nine consecutive years | Business-Traveller Asia-Pacific |
| Sep. 2019 | 2019 AVSEC Global Awards, Award of Excellence in Aviation Security | Emirate Group Security |
| Oct. 2019 | 2019 National Productivity Award, Grand Prize | Ministry of Trade, Industry and Energy |
| Oct. 2019 | 2019 Global Standard Management Awards, Grand Prize | Korean Management Registrar (KMR) |
| Oct. 2019 | 2019 Korea Sustainability Contest, Grand Prize for Sustainability Report and Top Ranking for National Transportation | Korea Standards Association (KSA) |
| Nov. 2019 | 2019 PM Symposium, 'Project of the Year' | Korea Project Management Association (KPMA) |
| Nov. 2019 | Business Traveller China Awards, 'Best Airport Duty Free in the World' for the 2 consecutive year | Business Traveller China |
| Nov. 2019 | 2019 Realizer of Social Values Award, Grand Prize | Institute of Internal Auditors |
| Nov. 2019 | 2019 BIM(Building Information Modeling) AWARDS, Excellence Award in the 'Public Sector' category | Ministry of Land, Infrastructure and Transport (MOLIT), Korea Institute of Civil Engineering and Building Technology (KICT), Building SMART KOREA |
| Nov. 2019 | 2019 Nationwide Value Engineering Competition, Excellence Award in the 'Public Sector' category | Ministry of Land, Infrastructure and Transport |
| Dec. 2019 | Management Grand Awards, 'Social Value' & Grand Prize for 'Dominant of the Value' for the 6th consecutive year | Korea Management Association Consultants (KMAC) |
| Dec. 2019 | ICAO's 6th Global Aviation Training and TRAINAIR PLUS Symposium, 'Best STP Implementation Award' for the 5th consecutive year | International Civil Aviation Organization (ICAO) |
| Dec. 2019 | 2019 Korea Business Communication Awards, awarded in the 'Planning & Design' category; Special Prize from the Korea Brand Marketing Association | Korea Business Communicators Association |
| May 2020 | 2020 World Airport Awards, World's Best Airport Terminals and World's Best Transit Airport | Skytrax |

Membership Status

| Year Joined | Institution | Year Joined | Institution |
|-------------|---|-------------|--|
| 1995 | Korea Environmental Preservation Association (KEPA) | 2016 | Korea Management Association (KMA) |
| 2000 | Incheon Chamber of Commerce and Industry | | Korea International Trade Association (KITA) |
| 2001 | Korea Civil Aviation Association (KCA) | 2018 | Korean Association for Public Administration |
| | Korea Emergency Planning Association | | Korean Society For Quality Management |
| 2002 | ACI Asia-Pacific Region | | Korea Society of IT Services |
| 2003 | BBB Korea | | Korea Productivity Center |
| | Korea Construction Promotion Association | | Korean Security Association |
| 2004 | Korea Navigation Institute | 2019 | Korea Council of Public Organization Internal Auditors |
| 2005 | International Contractors' Association of Korea (ICAK) | | Institute of Internal Auditors Korea |
| | Korea Engineering & Consulting Association | | Korean Society of Safety |
| 2007 | UN Global Compact | | Korean Society of Transportation |
| | BEST Forum: Business Ethics and Sustainability management for Top performance | | Korean Academy of International Business Management |
| | ACI World | | Korea Air Transport Research Society |
| 2009 | Alumni Association | | Korea Exchange (KRX) |
| 2010 | Korea Industrial Technology Association | | Korea Aviation Noise Policy Forum |
| | Korea Integrated Logistics Association | | Aviation Management Society of Korea |
| 2011 | Korean Society for Aviation and Aeronautics | 2020 | Korean Institute of Landscape Architecture |
| 2012 | Korea Air Traffic Controllers' Association | | Korea Business Roundtable (KBR) |
| 2013 | Korea Air Navigation Safety Technology Association | | Korea Data Industry Association |
| 2014 | International Civil Aviation Organization (ICAO) | | Korea Software Industry Association |
| | Korea Electric Engineers Association | | Korea Service Management Society |
| | Incheon Environmental Volunteer Association | | Korea Electric Engineers Association |
| 2015 | Organisation for Economic Co-operation and Development (OECD) | | Korea Aviation Security Association (KASA) |
| | IATA Aviation Fuel Technology Committee | | Korea Council of Chief Information Security Officers |
| | Incheon International Airport Integrated Defense Council | | Korea Transportation Society |
| | | | Korea Service Management Society |

Publication History of IAC Corporation Sustainability Report



We have put 'With' on the report to demonstrate a corporation promoting sustainable management together with our stakeholders. The image of a family going travel is the presentation of happy value we deliver to our stakeholders through our role of the gateway to Korea.



2007



2008



2010



2011



2012



2013



2014



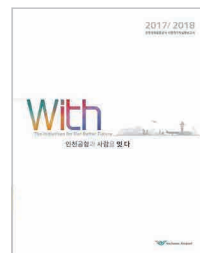
2015



2016



2017



2018

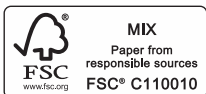
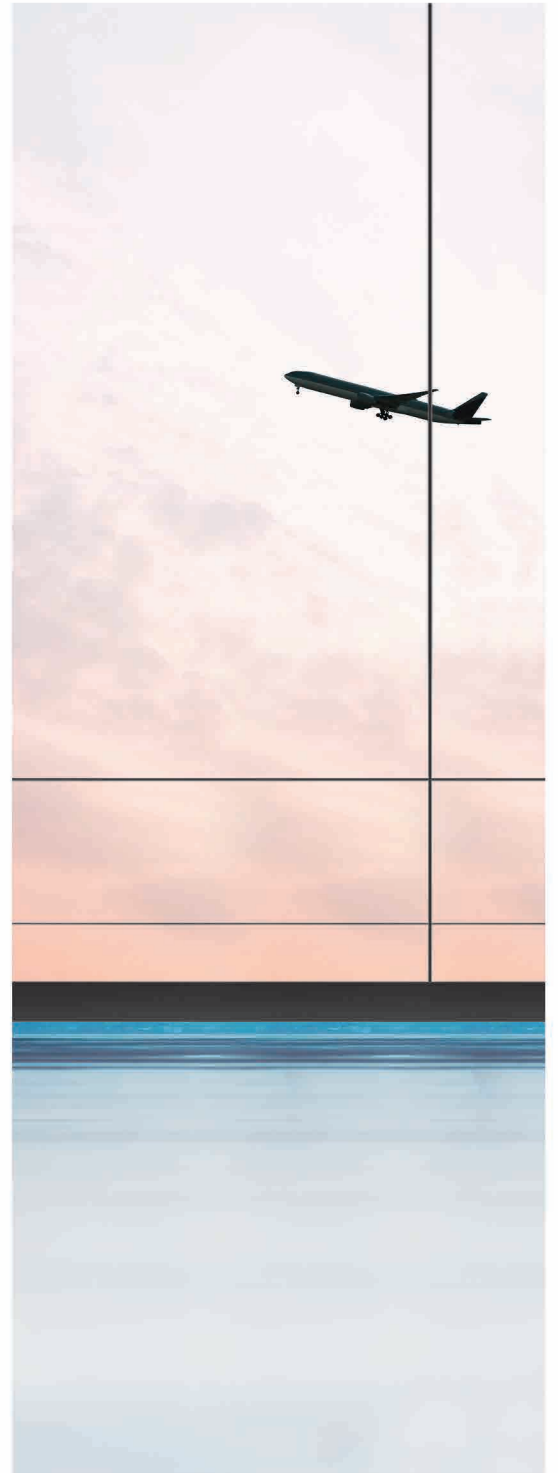


2019

Incheon Airport, Social Value Creator, Flying into the World with People

We look forward to hearing your valuable opinions.
Please participate in survey through QR code.
The provision of your ideas through QR code is available from October 2020.





This report has been printed with soy-based ink on Forest Stewardship Council® (FSC®) certified paper to help recycle resources and protect the environment.