

2021 Korean Air ESG Report

Sustaining Excellence

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Interactive PDF

 This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including shortcuts to related web pages.

Reporting standards	GRI Standards (Core Option), SASB
Reporting period	January–December 2020 (also include some data and information from the first half of 2021)
Reporting scope	Korean Air's business premises at home and abroad, including the headquarters in Seoul, Republic of Korea
Reporting cycle	Annual
Third-party assurance	Korean Standards Association (KSA)
Disclosure principle	The report is available online on Korean Air's website (koreanair.com)
Contact	Management Team of the Corporate Strategy & Planning Division, Korean Air (KAL_ESG@koreanair.com)



COMPANY OVERVIEW

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CEO MESSAGE

Greetings! I would like to express my sincere gratitude for your continued interest and support and hope that all is well with you and your family.

The year 2020 was an exceptionally difficult one for the global aviation industry due to the global spread of COVID-19. Korean Air suffered a 40% decline in overall sales compared to the previous year, and we saw a sharp drop in international passenger demand. Still, we were able to achieve operating profit of KRW 238.3 billion by concentrating all of our capabilities on preemptively responding to changes in cargo demand, while continuing to improve productivity and reducing costs across all sectors.

We are anticipating continued uncertainty in the business environment in 2021, much like last year, as COVID-19 is expected to be prolonged. Some report pessimistic forecast that passenger demand will not return to pre-COVID-19 level until 2024. We believe that Korean Air can overcome the current crisis as we have before following numerous crises, such as SARS, 9/11, and the global financial crises over the past 52 years. We will thus make this an opportunity to lay the foundation for sustainable growth for the post-COVID era.

Korean Air has been implementing various measures to fulfill its responsibilities as a member of the global community, and we plan to further reinforce these activities in the future.



First of all, we recognize seriousness of climate issues and are taking various measures in response.

Korean Air complies with each country's market-based carbon regulations, including the ICAO Carbon Offsetting and Reduction Scheme for the International Aviation (CORSIA), the European Union Emissions Trading System (EU-ETS), and the Korea Emissions Trading Scheme (Korea-ETS). In 2020, we took the first step in implementing the international aviation carbon offset system by starting to report the carbon emissions to the relevant authorities. In addition, we disclose environmental information by participating in the Carbon Disclosure Project (CDP), and take the lead in improving environmental issues by continuously introducing high-efficiency aircraft. Furthermore, we are reviewing the application of sustainable aviation fuel (SAF), an eco-friendly fuel, to reduce carbon emissions generated during operation of air transportation.

Second, we strive to improve the quality of our services by prioritizing customer satisfaction and safety.

In January 2021, in recognition of our efforts to improve customer service, we received the Consumer Centered Management (CCM) certification from the Fair Trade Commission and the Korea Consumer Agency. Recently, we have established and been operating the "Care First" program, an integrated hygiene management program strictly following the infection prevention guidelines to ensure the safety of our passengers and employees amidst the COVID-19 pandemic, and provide them with a pleasant experience.

Third, Korean Air will actively practice ESG (Environment, Social, and Governance) management and respect the ESG values.

In August 2020, Korean Air established the ESG Committee within the Board of Directors to be in charge of establishing ESG strategies, reviewing and overseeing the implementation, and managing the ESG risks. The Board of Directors will be playing the central role in practicing the ESG management as Korean Air continues to implement business activities in consideration of non-financial factors that can affect corporate value and sustainability.

Respected stakeholders,

In November 2020, Korean Air concluded an acquisition agreement with Asiana Airlines in an effort to overcome the crisis of the entire Korean aviation industry and to secure a foundation for the long-term growth in accordance with the founding philosophy of "Patriotism through Transportation." Through the acquisition, we intend to strengthen schedule competitiveness, optimize equipment management, and reduce costs. Korean Air will do our best to prevail as Korea's leading global megacARRIER, an airline that provides the best service to its customers.

Korean Air would not have been able to make consistent advancement if it were not for the continuous support of our stakeholders. We will continue to do our utmost to fulfill our roles and responsibilities as a leading company in sustainability management. We appreciate your kind support.

Thank you!



Korean Air Co., Ltd.
Chairman & CEO **Cho, Won-Tae**

MANAGEMENT PHILOSOPHY

VISION

To be a Respected Leader
in the World Airline Community



Service Excellence

- Strengthening service competitiveness by developing unique services
- Offering high-end and differentiated services
- Providing high-end seats, including KOSMO Suites 2.0 and Prestige Suites, and upgrading in-flight entertainment service (AVOD/IFE)
- Promoting corporate image as a global leading service brand
- Offering top-tier service on a par with global standards backed by the SkyTeam alliance
- Continuing social contribution activities through Global CSR projects

Operational Excellence

- Ensuring flawless operational safety
- Improving profitability through year-round cost-reduction efforts
- Phasing in fleet modernization for maximized operational efficiency
- Expanding global network by tapping into SkyTeam resources
- Strengthening management infrastructure through company-wide IT integration
- Promoting education/training programs for fostering talent from around the globe

Innovative Excellence

- Establishing an organizational culture that encourages creativity and free thinking
- Creating a democratic and collaborative workplace
- Fostering talent from around the globe
- Breaking the "silo" mentality and promoting change and innovation
- Developing profitable new business models

MANAGEMENT PHILOSOPHY



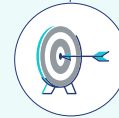
Enhancing customer loyalty with highest possible customer satisfaction

- Taking a comprehensive and systematic approach toward customers
- Responding promptly to changing customer needs
- Maximizing customer value through Management by Wandering About (MBWA) practices



Adhering to standards and principles

- Establishing globally recognized standards and principles
- Pursuing business flexibility while adhering to the established standards and principles
- Eliminating shortcuts and inefficiency in business operations



Organization management based on expertise and autonomy

- Promoting mutual respect for expertise in different fields
- Making system-based decisions
- Building a harmonious atmosphere for creative solutions



Developing future growth engines with competent human resources

- Attracting the best and brightest talents from around the globe
- Continuing bold investments in nurturing talent
- Creating a corporate culture that promotes individual growth for organizational growth



Creating an innovative and change-embracing corporate culture

- Encouraging a progressive and aspiring mindset
- Creating an organizational culture that embraces change
- Pursuing future-oriented business reform by focusing on core competencies

COMPANY OVERVIEW

About Korean Air

ORGANIZATIONAL STATUS

KEY HIGHLIGHTS

Company name Korean Air Lines Co., Ltd.
 Headquarters 260 Haneul-gil Gangseo-gu, Seoul, Korea (Gonghangdong 1370)
 Phone number +82-2-2656-7114
 Website <http://www.koreanair.com>
 Business areas Passenger & cargo transportation, aerospace
 Subsidiaries Refer to the disclosures by Korean Air at <http://dart.fss.or.kr>

Established in

1969



Number of employees

20,072



(Including locally hired employees and excluding executive directors)

Sales

7.405 KRW trillion



(Based on separate financial statements)

Total assets

24.7473 KRW trillion



(Based on separate financial statements)

Air fleet

159



Passenger transportation

7.50 million persons



Cargo transportation

1.62 million tons



Air Fleet

(Unit: ea/year)

Aircraft model	Passenger		Cargo	
	Number of aircraft	Average fleet age	Number of aircraft	Average fleet age
A380-800	10	8.8	-	-
B747-8I	10	4.7	-	-
B747-400F	-	-	4	15.3
B747-8F	-	-	7	7.0
B787-9	10	2.9	-	-
B777-300ER/300/200	42	11.1	-	-
A330-200/300	29	16.0	-	-
B777F	-	-	12	5.6
B737-800/900/900ER	25	15.0	-	-
A220-300	10	2.6	-	-
Total: 159	136	11.0	23	7.7

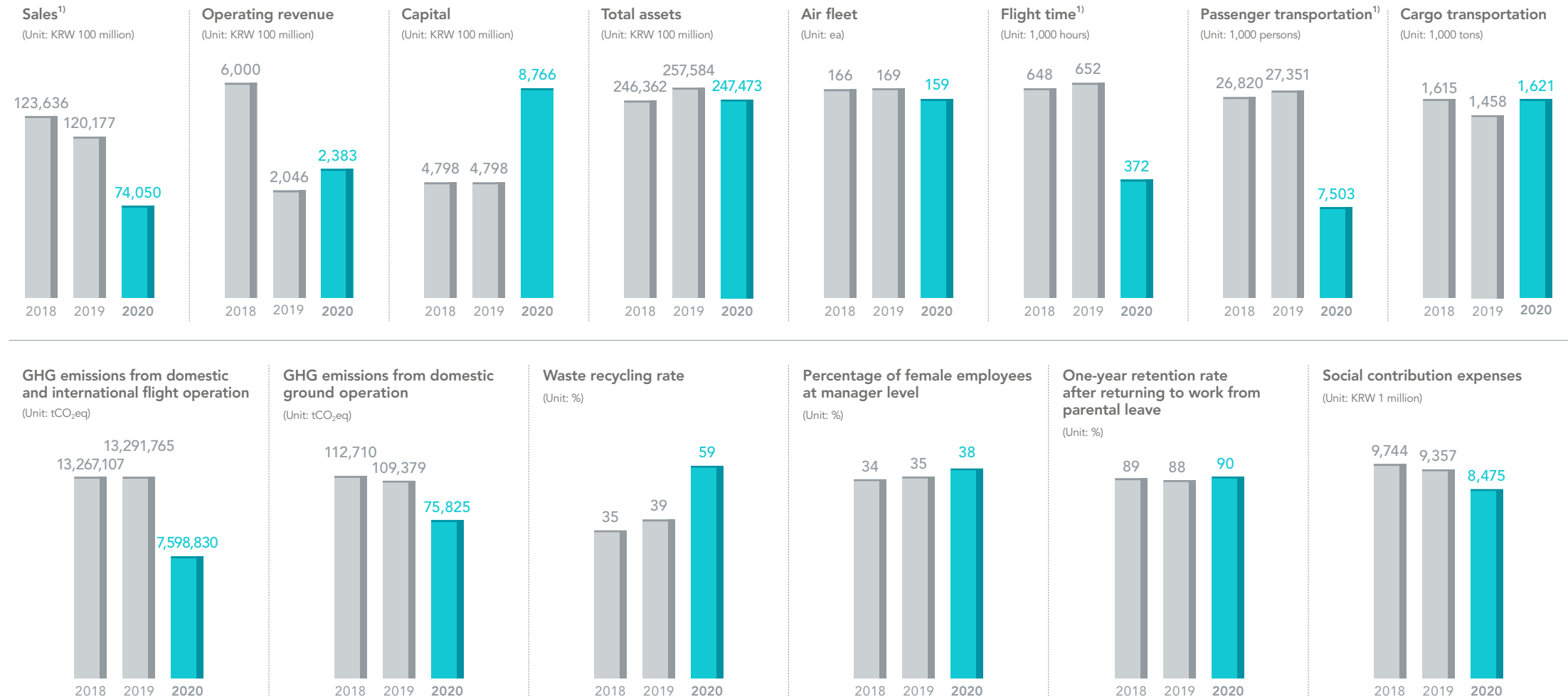
* As of 2020.12.31

COMPANY OVERVIEW

About Korean Air

ORGANIZATIONAL STATUS

KEY HIGHLIGHTS



* As of December 31, 2020

¹⁾ Sales, flight time, and passenger transport in 2020 significantly decreased compared to 2019 due to the impact of COVID-19.

Key Businesses

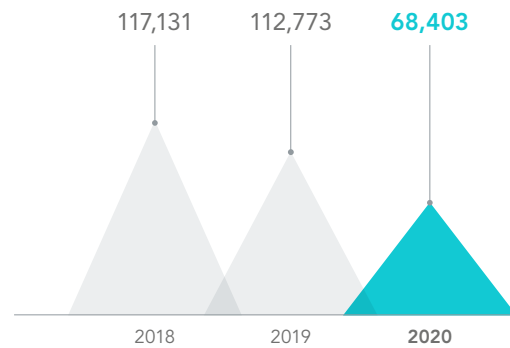


Air transport business

As of the end of 2020, Korean Air owns a total of 159 aircraft, which operate regularly between 13 cities in Korea and 108 cities in 42 countries worldwide. In 2020, we have transported 7.50 million passengers and 1.62 million tons of cargo. Despite a significant decrease in passenger transportation due to the impact of COVID-19, we were able to generate operating profit by maximizing profitability in the cargo transportation business and reducing company-wide expenses.

Sales

(Unit: KRW 100 million)



Transportation (2020)

(Unit: 10K passengers / 10K tons)



* Based on separate financial statements



Your own personal travel app
Korean Air My

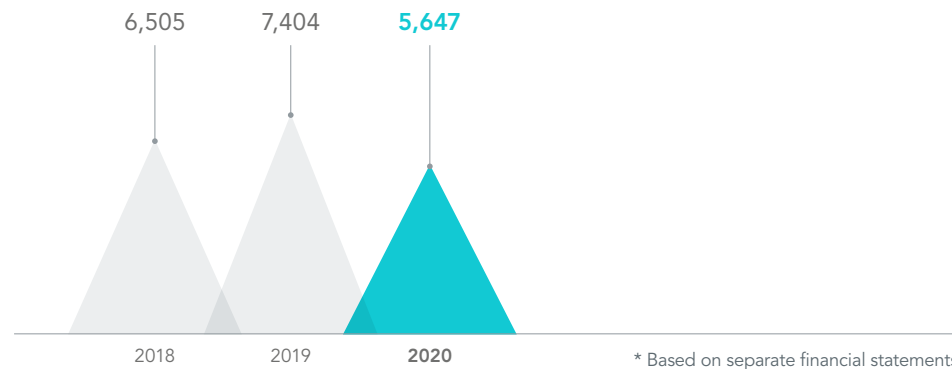


Aerospace business

Affected by the decrease in air traffic volume due to COVID-19, the aerospace industry suffered from a slowdown in overall growth. Korean Air is laying the groundwork for a new leap forward by strengthening competitiveness in the current business areas, as well as future businesses, such as new unmanned aerial vehicles, urban air mobility (UAM), and satellite launch vehicles.

Sales

(Unit: KRW 100 million)



* Based on separate financial statements



Inspection drone



GLOBAL NETWORKS

Routes

- Passenger/cargo flight in operation
- Only passenger flights in operation
- Only freighters in operation
- Not in operation



Destinations

Korea	13 cities	Americas	20 cities
Northeast Asia	37 cities	Europe	18 cities
Southeast Asia / Southwest Asia	22 cities	Russia / Mongolia / Central Asia	6 cities
Oceania / Guam	4 cities	Middle East	1 city

Total 121 cities
(108 cities for passengers, 47 cities for cargo)

* As of December 31, 2020

SKYTEAM Members



📄 SKYTEAM CSR Statement

SKYTEAM

SkyTeam, a global airline alliance formed in June 2000, currently consists of 19 member airlines, including Korean Air, Garuda Indonesia, DELTA, MEA, Vietnam Airlines, SAUDIA, XIAMENAIR, Aerolineas Argentinas, AEROMEXICO, AEROFLOT, Alitalia, AirEuropa, AIRFRANCE, China Eastern, China Airlines, Czech Airlines, Kenya Airways, KLM, and TAROM.

SkyTeam currently operates over 15,000 daily flights to 1,036 cities in 170 countries. SkyTeam customers can enjoy more benefits and a variety of flight options through SkyTeam's worldwide network of routes, as well as mileage accrual and redemption benefits, lounge benefits and joint services offered by all member companies.

SkyTeam members fully recognize the importance of corporate social responsibilities, and are collaborating to promote sustainable, green corporate policies.

KEY BUSINESS STRATEGIES

PASSENGER BUSINESS STRATEGIES

The passenger air transport market is still expected to undergo many changes due to the COVID-19 in 2021. With acceleration of vaccine supplies across the world, there are active discussions underway on the introduction of vaccine passports. However, the virus mutation is also rising, raising many concerns about resuming air travel. Korean Air has established and is promoting the following operational strategies in response to the growing uncertainties and to overcome the pandemic:



Comprehensive efforts to prevent the spread of virus with priority on customer safety

- Provide safe travel through the comprehensive disease prevention program, "Care First"

Response to market volatility through flexible operation for supply and active creation of demand

- Promote profitability improvement by quickly adjusting supply in response to the spread of COVID-19 in each country and changes in entry restrictions
- Create demand for the with-COVID environment by preemptively identifying and attracting essential travel demands and developing clean travel destination products

Expansion of non-face-to-face services

- Continuous development of services designed for contactless environment, such as expansion of the Self Check-In service

CARGO BUSINESS STRATEGIES

The cargo business sector is expected to be highly volatile in 2021 due to the prolonged COVID-19 and uncertainty about the recovery of passenger demand. While closely monitoring the recovery trend from COVID-19 and changes in the market supply and demand, we will pursue the sustainable growth of our business in the following manner:



Increase flexibility of supply in response to market conditions

- The increased volatility from uncertainty in the recovery of passenger demand calls for more flexibility in supply reflecting the airline conditions
- Secure flexibility in supply adjustments by utilizing cargo planes, cargo-only planes, and passenger planes with seat release
- Respond preemptively to market changes based on global route operation know-how

Stable transportation in response to COVID-19 related demand

- Establish a timely transport system by operating a dedicated T/F team and linking with vaccine manufacturers
- Focus company-wide capabilities in transportation of vaccines to Korea and contribute to the stabilization of distribution
- Continue to deliver diagnostic kits, relief goods, and medical equipment for COVID-19

Focus on attracting demand for new growth items

- Rapid growth is expected in the eco-friendly and bio industry after COVID-19
- Provide differentiated services by expanding direct transactions and fixed contracts with large shippers
- Preoccupy the market by utilizing the global route networks, stable supply, and high-quality transportation service

AEROSPACE BUSINESS STRATEGIES

In the aerospace business, there is a sharp drop in aviation demand and a temporary decline in the market due to the economic downturn caused by COVID-19; but in the long term, we still expect to see market growth as the economy recovers. The military aircraft sector is expecting continued growth and expansion of maintenance volume as there is an increase in the defense budget. The unmanned aerial vehicle market is accelerating its expansion into the civil/public sector. The full-fledged 4th industrial revolution has spurred the use of big data and AI in the aviation manufacturing sector. To acquire competencies required for sustainability in this era, we are establishing and implementing strategies to overcome crises and promote active growth.



Overcoming the COVID-19 pandemic and building a foundation for sustainable growth

- Improve income-expenditure structure by identifying tasks that will increase revenue and reduce costs
- Operate flexible manpower through civil/military aircraft conversion and multi-skill training
- Research existing technologies and services of the Urban Air Mobility (UAM) business based on differentiated technologies in the fields of air traffic management, transportation service, and aircraft development

Eliminate inefficiencies and improve productivity through process improvement

- Improve quality and productivity through the establishment of the Manufacturing Execution System (MES), a specialized manufacturing solution
- Establish a visual management system for efficient management of production manpower
- Transform production management, process documentation, and the working environment

Preparing for stable transition into and expansion of comprehensive aircraft system business

- Selective bidding considering previous experience and capacity/capability
- Diversifying risks through multilateral collaboration with competitors/partners
- Expand unmanned aerial vehicle platforms for hybrid drones, vertical take-off and landing and autonomous airplanes; develop specialized technologies

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ISSUE 02.

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ISSUE REPORT



ISSUE 01

Korean Air's Response to COVID-19

As a world-class airline and one of Korea's leading companies, Korean Air is contributing to national efforts to overcome the COVID-19 crisis. We are taking cautious measures to respond to COVID-19, with the safety of all stakeholders, including customers, local communities, and employees as top priority, and preemptively preparing for the post-COVID-19 era.



Our Efforts to Overcome the COVID-19 Crisis

The decrease in passenger demand due to COVID-19 continued throughout the year in 2020, resulting in a 74% drop in sales from the passenger business and a 40% decrease in overall sales compared to the previous year. Despite the difficulties, all employees worked together to reduce labor and operating expenses by 23% by rotating time off, negotiating rental fees, and optimizing processes. We preemptively responded to the special cargo situation caused by COVID-19, which resulted in increased profitability in cargo business. This has made us one of the few global network carriers to record an operating profit in the worst economic crisis.

In addition, Korean Air is implementing rigorous measures to secure liquidity during the COVID-19 crisis. In December 2020, we secured approximately KRW 1 trillion in funds by selling our in-flight meals and in-flight duty-free businesses, which are one of our main businesses. As of May 2021, we are in the process of selling the Korean Air site in Songhyeon-dong, and the stocks of our subsidiary, Wangsan Leisure Development. The sale of the Songhyeon-dong site has followed a method of third-party sell-off, in which Korea Land and Housing Corporation purchases the Korean Air site and exchanges the site with the city land in Seoul.

Korean Air has overcome numerous crises over the past 52 years. Based on such experience, we believe we can not only overcome the current crisis, but also strengthen our capabilities for the post-COVID-19 era and fulfill our role as a global corporate citizen.

Increasing profitability of cargo business

When the overall market supply on most passenger routes decreased significantly due to delayed recovery in demand, Korean Air made a bold decision — we loaded an entire passenger plane to Ho Chi Minh City, Vietnam with 22 tons of cargo in the lower deck without passengers for the first time in March 2020. Starting with loading of additional cargo in the overhead bin in May 2020, we expanded the capacity by installing cargo seat bags in June. We continued the expansion and introduced the "Cabin Floor Loading" system, in which we removed the cabin seats and filled the space with cargo instead. We spent three months preparing a new aircraft safety check and maintenance manual through collaboration with related organizations, including aircraft manufacturers, the Ministry of Land, Infrastructure and Transport, Seoul Regional Aviation Administration, and the FAA. In September 2020, we launched our first cabin floor loading plane to Columbus Rickenbacker Airport, USA. Under the cabin floor loading system, we are able to not only secure additional supply of 10 tons or more per flight, but also improve operational economics by reducing fuel costs due to reduced aircraft weight. Since the initial operation, the number of operating cabin floor loading planes increased to 10 in June 2021. Korean Air operates more than 800 cargo-only passenger flights per month from April 2021 using idle planes, maximizing cargo revenue by expanding supply according to the market demand.



Modification of the Aircraft to Accommodate Cabin Floor Loading



Overcoming the crisis in the passenger business

While the passenger air transportation market is experiencing an unprecedented contraction in demand due to the COVID-19 pandemic, Korean Air is making every effort to overcome the crisis and respond to market changes in a timely manner.

In terms of route operation, we are strengthening our abilities to be flexible in our supply to meet the rapidly changing demand. We have been re-evaluating supply on a monthly basis and adjusting in consideration of the spread of COVID-19 in each country and travel restrictions. Meanwhile, we have also actively introduced non-scheduled flights to accommodate transportation needs of essential passengers, including international students and people going on business trips.

Our sales and marketing teams have been also exploring and discovering new demand and products. To expand the demand for small and medium-sized businesses, we started operating the KALBIZ program, which allows customers to accumulate points for the corporate account as well as the personal account when purchasing flight tickets for business trips. We are actively creating travel demand by promoting non-landing tourist flights (so-called "flights to nowhere") and encouraging ticket purchases in an uncertain market environment by waiving flight cancellation/change fees and offering prepaid ticket vouchers. From January 2021, we started test operation of the Cash & Miles program, which allows customers to use cash and mileage in combination when purchasing a flight ticket.

Overcoming the crisis in the aerospace business

The decrease in passenger demand due to COVID-19 has led to a decrease in the number of aircraft orders by airline operators. As a result, new orders for aircraft manufacturing decreased and even the existing orders declined sharply at the request of aircraft manufacturers. Through active negotiations with aircraft manufacturing companies, Korean Air secured partial operation of production facilities with a condition of suspending delivery. We have improved the utilization of idle labor by relocating manpower between commercial aircraft manufacturing and military aircraft maintenance divisions. This was possible because we have a diverse portfolio in the aerospace business that allowed us to flexibly respond to external crises.

Korean Air is carrying out structural improvement activities to improve investment and productivity in preparation for an increase in order volume when the economy recovers after COVID-19. To improve quality and productivity, we have the MES (Manufacturing Execution System), a specialized manufacturing solution system, and the RPA (Robotics Process Automation), which realizes automatic execution of simple, repetitive tasks. We have set up multi-skill work procedures so that one operator can apply the process to multiple models. We are also promoting modernization of technical data, work schedule improvement, and documentation of know-how to further enhance productivity. We are implementing measures to improve safety, environment, and hazard identification in the workplace. For maintenance projects, we are employing the LEAN/IE program, which analyzes target time through observation and identifies achievable target levels.

Transportation of COVID-19 vaccines

Korean Air acquired CEIV Pharma, an IATA international standard qualification for pharmaceuticals transport, in June 2019, and established a task force dedicated to vaccine transportation in September 2020 to further strengthen cold chain, and provide customized temperature control services to each manufacturer. In recognition of our global supply chain, special cargo transport capability, and experience in transporting pharmaceuticals, Korean Air signed an MOU with COVAX Facility and UNICEF, an international relief organization under the United Nations, for global transportation of COVID-19 vaccines.

As a result, we transported the frozen materials for COVID-19 vaccines at the end of 2020, and COVID-19 vaccines to Thailand, Vietnam, and other Asian countries in February 2021, followed by safe transportation of Pfizer vaccines from Amsterdam to Incheon, maintaining the temperature at below -70°C. Korean Air will continue to monitor global vaccine transportation trends closely and deliver vaccines quickly and safely, using our global network and expertise.

Strengthen the Measures to Prevent the Spread of COVID-19

Korean Air is equipped with an infectious disease response system previously developed based on the know-how from dealing with foreign infectious diseases, such as SARS and MERS. Infectious diseases are being monitored at all times, and in the event of a pandemic, like COVID-19, an in-house team is organized to react preemptively according to the national warning level of the infectious disease to prevent the inflow and spread of the disease.

As the global pandemic of COVID-19 is continuing for a long time, the Korean Air Aeromedical Center, an in-house quarantine management organization, has established disease prevention and management guidelines for each business site. The on-site quarantine managers and staff are doing their best to prevent the spread of disease in the workplace and protect the health and safety of our employees, through strict observation of quarantine management rules, provision of appropriate personal protection items, and strengthened daily disinfection management.



Responses to COVID-19 in 2020

Category	Details
Basis	<ul style="list-style-type: none"> • Korean Air Infectious Disease Management Manual
Establishing detailed guidelines for prevention of inflow and spread	<ul style="list-style-type: none"> • Distributed Guidelines for Managing the Occurrence of Suspicious Passengers On Board and Screening Procedure at the Airport (January 2020) • Established Guidelines for Employees to Prevent the Spread of Infection (February 2020) • Revised the Infectious Disease Control Manual and established implementation plan (June 2020) • Appointed quarantine managers by division and established response guidelines (July 2020)
Protecting employees from infectious diseases	<ul style="list-style-type: none"> • Supply protective equipment and provide on-site support • Provide and train quarantine guidelines for prevention of infection • Support the activities of on-site quarantine managers • Manage employees suspected of infection or having been in contact with infected persons • Prompt response and support for local government epidemiological investigations in the event of a confirmed employee

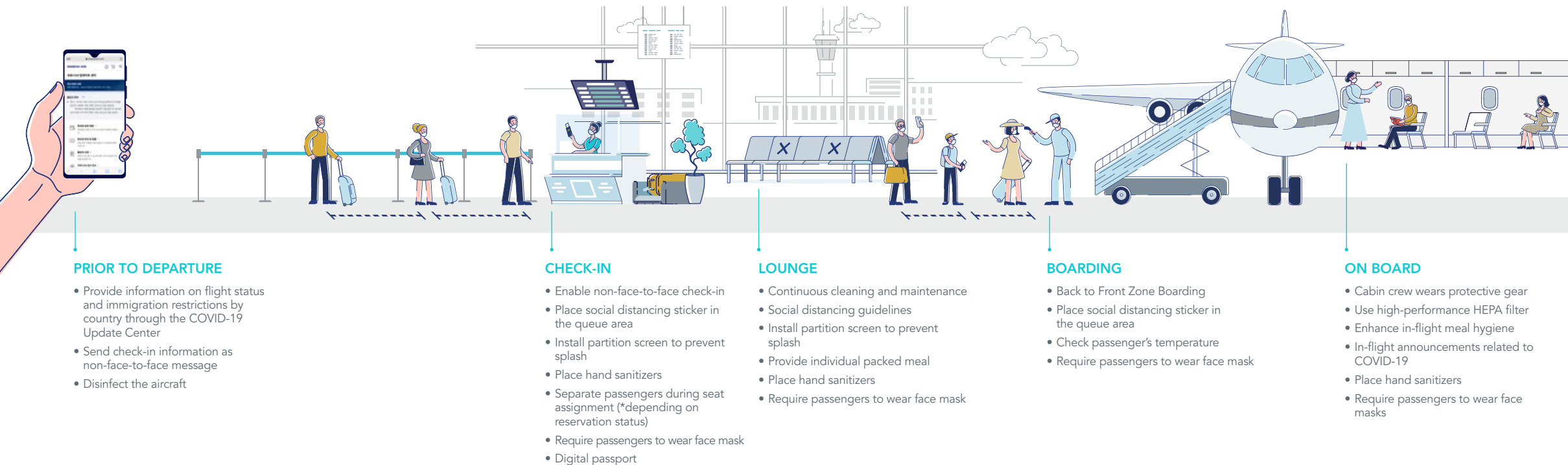
Care First Program

In January 2020, Korean Air initiated the use of protective gear for employees in passenger transportation as the first in the industry. In particular, we have employed preemptive temperature checks on all U.S. route passengers and employees starting February 29, 2020, as the domestic COVID-19 cases started to rise to a pandemic level, to prevent entry restrictions to the United States. Soon after, we started to check the temperature of all passengers and required them to wear face masks to ensure safety of passenger transportation.

In addition, Korean Air operates a comprehensive prevention program, Care First, which requires more meticulous hygiene management standards and strict infection prevention rules, for the safe flight of customers. We disinfect and manage sanitation at all service contact points, not just the aircraft, and try to prevent infection by minimizing customer contact. Korean Air will always put customer safety first and communicate with customers; our endeavors to ensure customer safety will continue as we strictly observe hygiene management procedures from check-in to arrival.



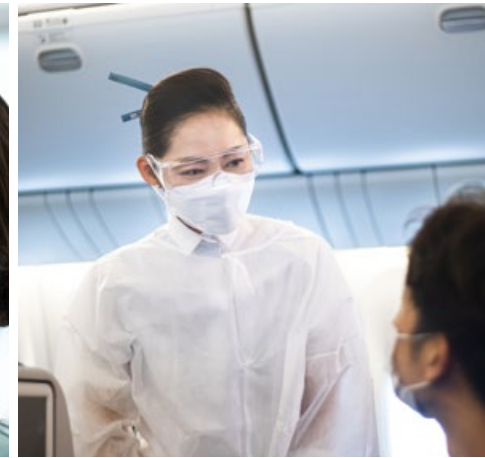
▶ About Care First Program



Lounge



Check-in



Boarding

Inside the cabin



Prior to departure

Prior to departure Korean Air takes every effort to prevent the spread of the virus and ensure safe travel of passengers. All flights departing from overseas airports and arriving in Korea are disinfected thoroughly. Aircraft bound for the Americas, China, and Italy are disinfected every day; all other aircraft are disinfected every week. In addition, aircraft with suspected COVID-19 patients are quarantined and thoroughly disinfected according to relevant procedures before the next scheduled flight.

In addition, we have created the COVID-19 Update Center page on our website for passengers to check the latest information on COVID-19 for passengers, flight status, and immigration restrictions by country. We are also encouraging passengers to utilize non-face-to-face check-in by sending web/mobile check-in messages prior to travel.

Check-in Social distancing stickers are placed on the floor near the check-in counter queue area and screens are installed at the check-in counter to prevent splashes. Upon request, a Care First Kit, including a face mask and hand sanitizer, is provided. Depending on the reservation status, we try to maintain sufficient space between passengers when assigning seats.

Lounge Social distancing stickers are placed on the floor at the lounge entrance queue area. Inside the lounge, a social distancing notice is placed to encourage passengers to keep the safe distance between each other. To minimize person-to-person contact, we provide pre-packed, individual meal boxes.

Boarding Social distancing stickers are affixed to the floor in the boarding gate queue area. We have further subdivided the boarding zones and started to implement back to front zone boarding to minimize passenger-to-passenger contact at the gate and inside the cabin. In addition, we check the temperatures of passengers on all routes and require face masks to be worn by all passengers.

On board Air in the cabin is completely replaced every 2-3 minutes through a high-performance HEPA filter that filters more than 99.9% of foreign substances with a diameter of 0.003mm or greater. Cabin crew members wear protective clothing, goggles, and mask bands in addition to face masks and gloves on board. For in-flight protection, we have minimized contact with passengers during service and extended lavatory disinfection procedures. We make sure to have extra masks on the aircraft to provide immediate support to passengers in need; in the event of a suspected COVID-19 patient, we are implementing immediate quarantine measures by reassigning the seats of nearby passengers.

All employees involved in making in-flight meals are required to wear protective equipment. In order to minimize contact between passengers and crew on board, we have temporarily simplified in-flight service and are using disposable containers and providing bottled water for each passenger. Beverage service has been temporarily suspended on domestic flights.

Customers

Korean Air is making various efforts to minimize customer inconvenience from continued restriction in air travel due to the prolonged impact of COVID-19.

COVID-19 Update Center

Korean Air is operating the COVID-19 Update Center page on our website to help relieve customers' anxiety and ensure a safe travel experience. The COVID-19 Update Center provides practical information for safe air travel, including Korean Air's quarantine program Care First, information on changes in travel restrictions by country, and flight status that change constantly. It also acts as an online communication window and helps minimize customer inconvenience by sending customized messages to passengers and continuously reflecting on the feedback from the service center. Korean Air is striving to increase customer convenience by providing information required for air travel in response to the prolonged outbreak of COVID-19.

Extension of mileage expiration date

In June 2020, Korean Air extended the expiration of miles expiring as of the end of 2020 by one year. In January 2021, we extended the validity period of mileage again by one more year, including the miles that expire at the end of 2021 from the previous extension, to help lessen inconveniences caused by prolonged outbreak of COVID-19. Hence, the expiration date of those miles will end in 2022 (based on Korean Standard Time). We will continue to monitor the COVID-19 situation and provide sufficient opportunities to use mileage.

Extension of SKYPASS Morning Calm Club membership

Korean Air has extended the membership period to three years, which is one more year than the previous membership period of two years. Members who will be upgraded from regular membership to Morning Calm Club in 2021 and those who meet the conditions for maintaining Morning Calm Club membership can now enjoy a total of three-years of membership. Furthermore, those who do not meet the conditions for maintaining Morning Calm Club status by the end of 2021 will not lose their membership but will be given an additional year of benefits as Morning Calm Club members.

2 year delay of SKYPASS program renewal

In December 2019, Korean Air announced plans to renew its SKYPASS program to include the "Cash and Miles" payment option; implement a more rational and segmented mileage accrual and redemption system; and lower elite membership entry barriers. The new system was scheduled to launch in April 2021, but as passenger travel continues to be affected by the COVID-19 pandemic and their opportunity to redeem the mileage is reduced, the system will not be effective until two years later.

Local Communities

Supplying COVID-19 relief goods and charter flights for worldwide expatriates

In February 2020, Korean Air donated 40,000 KF94 type masks to the Chinese Red Cross for residents in Wuhan, China, who suffered enormous damage from the outbreak of COVID-19 before it became a worldwide pandemic. The masks delivered to the Red Cross Society of China were then distributed to a designated hospital in Wuhan under the supervision of the Red Cross Society of China.

Korean Air operated charter flights and temporary flights to various overseas locations, starting with Wuhan, China, for Korean citizens whose flights have been canceled or suspended due to COVID-19. We have transported more than 6,000 Korean citizens to return home safely. In addition, we have supported people to return to their home countries, including Vietnam and the Czech Republic, where we operate regular flights. Korean Air will continue to fulfill its role as a global corporate citizen and provide the necessary air transportation to those in need.



Charter flight operation status for returning of worldwide expatriates in 2020

Country	China	Australia	India	New Zealand	Bangladesh	Italy
Number of flights	9	8	6	4	3	2

Total 32



Employees

Cooperative labor-management relations

Korean Air's labor and management understand that only harmony through mutual trust can make us overcome the unprecedented crisis of COVID-19 in the airline industry. Based on this mutual understanding, labor and management jointly announced the Labor-Management Cooperation Declaration. Under the declaration, both parties pledged a harmonious crisis response for another leap forward as a global airline company and continued coordination and discussions about important management issues.

Flexible work culture

Korean Air endeavors to establish a flexible and safe work culture in response to COVID-19. By encouraging working from home, we have achieved an efficient and safe working environment in the middle of the pandemic. We have also introduced a staggered commuting system, which allows employees to choose their own working hours and helps achieve work-life balance.

Configuring the environment to promote working from home In July 2019, Korean Air made a transition from its in-house work system to Google's cloud-based productivity and collaboration solution, Google Workspace. This allowed a seamless transition during COVID-19, when we were forced to work from home all of sudden, as all the work data was already stored in the cloud.

In addition, we have installed video conferencing equipment in main conference rooms and we actively utilized the video conferencing function of Google Workspace during internal and external meetings to conduct non-face-to-face meetings.

Promotion of non-face-to-face training

Since group training for on-site support work has become more difficult, more online training contents have been developed to promote non-face-to-face training. Online courses are additionally developed for in-flight safety and service training of cabin crew; through virtual reality (VR) model learning, video content development, and distribution of safety/service materials, we created an environment for self-learning in a non-face-to-face environment.

For maintenance training, we have obtained the approval of the Ministry of Land, Infrastructure and Transport to conduct non-face-to-face, remote training for aviation worker qualification and other courses required by the law. In addition, we are replacing field practicum courses of the aircraft training with digital contents including aircraft approach recording, FTD (Flight Training Device) simulation videos, and interactive learning systems. We are striving to strengthen the capabilities of our employees in other field applications through the development of non-face-to-face programs.



ISSUE

02

Korean Air's Response to Climate Change

Korean Air actively participates in various global efforts to achieve the aviation industry's common climate goals. In addition, from the development of eco-friendly technologies to eco-friendly campaigns with customers, the company endeavors to create and transparently disclose environmental values at every stage for sustainable travel and green growth.



Climate Change Goals in the Airline Industry

In 2009, the aviation industry adopted the “2020 Carbon Neutral Growth” as a common goal to freeze the industry’s total carbon emissions after 2020 to preemptively respond to climate change issues. While the airline industry suffers from a great downturn from COVID-19, consumer expectations for airlines’ response to climate change are increasing.

Despite the worst business environment in history, the airline industry is discussing various ways to achieve the common goal of combating climate change. As such, we, as an industry, are striving for sustainable recovery through efficient aircraft operation, introduction of high-efficiency aircraft, and other market-based measures. As a leading global airline, Korean Air supports the industry’s collective goal to respond to climate change and implements various carbon reduction strategies.

Climate Change Strategy

Governance

The role of the BOD on climate change risks and opportunities In August 2020, Korean Air established the ESG (Environment, Social, and Governance) Committee by expanding and reorganizing the Governance Committee within the Board of Directors. The ESG Committee consists entirely of independent directors, and advises on decisions regarding ESG management. The committee establishes the company’s ESG strategies and policies, manages the ESG implementation status, and reviews other issues that have a significant impact on shareholder value.

In particular, response to climate change is one of the major issues emphasized by the ESG committee. The committee conducts an in-depth review of the status of climate change responses every quarter, mid- to long-term response strategies, and management of major risks related to climate change to recommend the future direction for the company regarding climate change.

Assessment and management system of climate-change risk & opportunity factors The C-suite executives and the environmental management organization conduct the following operations systematically: establishment and implementation of Korean Air’s climate change response strategies; and periodic analysis and management of climate change risks.

The Environment Management Team is in charge of establishing and implementing company-wide climate change response strategies and comprehensive risk assessment.

We have also appointed an executive-level manager and established an organization dedicated to environmental management in the headquarters, the aircraft maintenance division, and aerospace business division. The dedicated organization of each division evaluates and analyzes major business performances and climate change risks on a regular basis; the executive in charge of the Environment Management Team selects major issues and reports them to the C-suite executives at least once a year. In addition, major issues identified by the environmental management organizations are reported to the ESG committee.

Strategies

Impact of climate-change risk & opportunity factors on management, strategy, and financial planning Korean Air classifies short-term, medium-term, and long-term risk & opportunity factors related to climate change that may arise from the company’s operation of air transportation and aerospace business as follows:

Impact period

Short-term Within 3 years	Mid-term 3~10 years	Long-term 10 years ~
Issues that may have an immediate impact on the company, such as environmental accidents	Issues that may have an impact on the company within a few years, such as regulations and media exposure	Issues that may have long-term impact on the company, such as energy transition and extreme weather

Major climate change issues

Issues	Risk and opportunity factors	Impact period
㉠ Regulations related to climate change	• Increase in costs due to enhanced carbon mechanism and rising carbon credit prices	Short-term, mid-term
㉡ Green technology	• Carbon reduction through low-carbon aircraft and Sustainable Aviation Fuel (SAF) • Production and sale of aircraft parts with improved fuel efficiency	Mid-term, long-term
㉢ Eco-friendly needs	• Growing market needs for ethical consumption and sustainable travel	Mid-term, long-term
㉣ Stakeholder communication and company review	• Enhance corporate reputation through proactive climate change response and stakeholder communication	Mid-term
㉤ Natural disasters and extreme weather	• Impact on flight operation due to natural disasters, such as typhoons, heavy rains, and heavy snow	Long-term

㉓ Regulations related to climate change

The major sources of GHG emissions for Korean Air are from the operation of flights, and ground facilities. For all GHG emissions, including international flights, we report the GHG emissions and do our due diligence in accordance with relevant domestic and international carbon mechanism. The importance of carbon cost management has increased recently, as carbon mechanism become stricter and the price of carbon credits rises. In order to manage related risks, we are reflecting carbon credits in internal accounting management and making various efforts to reduce GHG emissions.

ICAO CORSIA The International Civil Aviation Organization (ICAO) introduced market-based carbon mechanism to achieve carbon neutral growth in the aviation industry and to preemptively respond to climate change. The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), the world's first global carbon mechanism applied to the aviation industry, has been in effect since 2019, under which airlines have the obligation to offset the excess emissions compared to the base year by purchasing carbon credits. In order to fulfill the CORSIA offset obligation, Korean Air receives a third-party assurance on carbon emissions from operation of international flights from an accredited institution every year and reports the results to ICAO.

EU-ETS In 2005, the European Union introduced the EU-Emissions Trading System (EU-ETS) as a major means of directing climate policy. Since the application of EU-ETS was expanded to the aviation sector in 2012, Korean Air has been fulfilling its obligation of annually reporting and settling the emissions for flights within the EU countries. Since 2020, the Swiss-ETS (Swiss Emissions Trading System) has been effective in connection with the EU-ETS. As such, Korean Air is fulfilling its responsibilities for flights operating between Switzerland and the EU countries. In addition, the UK-ETS (UK Emissions Trading Scheme) will become effective in 2021 following the UK's withdrawal from the EU (Brexit). We will be doing our due diligence to fulfill our obligation for the flights to and from the UK within Europe, as well.

Korea-ETS The Korea Emissions Trading Scheme (Korea-ETS) was introduced in 2015 and is currently applied to about 600 Korean companies, including Korean Air. During the first and second Emissions Trading Period (2015~2020), only airline operators in the transportation sector were subject to the emissions trading scheme. As such, Korean Air has been reporting and settling emissions from domestic flights and domestic ground facilities through a 3rd party verification process every year since 2015.

In the third period of the domestic emission trading scheme ('21~'25), the importance of carbon emission management is being emphasized more as the proportion of free allocation decreased and the price of carbon credits is expected to rise. Korean Air is reducing emissions by operating high-efficiency aircraft, including the Airbus A220-300.

㉔ Development and application of green technologies

Since most of the greenhouse gases in the aviation sector are generated from aircraft operations, it is essential to develop low-carbon technologies for aircraft and jet fuel. To promote the transition to a carbon-free society, Korean Air has been actively introducing high-efficiency aircraft, while developing low-carbon aircraft fuselage structures and supplying them to aircraft manufacturers, and adopting Sustainable Aviation Fuel (SAF).

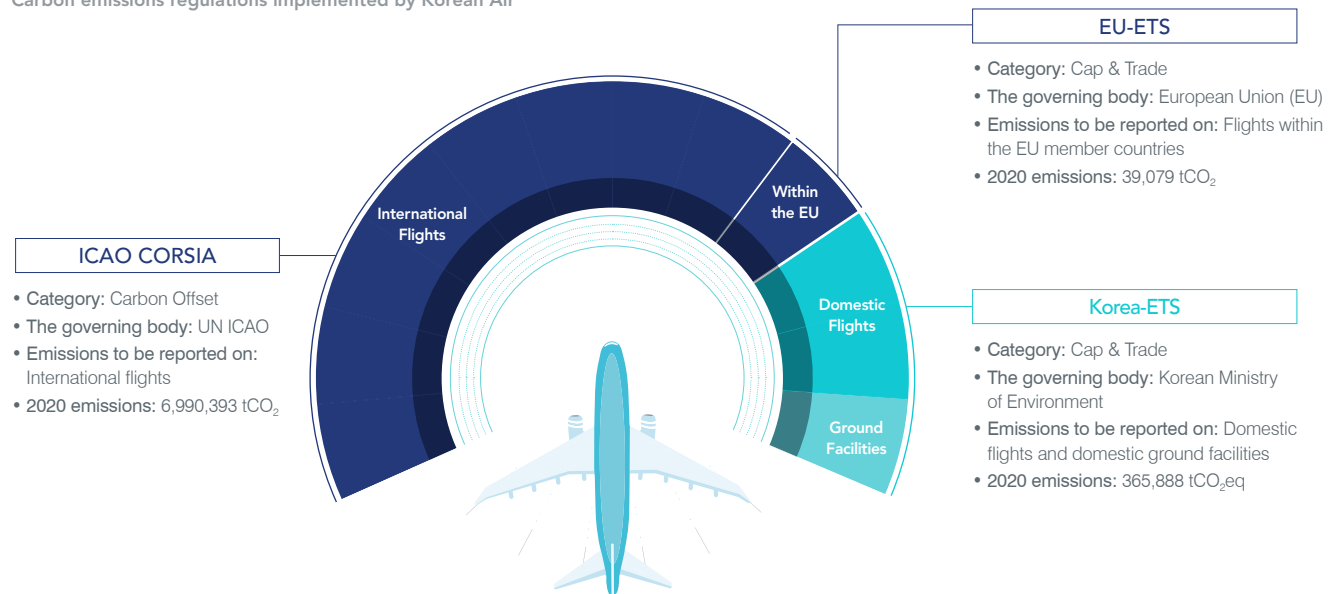
Introduction of eco-friendly aircraft The use of high-efficiency, low-carbon aircraft is the most direct and effective way of reducing GHG emissions from aircraft operations. Korean Air introduces new aircraft and maintains an average fleet age of 10.5 years, which is the lowest level among domestic Full Service Carriers (FSCs).

The newly introduced A220-300 aircraft from Airbus is equipped with the latest engine from Pratt & Whitney, which reduces carbon emissions per seat by 25% compared to the existing models with similar capacity. Currently, a total of ten A220-300 aircraft are in operation on short and medium distance routes including domestic routes.

In 2020, the number of domestic flights operated by A220-300 aircraft increased by 20% compared to the previous year, and GHG emissions per domestic flight distance improved by 8.32%. The outbreak of COVID-19 had a considerable impact on reduction of GHG emissions from domestic flights compared to the previous year. Approximately 26,000 tons out of a total reduction of 190,000 tons was achieved by improving efficiency through the additional introduction of A220-300 aircraft.



Carbon emissions regulations implemented by Korean Air



R&D of low-carbon aircraft technology In addition to the air transportation business, Korean Air designs and manufactures various eco-friendly aircraft structures and parts. For instance, Korean Air is a manufacturer of Sharklet, a wing component that is installed on Airbus A320 aircraft. As of 2020, Korean Air has delivered a cumulative amount of 3,000 units based on its own design and manufacturing capabilities. Sharklet is a winglet structure attached to the tip of the wing of an A320 aircraft. It reduces drag at the tip of the wing, improving fuel efficiency by 4% compared to the other winglet structures.

Korean Air is also developing low-carbon aircraft technology in cooperation with aircraft manufacturers such as Airbus and Boeing. Recently, we signed an MOU with Korea Aerospace University for development of zero-carbon aircraft technology. Research and investment in eco-friendly future aviation technology is a major strategy for Korean Air to develop competitiveness in the transition to a low-carbon society.

Efforts to introduce sustainable aviation fuel Sustainable Aviation Fuel (SAF) is a major carbon reduction tool in the aviation industry, which uses biomass as a raw material and can reduce GHG emissions by 80% compared to the traditional fossil based jet fuel. Some airlines and airports in the USA and Europe currently use SAF. In 2017, Korean Air used SAF for the first time as a Korean airline company on the flights departing from Chicago airport.

However, SAFs are more expensive than conventional jet fuel and the production is limited. Hence, institutional incentives and establishment of production and refueling infrastructure must precede it. Accordingly, Korean Air is actively cooperating with relevant government ministries and industry stakeholders to establish a foundation for the introduction of SAF in Korea.

© Eco-friendly needs

According to a 2020 survey conducted by the International Air Transport Association (IATA) on global airline passengers, 72% of the passengers answered that "the airline industry must make efforts to reduce carbon emission in the process of recovering from COVID-19." This means that despite the downturn caused by the pandemic, the expectations to deviate from the existing consumption culture and change to ethical and eco-friendly consumption have increased significantly. In order to provide more environmentally friendly services to passengers in line with these global needs, various efforts are being made by Korean Air, including introduction of high-efficiency aircraft and substitution of disposable plastics used in in-flight service with more eco-friendly products. In January 2021, we made name tags by upcycling aircraft that were to be disposed of. Korean Air will continue to expand and provide a variety of services for the sustainable travel of passengers.

Low-carbon aircraft technology



@ Stakeholder communication and company review in relation to climate change

Recently, there has been an increase in demand for external evaluation and disclosure of information on ESG management of companies. The ability to respond to climate change, in particular, is being emphasized as an important evaluation criterion in managing non-financial performance of a company. Starting with the first environmental report published in 2000, Korea Air has been communicating with stakeholders through ESG reports every year, providing verification and reports on environmental management performance. In 2020, we participated in the Carbon Disclosure Project (CDP), a global carbon information disclosure platform, through which we transparently disclosed the status of our responses to climate change. Through continuous efforts to improve environmental performance and active communication with stakeholders, Korean Air has obtained a grade-A rating in the environmental section of the 2020 Korea Corporate Governance Service Evaluation, and the overall grade was upgraded from B+ to A. Korean Air will continue to communicate with stakeholders through various channels at home and abroad and strengthen our ability to respond to climate change and improve communication.

© Natural disasters and extreme weather as result of climate change

The occurrence of natural disasters and extreme weather around the world has increased as a result of climate change. Aircraft operations are greatly affected by the weather; flight cancellations and delays due to typhoons, heavy snow, etc., have a direct impact on the airline's profit. In addition, changes in air density due to the rise in air temperature affect the weight limit of aircraft take-off, etc., also increasing the operating cost of airlines. Korean Air collects irregular flight operation data resulting from natural disasters and extreme weather conditions and uses it as a reference for decision making process of flight operations. We are working hard to minimize the impact of climate change on flight operations by using a professional meteorological analysis system.

Resilience of company strategy when considering the climate change scenarios

Subject to various carbon mechanism at home and abroad, Korean Air applies different carbon-cost forecasting scenarios according to the market trend and types of carbon credits referred to in each regulation. In the case of the International Aviation Carbon Offset System (ICAO CORSIA), for example, the International Energy Agency (IEA) standard emission price is applied to predict the cost of offset emissions quota for up to 2035. The cost of purchasing the domestic carbon credit is estimated in consideration of trading prices and regulatory trends in the domestic emissions market. Currently, the internal carbon cost prediction is being used in internal decision-making and financial management related to climate change. In the future, we plan to do more in-depth analyses of the financial impact of climate change by applying a 1.5°C climate change scenario.

Risk management

Climate change-related risk management process

The Environment Management System (EMS) team is in charge of general headquarters, aircraft maintenance, and aerospace business sectors detects and identifies climate change-related risks for the entire company on a regular basis. The EMS Team and the ESG Office jointly conduct comprehensive analyses and evaluations of the identified risks. The EMS Team is composed of environmental experts to carry out in-depth risk assessments; the ESG Office is composed of in-house experts in environment, society, finance, and management to perform multifaceted evaluation of the ESG risks and report to the ESG Committee. Risks that can potentially have an impact on the business strategy and financial position of a company are discussed by the ESG Committee, which is composed entirely of independent directors under the BOD. The ESG Committee develops strategies related to assessment and management of climate change-related risks and acts as a decision-making body.

Metrics

Indicators to assess and manage climate-change risk & opportunity factors

GHG emissions			2018	2019	2020
GHG emissions from domestic and international flight operation	Scope 1 (direct emissions)	tCO ₂ eq	13,267,107	13,291,765	7,598,830
	Scope 1 (direct emissions)	tCO ₂ eq	45,942	44,048	27,744
GHG emissions from domestic ground operation	Scope 2 (indirect emissions)	tCO ₂ eq	66,768	65,331	48,655
	Aircraft operation	kg_CO ₂ e/100RTK ¹⁾	81.80	83.56	77.32
GHG emissions intensity	Ground operation	ton_CO ₂ e/ Sales KRW 1 billion	8.91	8.62	10.32 ²⁾
	Total GHG emissions	tCO ₂ eq	13,379,817	13,401,144	7,675,229

¹⁾ RTK (Revenue Ton Kilometer): transportation of 1 ton of passengers/cargo for 1 km; a unit that indicates the business volume.

²⁾ Due to the decrease in sales as result of COVID-19, the intensity of GHG emissions in the ground sector increased

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ESG PERFORMANCE

ESG Management of Korean Air

Korean Air is creating a sustainable tomorrow based on the following core values in relation to environment, society, and governance. Through ESG management that pursues sustainable development of company and society, we will seek to enhance long-term corporate values rather than short-term profitability, and fulfill our role and responsibilities as an ESG-leading airline.



ENVIRONMENT

Environmental management for a sustainable tomorrow

The global society is faced with environmental problems that must be solved collectively. As a responsible member of the local community, Korean Air makes various efforts to preserve the environment and respond to climate change issues related to energy, hazardous chemicals, air and water pollution, noise, and waste management. Despite the unfavorable business environment in 2020 due to COVID-19, we continued our activities to develop eco-friendly technologies, switch to eco-friendly fuels, and promote green campaigns.



SOCIAL

Fulfilling corporate social responsibilities based on the founding philosophy of "patriotism through transportation"

As a global airline that starts and finishes safe and comfortable travel for countless customers around the world, Korean Air maintains an absolute safety in flight operation and regards safety as our top priority. We strive to provide a differentiated customer experience and protect customer information to align customer value with company's growth. We also focus on nurturing talents who will play a leading role in the sustainable growth of the company. Furthermore, we are contemplating ways to grow together with our business partners and local communities, contributing to the healthy growth of our economy and society.



GOVERNANCE

Strengthening the governance for sustainable management

Korean Air has established and is operating a corporate governance centered on the board of directors for sustainable governance. In 2020, the ESG committee was established under the BOD to further strengthen the governance structure for ESG management. Based on advanced corporate governance structure, we are promoting ethical management across the whole company, stressing transparent and fair business activities. Through risk management that considers financial and non-financial factors comprehensively, we pre-emptively respond to uncertainties and promote sound growth.

E Environment

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The 21st Korean Air Travel Photo Contest / Merit Prize / Seo, Yeong-Seong / The Road to the Picturesque House

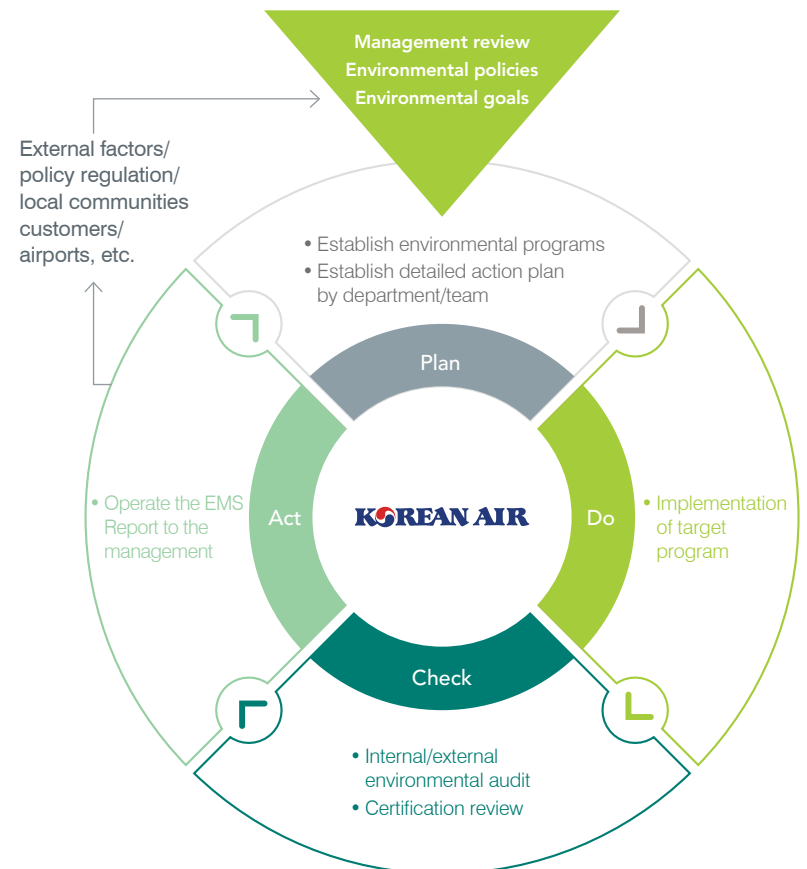


ENVIRONMENTAL MANAGEMENT

Environmental Management System

Since Korean Air obtained ISO14001 (Environmental Management System) certification in 1996, the airline has introduced an environmental management system that meets international standards. In addition, an Environment Management Team is established for each division of the headquarters, aircraft maintenance, and aerospace business. We are operating an effective PDCA cycle to minimize the environmental impact that may occur during business activities.

Korean Air PDCA cycle



Business Environment

Due to global warming, the occurrence of extreme weather is increasing around the world, accompanied by the international community's growing interest in climate change. Recently, the Korean government announced its 2050 Carbon Neutral Strategy and expressed its willingness to take an active role in responding to climate change. Accordingly, the role of corporations in reducing GHG emissions is being emphasized.

Despite the impact of COVID-19 in 2020, stakeholders' interest in environmental management in the aviation industry is growing. The aviation industry was the first to declare Carbon-Neutral Growth After 2020 in 2016, among the others, and has been strengthening its response at the industry level since then.

Management Approach

As a global airline, Korea Air feels the responsibility to take an active role in environmental preservation and responses to climate change. The ESG Committee, which consists entirely of independent directors, reviews climate change and environmental management strategies periodically and systematically. Major issues identified by independent directors are then reported to the BOD through the ESG Committee. In addition, Korean Air operates the EMS Team responsible for overseeing environmental issues of all business areas, including transportation, aircraft maintenance, and aerospace business. The EMS Team conducts the management evaluation and risk management every year.

Performance in 2020

Indicator	2018	2019	2020
Fuel efficiency of international flights (L/100 RTK) ¹⁾	31.45	32.13	29.53

¹⁾ Fuel efficiency = Fuel consumption (volume)/Transportation (100RTK) (smaller value is more efficient)
RTK (Revenue Ton Kilometer): transportation of 1 ton of passengers/cargo for 1 km; a unit that indicates the business volume.

Fuel efficiency improvement of international flights

2.60 L/100 RTK ↓



Achievements of environmental goals in 2020

Korean Air established and implemented detailed action plans by department and achieved all of the 52 environmental goals set for 2020.

Managing environmental risks

Korean Air has established an emergency response system in preparation for aircraft accidents at all domestic airports and operates response procedures accordingly. In the event of an aircraft accident, we are equipped with the emergency organization network and system to take immediate actions to rescue the victims first, then minimize environmental impact. We conduct simulation training on various possible environmental crisis situation to minimize the damage in case of an actual crisis situation. We have established an Environmental Countermeasures Center under the General Countermeasures Headquarters to prepare for possible environmental pollution caused by aircraft accidents. In the event of oil and pollutant spills that may occur at each business site, we have established an emergency response organization and guidelines in consideration of the characteristics of each business site, and are conducting regular training.

Achievements of environmental goals in 2020

Items	Detailed action plans	Achieved / Not achieved
Stabilization of pollutant emissions	Discharge 50% or less than the legally permitted amount of pollutant emissions	Achieved
Reduction of GHG emissions	Reduce GHG emission from flight operation and improve fuel efficiency	Achieved
Reduction of use of hazardous substances	Substitute chemicals used for aircraft maintenance with environmentally friendly substances	Achieved
Reduction of ground energy consumption	Replace heating and cooling equipment and promote energy saving campaign	Achieved
Reduction of GHG emissions	Increase recycling rate and reduce waste incineration	Achieved
Reduction of aircraft fuel	Reduce aircraft weight and increase fuel efficiency through engine water wash	Achieved
Enhancing compliance with environmental laws	Reinforce management by strengthening internal compliance obligations and improving facilities	Achieved
Enhancing emergency environmental response	Conduct emergency environmental response training	Achieved
Enhancing environmental communication	Organize and operate an internal environmental consultative body and participate in the carbon information disclosure project	Achieved

Energy Management

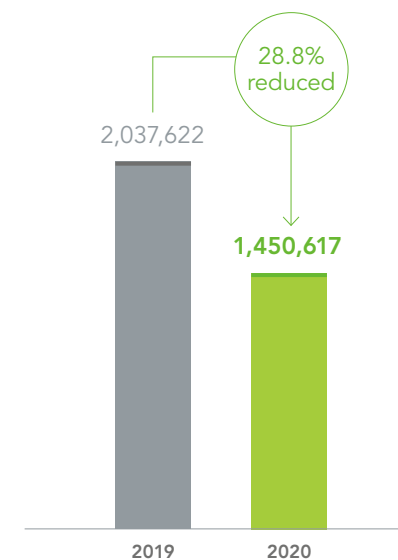
Korean Air strives to minimize energy-consumption during aircraft operation, as well as operation of maintenance facilities and cargo terminals, etc. When replacing parts, we review applications of high-efficiency products and adjust operation time to be more efficient to reduce energy-consumption. In 2020, we saved 28.8% of energy compared to the previous year through daily energy-saving activities, such as complying with the government's recommended temperatures, actively promoting working from home, and reminding employees to turn off lights and PCs after work.

Energy consumption

Energy	2019	2020	Percent change
Gas/diesel	107,375	52,998	-50.6%
By-product fuel no. 1	8,708	7,357	-15.5%
By-product fuel no. 2	275,144	142,972	-48.0%
Gasoline	11,780	7,335	-37.7%
Jet fuel	6,172	1,371	-77.8%
LNG	274,711	231,613	-15.7%
LPG	5,146	2,942	-42.8%
Electricity	1,317,038	986,977	-25.1%
Medium hot water (steam)	31,548	17,052	-45.9%
Total	2,037,622	1,450,617	-28.8%

(Unit: GJ)

Total energy consumption

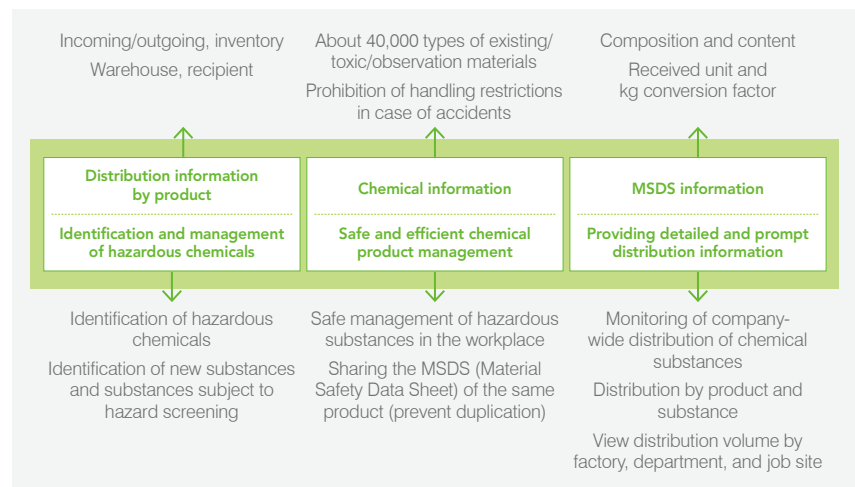


Preventing Environmental Pollution

Managing hazardous chemicals

Korean Air follows the recommendations of aircraft manufacturers regarding use of chemical substances during aircraft maintenance. We are in continuous communication with aircraft manufacturers to reduce hazards from using those products. In addition, we have established an in-house chemical management system that manages information on the storage and use of chemical substances at each business site, strictly controls the use of hazardous substances, and reviews and determines the use of alternative substances in accordance with the procedure developed as per the standards of the environmental management system.

Hazardous chemicals management system



Air and water quality management

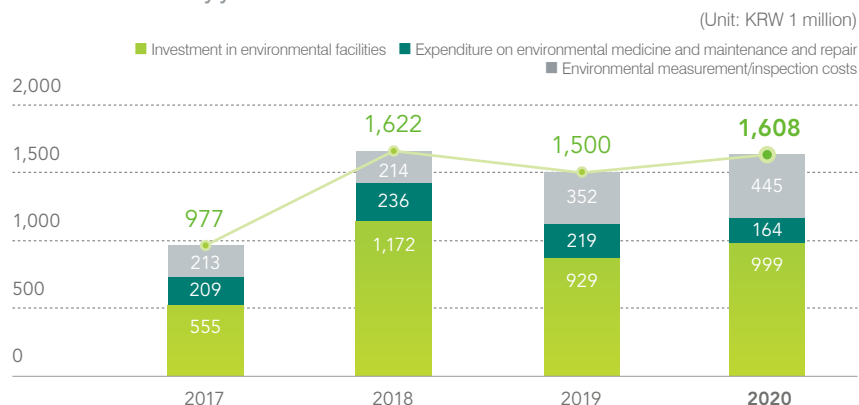
Safe treatment of pollutants Korean Air operates a total of six wastewater treatment facilities at five business sites in Gyeongin, Gimhae, etc. In four of the sites, approximately 150 air pollution prevention facilities have been installed to treat air and water pollutants. Despite the tightening emission-standards for pollutants, we are able to keep the concentration of water pollutants steadily at 2% and air pollutants at 3% of the legally permitted amount. Additionally, we continue to increase the environmental investment and in 2020, the environmental cost increased by about 64% compared to 2017. Going forward, we will be making steady investments and further reduce pollutant emissions.



Air pollutant management Korean Air operates about 150 air pollution prevention facilities in all business sites to minimize air pollutants generated during aircraft maintenance. Each business site is strictly managed so that pollutants are emitted at less than 50% of the legal emission limit.

In 2020, to reduce air pollutant emissions at Gimhae Tech Center, where most aircraft maintenance/manufacturing takes place, we invested KRW 3 billion to convert 11 boilers to use natural gas and introduced high-efficiency, low-NOx burners. As a result, the emission concentration of NOx (nitrogen oxide) has been reduced to less than 38% of the legal emission standard. This has enabled stable emission gas management and is expected to reduce fuel purchase costs by about KRW 1.6 billion per year by increasing fuel efficiency. We will continue to improve the air quality by replacing existing boilers and water heaters with low-NOx burners at other business sites.

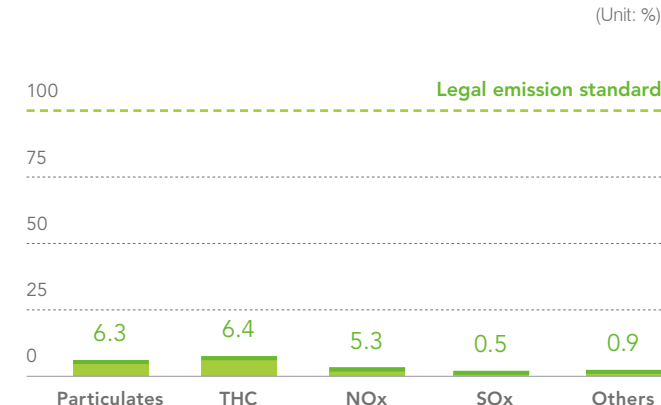
Environmental costs by year



Emission-levels of each pollutant compared to legal emission standard

(Unit: %)

	Particulates	THC	NOx	SOx	Others
KOC	2.7	5.3		0.0	0.9
Bucheon Engine Maintenance	2.4	5.3		0.0	1.1
Incheon Maintenance Base	2.8	3.9		0.0	1.3
Tech Center	8.0	7.0	5.3	2.8	0.0
Company average	6.3	6.4	5.3	0.5	0.9
Company average	3.0				



Conservation of water resource and water quality management

To save water resources and reusing wastewater, Korean Air has built wastewater treatment facilities in the Korean Air headquarters building and in the Singal Training Center located in Singal-dong, Gyeonggi Province. In 1997, before the installation of a wastewater treatment facility was required by the law, Korean Air’s headquarters installed a 400-ton-per-day wastewater treatment facility to treat sewage from sinks and showers. Korean Air reuses about 25,000 tons of wastewater as toilet water every year. In 2014, a wastewater treatment facility with a capacity of 150 tons per day was constructed in the Singal Training Center. The center treats and reuses about 1,000 tons of wastewater per year.

Noise management

In order to mitigate aircraft noise, Korean Air has added noise-reduction procedures to the company’s operating regulations and flight procedures by aircraft model and applies them during takeoff and landing. In addition, it complies with the noise reduction procedures required by airports in each country, as well as the Noise Abatement Departure Procedure (NADP) and the Continuous Descent Approach (CDA) of ICAO.

In accordance with the development of aviation technology, Korean Air is actively making the transition from the existing ground navigation facility (VOR)-based method to the regional navigation facility using the GPS (RNAV: aRea NAVigation), and the Required Navigation Performance (RNP) approach procedure. This is a way to ensure that the flight routes of the aircraft are precisely managed and avoid noise-sensitive areas. To this end, Korean Air is making efforts to minimize noise damage by installing advanced satellite navigation devices and wireless facilities in its aircraft.

Waste reduction

Due to the nature of the aviation industry, various wastes are generated during aircraft maintenance, operation, and transportation services. Waste generated by Korean Air can be broadly divided into domestic waste generated from transportation services and designated waste generated from aircraft maintenance. All food waste generated from in-flight service is incinerated in accordance with the regulation of the Animal and Plant Quarantine Agency. Paper, wood, cans, and PET bottles are separated and recycled.

As a result of COVID-19, waste volume in 2020 was reduced by about 16,870 tons (-58.5%) compared to the previous year while the recycling rate increased 50.3%, compared to the previous year, to 58.5%. This was possible because Korean Air took various measures to simplify services, reduce use of disposable products that are difficult to recycle, and convert waste synthetic resin, what used to be incinerated, into solid fuel.

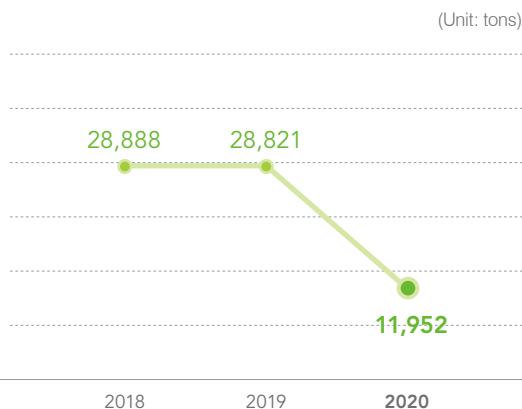
Biodiversity

Korean Air recognizes its responsibility, as an air transportation company, to protect biodiversity and participate in international biodiversity protection efforts. To this end, Korean Air established an internal regulation that prohibits air transportation of protected animals and plants, rare animals, primates and endangered animals. Korean Air takes an active role in the environmental protection activities of the Association of Asia Pacific Airlines (AAPA), which supports the prevention of illegal trade in biodiversity and wildlife by publishing periodicals, etc. The International Air Transport Association (IATA), of which Korean Air is a member, signed the Buckingham Palace Declaration in 2016 to denounce the illegal trade in wildlife, and wildlife products and fight against the traffickers of endangered animals.

Waste generation

2020

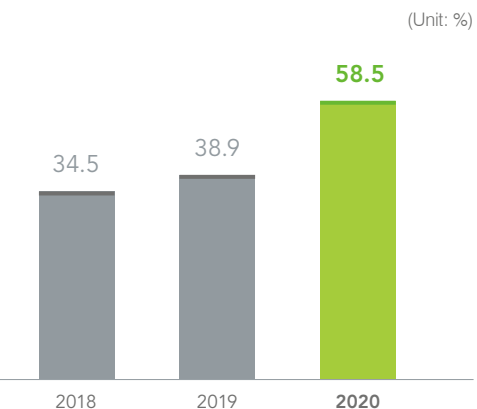
11,952 tons



Waste recycling rate

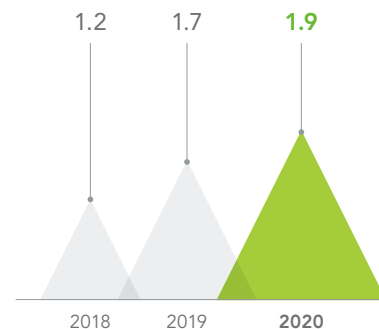
2020

58.5%



Water recycling rate

(Unit: %)





Retired Aircraft Upcycling

Korean Air is working to reduce waste generated from aircraft operations and ground facilities and to increase the recycling rate by reducing waste incineration and landfill.

In 2019, recognizing the urgency of the environmental pollution caused by single-use plastic waste, we banned the use of single use plastic cups, straws, and plastic muddlers for in-flight services and substituted with paper cups and straws made of environmentally certified paper.

In 2020, we upcycled the dismantled parts of a Boeing 777 HL7530 aircraft to a name tag. Retired aircrafts are typically returned to the manufacturer or sold for disposal, but we upcycled the part-out aircraft surfaces into name tags so we can remember Korean Air's first Boeing 777 aircraft. Upcycling refers to creating a new product with increased value by adding design to a discarded product.

Since introduction in 1997, the HL7530 aircraft has operated for more than 100,000 hours over 23 years, transporting passengers worldwide. By upcycling the retired HL7530 aircraft after 23 years of service, Korean Air not only disposed of waste in an environmentally friendly way, but also provided meaningful souvenirs to the passengers who had been on board.

In January 2021, the upcycled name tags from HL7530 aircraft were sold in limited quantities for mileage purchase for customers who have had limited opportunity to spend their mileage due to COVID-19. All name tags were sold out on the day of release. This was the first instance in Korea that reused a discarded aircraft to make a new product. Korean Air plans to continue recycling resources and reducing waste through various methods.



Social

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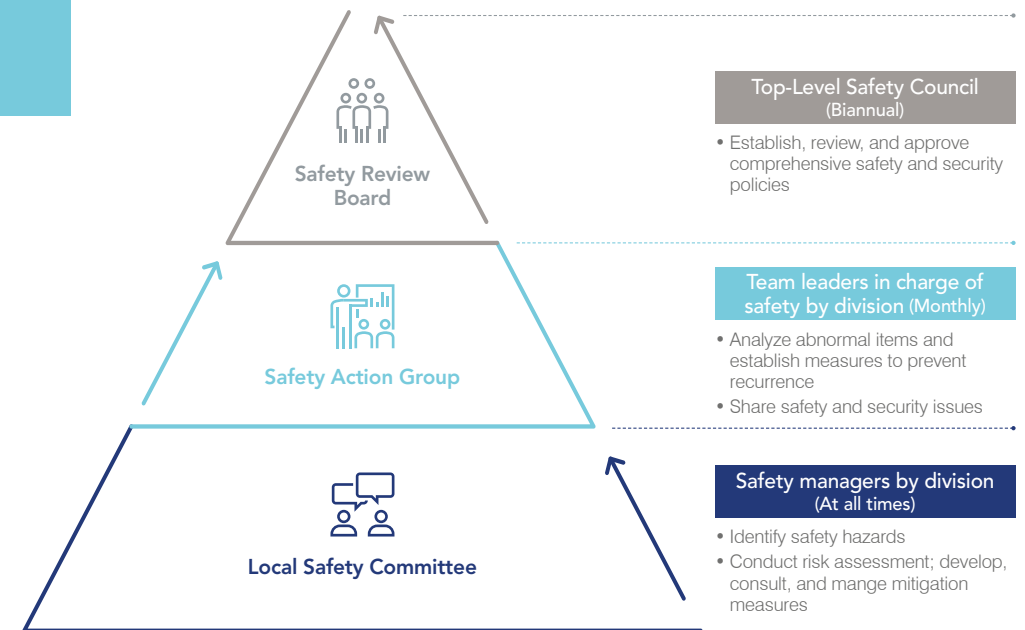
The 24th Travel Photo Contest / Merit Prize / Choi, Chang-Seok / Encounter with a Glacier Giant

SAFETY MANAGEMENT

Systematic Safety Management

Korean Air operates a systematic safety management system to identify and effectively respond to internal and external risk factors related to changes in the operating environment, such as new flights, introduction of new models, and COVID-19. In September 2019, the Safety and Security Office established an integrated change management procedure for all areas of operation, from cabin, maintenance, to general control, passengers and cargo. The procedure allows the company to identify and assess risk factors, monitor risk mitigation measures, and prevent the recurrence and implement preemptive measures.

Korean Air Safety Committee



Business Environment

Over the past 100 years, since the start of the global civil air transport business, air transport technology has made great progress. Convenience has increased as people were able to move around the world quickly and comfortably, but recent accidents have also increased anxieties. Since aviation accidents are often highly damaging once they occur, the aviation industry considers safety as a top priority compared to other industrial sectors.

Management Approach

Similar to the 2020 stakeholder materiality assessment, aviation safety was identified as the most important issue by both internal and external stakeholders in 2021. Korean Air has been operating without loss of human life for the past 20 years through systematic safe operation management. We are also taking preemptive measures to reduce potential risks and dangers that may occur due to changes in the operating environment from the outbreak of COVID-19. We will maintain absolute safety and improve the current safety management system further to prepare for the post-COVID era.

Performance in 2020

Indicators	2018	2019	2020
Ongoing efforts for absolute safety	18 years of operation without loss of human lives	19 years of operation without loss of human lives	20 years of operation without loss of human lives

20 years of operation without loss of human lives

ZERO



Korean Air Safety Committee

Korean Air operates an in-house safety committee, with company-wide participation from top management to on-site staff, to share information related to safe operation, identify problems and discuss improvement measures. In addition, the Safety Committee was established under the Board of Directors in 2018 to incorporate independent advice on safety and to maintain an objective and transparent safety management system.

Establishing Safety Quality Analysis System for Continued Accident-free Operation

Korean Air has continued to strengthen its safety flight management system to maintain the record of zero-life loss operation for the past 20 years; for the 87,552 flights operated in 2020, we have had zero aircraft accidents or incidents.

In 2021, we are preparing to further enhance and utilize flight data recorded from aircraft. We will be making updates to provide personalized and meaningful self-study data to flight crews beyond what's currently provided for rather simple applications. The accumulated results in the integrated database are being upgraded for big data-based safety management. In addition, we are improving the flight data recording rate by using a wireless aircraft flight data recorder, which transmits the data automatically.

Korean Air determines its own Safety Performance Indicators needed to achieve the Safety Performance Target specified in the State Safety Program (SSP) in Annex 19 of the ICAO. We have established and are operating a data-based safety target index system, which identifies and reduces potential safety risk factors through preventive control measures. We strongly encourage employees to participate in the safety management process and share and monitor the results through the internal bulletin board.

Emergency Medical Response and Prevention System During Operation

Korean Air operates an Emergency Medical Call System (EMCS), which is dedicated to providing 24-hour care and medical consultation to various medical emergencies during operation. All our aircraft are equipped with AEDs and other medical devices to provide adequate assistance during emergency situations. We also conduct CPR training and real-life case learning to all cabin crew to be able to perform a prompt and accurate first-aid response. Lastly, in efforts to ensure the safety of air transportation of patients on board, Korean Air regularly trains its employees based on the guidebooks on proper assistance for various health conditions and diseases distributed to on-site employees.



Safety certification program

	<p>IOSA Certification</p>		<p>Participation in the ISAGO Program</p>		<p>Airlift Transportation Certification</p>
<p>IOSA (IATA Operational Safety Audit)</p> <ul style="list-style-type: none"> • An international safety audit program developed by IATA • Acquired the certification in 2005 and has retained its qualification ever since 		<p>ISAGO (IATA Safety Audit for Ground Operations)</p> <ul style="list-style-type: none"> • A ground safety audit program developed by IATA • Korean Air has continued to participate in establishing safety standards for ground aircraft operators and quality improvement programs as a member of the ISAGO Oversight Council (GOC). We received the Certificate of Appreciation in 2017. 		<p>Airlift Transportation Program</p> <ul style="list-style-type: none"> • The U.S. Pentagon's safety certification program that classifies civilian airlines that can be used for business trips • Korean Air has been maintaining its qualification status since 2001. 	

Company-wide Occupational Safety and Health Management System

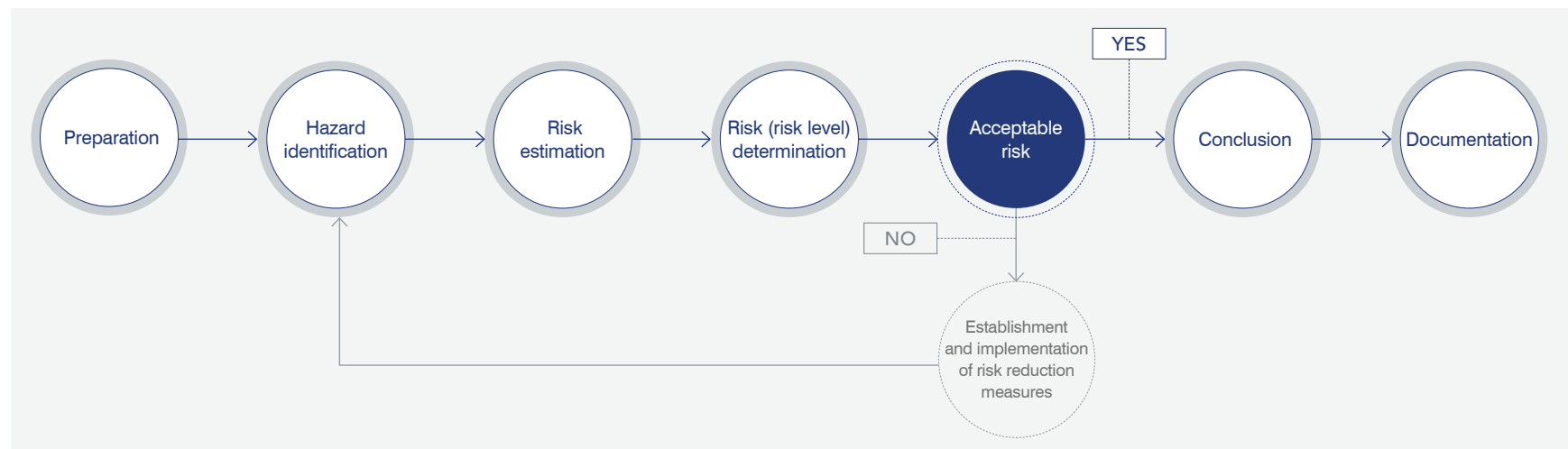
Korean Air operates Occupational Safety and Health Team, which performs company-wide health and safety tasks, such as preventive measures for industrial accidents and workplace improvement activities and checks implementation of reinforced safety and health measures. In accordance with Article 14 of the Occupational Safety and Health Act, the Occupational Safety and Health Team establishes an annual safety and health plan, which is subject to the approval of the Board of Directors. We implement the standards stipulated by laws and regulations, as well as the established annual plan, to maintain and promote health and safety of all employees of Korean Air and partner companies.

In addition, we hold monthly meetings with partner companies; provide information on safety and health and provide guidance and supervision by conducting quarterly joint inspections as part of our obligation; operate the Occupational Safety and Health Committee, composed of the management and workers' representatives, every quarter to deliberate and decide on important matters related to workplace safety and health; and conduct regular labor-management joint safety and health inspections to promote health and safety of all employees of our own and of partner companies.

Risk assessment system Korean Air conducts an annual risk assessment in accordance with the Article 36 of the Occupational Safety and Health Act and conducts irregular assessments in the event of an industrial accident, construction of new facilities, etc. In 2008, Korean Air introduced the risk assessment system, which evaluates various risk factors that can lead to injuries and diseases, to establish appropriate process to reduce risks to an acceptable level. An evaluation team is organized for each division to identify and evaluate risk factors in each job site for possible work-related accidents and come up with improvement measures. To ensure implementation of risk assessment, safety and health managers and safety officers at each division conducts close, site-oriented management followed by regular inspections.

Training employees and business partners Korean Air trains newly appointed safety and health managers and provides a refresher course every two years. In addition to regular legal training for all employees, we have been working to strengthen safety and health awareness by conducting additional regular training once or twice a year for employees of partner companies since 2015. In 2020, as the interest in respiratory protection equipment increased due to COVID-19, we invited a senior researcher at 3M Korea Research Institute to give an in-class group training and practicum on proper use of protective equipment for employees of partner companies. A professional instructor from the Korea Occupational Safety and Health Agency was also brought on to provide safety training to supervisors of subcontractors.

Risk assessment process



CUSTOMER SATISFACTION

First Airline to Acquire Consumer Centered Management Certification

Korean Air was the first airline to acquire the Consumer Centered Management (CCM) certification of the Fair Trade Commission operated by the Korea Consumer Agency. The CCM certification is a national statutory certification based on the Consumer Basic Act, and it is granted to a company that performs consumer centered business activities and continuously improves related systems. Korean Air's CCM certification is the result of its efforts to improve airline consumer convenience across all sectors and to continue implementation of social contribution activities through global public service projects based on the management philosophy of "Service Excellence."

Business Environment

Despite the recent global economic slowdown and weakened consumer sentiment, the importance of customer satisfaction is increasing. In order to make the most satisfactory spending with limited resources, customers do not just make a purchase decision based on the product itself, but consider other customer-satisfaction factors like differentiated customer experience. To meet the increasing customer expectations from technological advancements and diversification of customer experiences, all companies, including airlines, are promoting a virtuous cycle of corporate growth through customer-centered management.

Management Approach

Under the business philosophy of "impressing customers and creating value," Korean Air considers customer satisfaction as the highest priority. We are in close communication with customers through a variety of social media channels and improve services by actively reflecting opinions received through the Voice of Customer (VOC). To help alleviate anxiety of air travel during the pandemic of COVID-19 and to solidify our belief in safe air travel, we are making every effort to improve in-flight safety and disease prevention measures. We will continue to devote ourselves to achieving customer satisfaction and improve customer safety and service.

Performance in 2020

Indicator	2018	2019	2020
Reported case(s) of privacy leakage	0	0	0
Global Customer Satisfaction Competency Index (GCSI)	Ranked first for 14 consecutive years	Ranked first for 15 consecutive years	Ranked first for 16 consecutive years

Achieved zero personal information leakage

ZERO

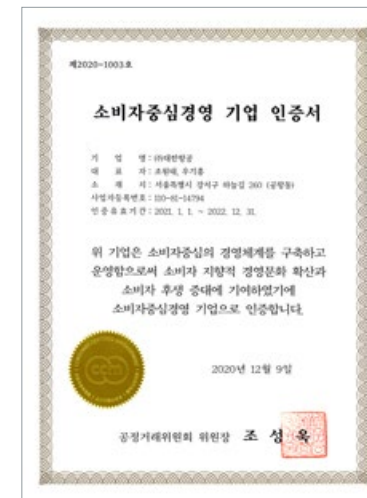


Maintained No. 1 in global customer satisfaction

NO.1



Certificate of Consumer Centered Management



Website/Mobile App Renewal to Enhance Customer Convenience

On January 7, 2021, Korean Air opened a new website/mobile app with improved design and functions to provide a faster and more convenient experience for customers.

Fast and intuitive booking process from user's perspective The website has been updated so that the booking process is made easier and more user-friendly. We have added a function that allows users to see the lowest available price for each day of their desired destinations at a glance so that they can choose the most convenient schedule at a reasonable price. A "Save to Cart" feature is added to allow customers to easily access the previous itinerary search after leaving the website. In addition, users can share the itinerary stored in the cart via e-mail and Kakao Talk and make a purchase from the shared message directly.

Simplified mileage redemption process and expanded application The new website has simplified the mileage redemption process. Before the change, users had to request the upgrade separately after purchasing the ticket, but now users can select the upgraded seat at the time of ticket purchase without going through a separate procedure. In addition, it is possible to make a payment with miles and cash. A new mileage mall has been created where members can check various benefits and products that can be purchased with miles.

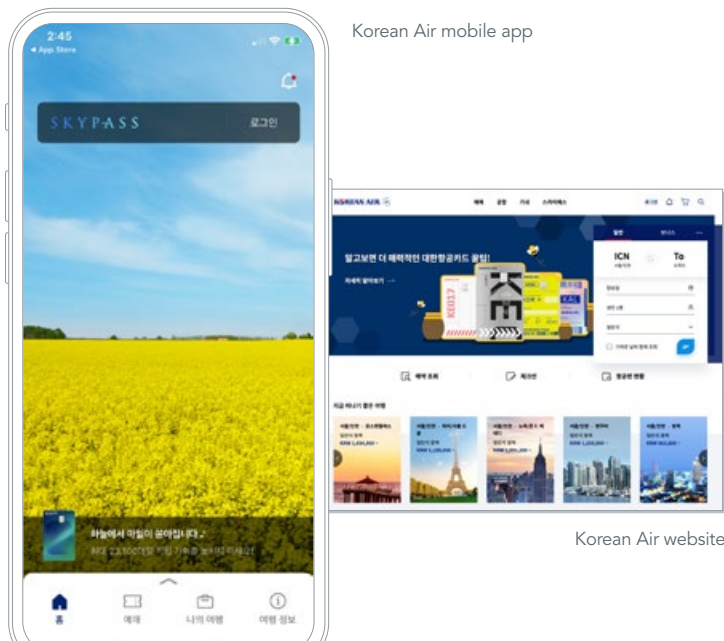
Korean Air mobile app updated with key features In line with the website reorganization, the mobile app has also been renewed under the new name of "Korean Air My." The update includes improved user convenience and readability through simple and intuitive design of key features that are most used by customers. The focus of the update was to make it faster and easier for users to find the information from the beginning to the end of their journey.

Test Operation of Combined Payment System (Cash and Miles)

For the first time in Korea, Korean Air has been testing the combined payment system (Cash and Miles) since January 2021, opening up a new era of mileage redemption and creating more opportunities to use mileage. Miles can be used together with cash and cards for up to 20% of airfare, allowing customers to immediately use their miles for air travel. It can be applied to all domestic/international routes and all classes without restrictions on reservation classes, allowing customers to use what used to be insufficient mileage for award tickets.

SNS Communication

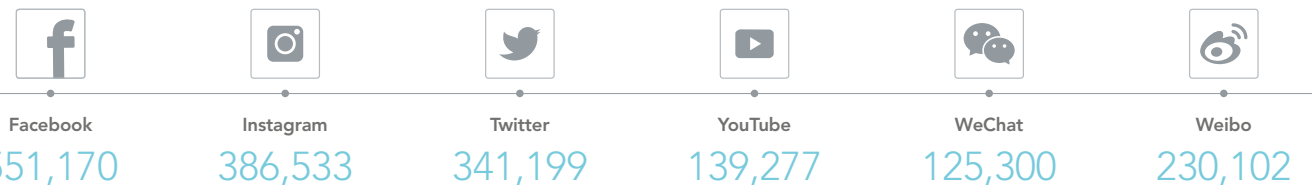
Korean Air communicates with its customers through various social media at home and abroad, including YouTube, Instagram, and Facebook. It is producing content to introduce Korean Air destinations and transportation services, and creating various customer participation events to meet with customers. In our communication with the MZ generation, who are the main users of social media and will become the main customers of Korean Air in the future, we use a variety of formats to keep pace with the rapidly changing online trends. In addition, we are strengthening customer service channels by adding chatbot functions within Facebook Messenger, etc., to be able to promptly respond to customer inquiries.



Korean Air mobile app

Korean Air website

Number of SNS followers
(Unit: persons)



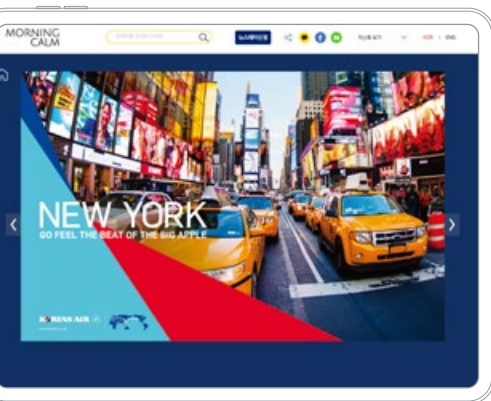
* As of March 2021 (Domestic and overseas)

Enhancing the In-Flight Customer Experience

Korean Air operates a variety of in-flight entertainment programs for passengers to have an enjoyable time from boarding to arrival. In addition to the in-flight magazine *Morning Calm*, we offer an assortment of video and audio entertainment through AVODs, which passengers can access through seatback screen or their personal devices.

Renewal of the in-flight magazine, *Morning Calm* *Morning Calm* is the representative in-flight magazine of Korean Air, which has been published monthly since 1977. Starting from 2021, it will be published every quarter and each issue will feature lives of people around the world under a special theme. As K-culture attracts worldwide interest, we will be including diverse aspects of K-culture, as well. The magazine's overall size was reduced for easier portability and storage, and an antibacterial coating is applied to prevent contamination and damage. The Digital Magazine has added new features to enable responsive web design and file downloads, improving convenience so anyone can easily and quickly read the magazine anytime, anywhere.

Expanding in-flight entertainment programs Korean Air has significantly expanded the number of in-flight AVOD (Audio & Video on Demand) entertainment contents to reflect the latest trends in short/independent films and short-form videos, i.e. YouTube channels, etc. In line with the global Hallyu craze, we have added new categories of K-Movie, K-Drama, K-Pop, K-Comedy, and K-Clips to our in-flight entertainment system. As a national airline, Korean Air is actively promoting Korean content to the world as we present a variety of Korean movies, dramas, entertainment shows, performance videos, and music videos. We will be strengthening cooperation with domestic and overseas OTT providers and actively reflecting customer feedback to improve new in-flight contents.



Renewal of the in-flight magazine, *Morning Calm*

Providing Safe and Special Assistance

Korean Air continuously strives to enhance the safety and accessibility of passengers with mobility difficulties. For senior passengers, passengers with infants, and those who are unfamiliar with overseas travel, the One-Family Service provides assistance from check-in to arrival, in addition to an additional baggage allowance and priority in boarding. Korean Air installed priority boarding exits and made other accommodations for accessibility in Terminal 2 of Incheon International Airport. For instance, our services areas are equipped with assistance sign boards and devices for hearing-impaired travelers. Korean Air will continue to do its best to ensure safe and comfortable air travel by installing various amenities and improving services.

Survey of International Flight Passengers

In lieu of the existing customer satisfaction survey, Korean Air launched a new survey on overall service experience for passengers on international flights operated by Korean Air from January 2021. The survey included items like, how likely they would recommend Korean Air to a friend and how satisfied they were with the sanitation level, purchase-related services, services provided at the airport, and in the plane, and items of improvement. Korean Air will identify areas for improvement and improve customer service reflecting on the survey results; we will use this as a tool to overcome the pandemic and prepare for the customer-oriented management in the post-COVID era.

Survey of international flight passengers



Voice of Customer

The core management principle of Korean Air is to incorporate the voice of the field in customer service. As such, Korean Air utilizes Voice of Customer as a means to manage customer contact points and identify service trends.

Service improvement by reflecting the VOC

Launching baggage loading alert service Korean Air mobile app alerts customers when their checked-in baggage is properly loaded on their flight. We started providing the service in June 2020, for passengers departing from Incheon International Airport, and are gradually expanding to overseas airports. We will continue to improve the service so our customers can travel without worrying about lost luggage.

Auto check-in service All customers who have purchased a Korean Air flight can apply for the automatic check-in service from the time of payment until 48 hours before departure. Customers who have applied for the automatic check-in service are not only able to check-in automatically 24 hours before flight departure, but also receive a boarding pass that can be used at the airports that allow online boarding passes.

Customer Service Awards

Selected as a 5-star airline by Skytrax

Korean Air was selected as a 5-star airline, which is the highest rating in the World Airline Star Rating of 'Skytrax', a British aviation ratings agency. For this certification, an evaluator directly boards a Korean Air flight as a "mystery shopper" for about three weeks, and experiences all aspects of Korean Air's services at customer contact points from check-in to arrival, and evaluates the lounge, in-flight meals, audio and video on demand (AVOD), cabin crew services, in-flight products, etc. Korean Air received the 5-star rating for overall excellence in the journey, including comfortable seats, abundant in-flight entertainment contents, in-flight meals made with seasonal ingredients, carefully selected wine list, and baggage loading notification service.



Obtained the highest grade in air transportation service evaluation

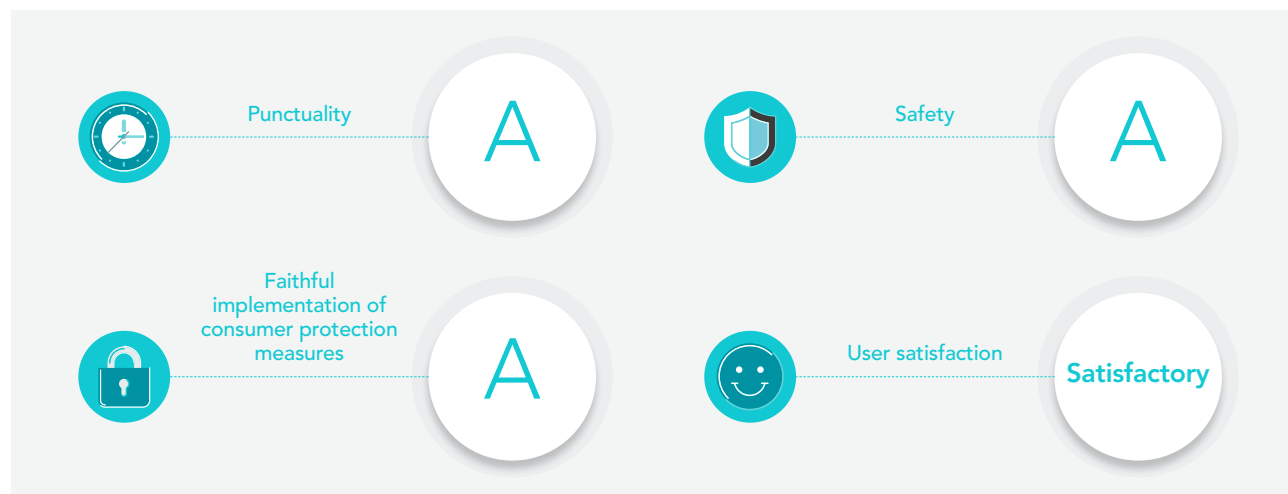
In October 2020, Korean Air received the highest rating in all items of the 2019 Air Transportation Service Evaluation conducted by the Ministry of Land, Infrastructure and Transport. A total of 52 domestic airlines were evaluated based on the punctuality of international/domestic flight operations, safety including the company's safety culture and accident rate, and the faithfulness to user protection, which is the index of administrative measures and damage relief. It is the most acclaimed aviation service evaluation in Korea.

As in previous years, Korean Air has proven that it is providing the highest level of air transportation services across all sectors through prompt scheduling and faithful implementation of consumer-protection measures. We will continue our efforts to improve services to impress customers and create values.

Winner of the customer service award of a domestic service evaluation

Korean Air has maintained the number one place for 16 consecutive years in the air passenger transport services sector of the 2020 Global Customer Satisfaction Competency Index (GCSI) developed by the Global Management Association (GMA), solidifying its position as a customer-oriented company. Our efforts to strengthen customer service as a leading global airliner have been recognized as we ranked first in the airline category in the 2020 National Customer Satisfaction Index (NCSI) evaluated by Korea Productivity Center.

2019 Korean Air Air Transportation Service Evaluation Results



INFORMATION SECURITY

Customer Privacy Protection and Information Security Management System

Korean Air is committed to protecting customer information from threats of information leakages and infringements in order to secure business stability. To this end, we have established and are operating an information security framework, which includes security policies, status checks, abnormal symptom detection/monitoring, and an information protection system. To comply with global security standards, we have acquired numerous domestic and international information security management system certifications (ISO27001¹⁾, ISMS²⁾, PCI-DSS³⁾). We attempt to raise awareness of employees on the importance of information protection and encourage all employees to voluntarily practice information protection. Korean Air's information security system follows the Personal Information Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, the European Personal Information Protection Act (GDPR), and other relevant laws.

Integrated Security Operation Center

To be able to respond to data breaches and cyber attacks in real time, Korean Air operates the Security Operation Center in the Cloud Command Center 24/7. In the event of a hacking attack or personal information leakage, each relevant department responds quickly and efficiently in accordance with the response procedure. In addition, we regularly conduct two mock training sessions per year to thoroughly prepare ourselves for various situations.

¹⁾ ISO27001: International standard of information security management system established by the International Organization for Standardization (ISO)

²⁾ ISMS: Information Security Management System

³⁾ PCI-DSS: Payment Card Industry Data Security Standards

Employee training on information security

(Unit: persons)

Year/Time		Korea	Overseas
2018	First half: Information security	15,979	2,533
	Second half: Customer privacy protection	17,480	2,619
2019	First half: Information security	17,676	2,616
	Second half: Customer privacy protection	18,499	2,836
2020	2020: Information security ¹⁾	17,707	2,038

¹⁾ Due to the COVID-19 restrictions, only one course was offered in 2020 and the deadline for completing the training was extended to five months.

Reported case(s) of privacy leakage

(Unit: cases)

Category	2018	2019	2020
Reported case(s) of privacy leakage	0	0	0



TALENT MANAGEMENT

HR Policy that Respects Human Rights and Diversity

Korean Air abides by the Labor Standards Act of Korea, as well as the laws and systems of the countries of its business sites around the world. It strictly prohibits all forms of forced labor, child labor, and wage exploitation, in accordance with the regulations established by the International Labor Organization (ILO). Furthermore, Korean Air is against all forms of discrimination based on gender, age, race, religion, disability, country of origin, and political opinion in overall personnel management such as hiring, appointment, evaluation, and compensation of employees. We are taking various measures to prevent workplace harassment and sexual harassment in the workplace. Korean Air will continue to do its best to protect human rights in all countries where it operates and strive to create an ideal working environment where employees are fairly treated and protected for their safety.

Employee Demographic

As of the end of December 2020, the total number of employees, including overseas employees, of Korean Air is 20,072. The percentage of female employees, a major indicator of diversity, was 45%, continuing to maintain the level above 45% for the past three years. The average number of years of service (based on domestic, permanent employees) is 16.7 years. Korean Air offers the highest level of salaries and benefits in the airline industry in Korea and ensures equal starting wages of all positions regardless of gender.

Employee demographic

(Unit: persons)

Category	Employment type		Position/Level ¹⁾	
	Permanent	Temporary	Manager level	Non-manager level
Male	10,743	384	2,987	7,756
Female	8,104	841	1,796	6,308
Total	18,847	1,225	4,783	14,064

¹⁾ Based on permanent position

Female employees

(Unit: persons)

Category	2018		2019		2020	
	Number	Percentage	Number	Percentage	Number	Percentage
Female employees	9,022	43.7%	9,206	43.9%	8,945	44.6%
Female managers / executives	1,607	34.1%	1,786	35.4%	1,796	37.5%

* As of 12/31/2020, excl. executive directors

Business Environment

Companies have recently started to focus on not only recruiting and training talents, but also retaining talents, by providing a pleasant work environment. In the past, financial factors like capital were considered the most important factor in determining the competitiveness of a company. Now people are regarded as the key factor, and there is a growing emphasis on the importance of talent management from recruitment to placement, training, performance evaluation, compensation, and welfare benefits.

Management Approach

Korean Air was founded under the management philosophy of "company is people." Following up on the founder's belief, the company still considers people as the driving force behind the company's growth. We are operating an equitable HR policy and systematic talent development program that respects the diversity of our employees and maximizes their capabilities. In addition, we promote work-life balance by providing physical and mental healthcare and various welfare benefits. We will continue to strive to create a flexible and healthy organizational culture and enhance employee satisfaction in the workplace.

Performance in 2020

Indicator	2018	2019	2020
Percentage of female employees at manager level	34.1%	35.4%	37.5%
One-year retention rate after returning to work from parental leave	89%	88%	90%

Increase in the percentage of female employees at manager level

2.1%p ↑



Increase in the one-year retention rate after returning from parental leave

2%p ↑



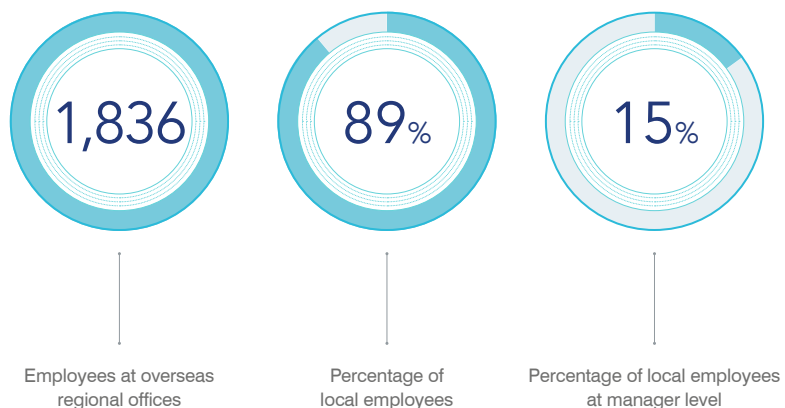
Employment of Overseas Talent

Recognizing localization as the most important task in global expansion, Korean Air actively seeks to secure and nurture overseas talents. By recruiting without discrimination against nationality, race, gender, culture, and religion, and continuously fostering local managers based on its ability-oriented talent development policy, Korean Air continues to strengthen the capabilities of overseas employees.

Maternity Protection System

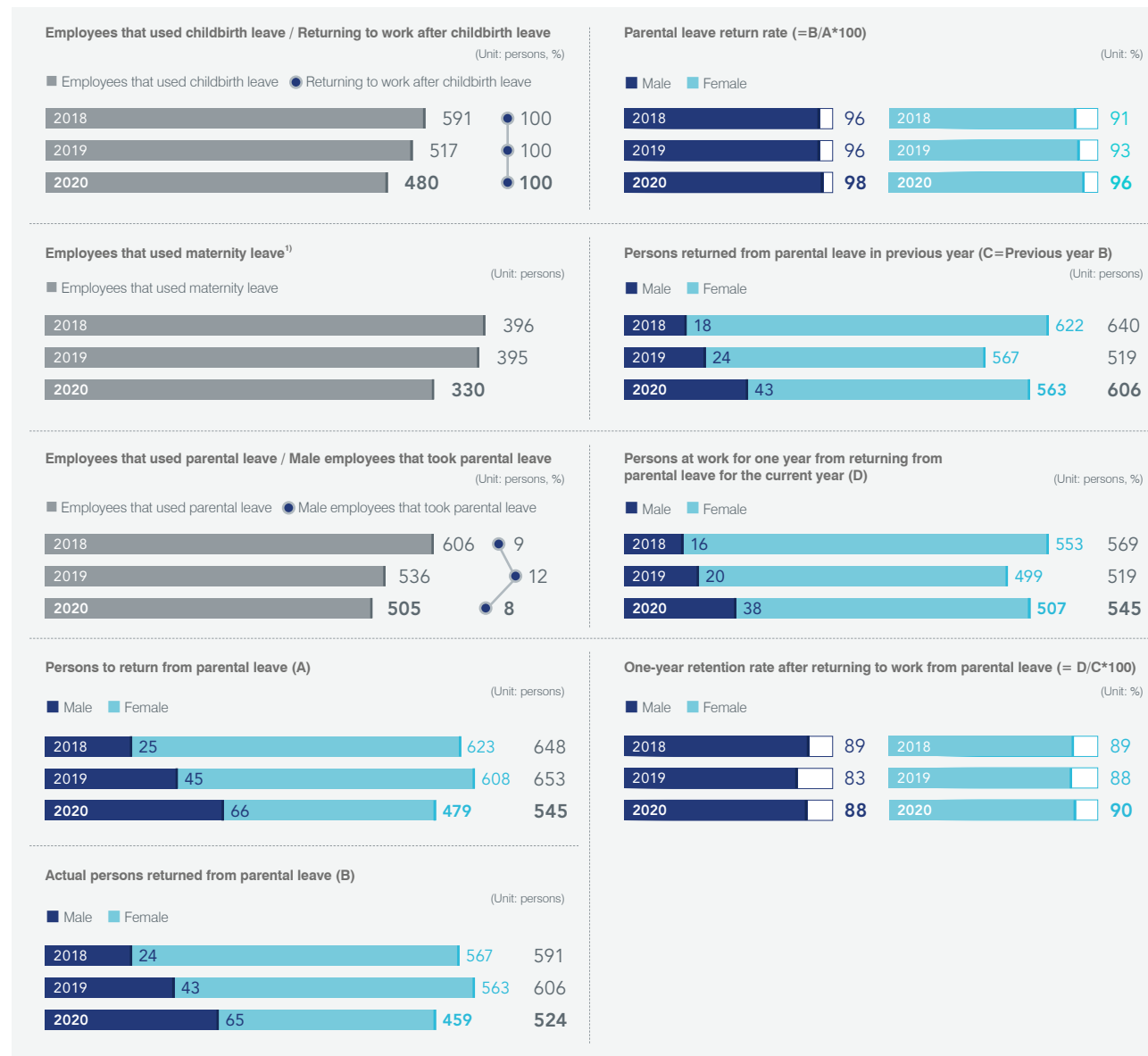
Korean Air has steadily increased the proportion of female employees while promoting an HR policy based on gender equality, and on elevating the status of women. We operate a maternity protection system that exceeds the legal standard. Pregnant female employees can take leave before and after childbirth, take time off to take care of children or family, and use a reduced work-hour system. In addition, female employees can take infertility leave, and female flight attendants are allowed to take maternity leave from the day they become aware of their pregnancy. Furthermore, all employees can take long-term/short-term voluntary leave for self-development and family care; and employees who need to adjust their working hours due to childcare, etc., can use a staggered working hour system. Korean Air promotes a flexible workplace environment and employee's work-life balance by providing a remote working system that enables working from home.

Local employees at manager level



* As of 12/31/2020 (excluding executive directors)

Utilization of maternity protection system



¹⁾ Maternity leave is limited to cabin / flight attendants

Multi-faceted Evaluation System

All employees are evaluated based on fair standards for their contribution to the organization and their job competency. Korean Air is made up of employees of various occupations and operates a multifaceted evaluation system accordingly. Field departments that perform standardized tasks are evaluated using standardized performance reports. Flight crews are evaluated on flight operation skills for specific aircraft and area, ability to perform emergency procedures, etc., considering the nature of their work. These evaluation results are reflected in the salaries and decisions for promotion in consideration of job-type and position.

Creating a Bright and Pleasant Workplace

Korean Air conducts annual "Creating a Bright and Clean Workplace" training for all employees to prevent sexual harassment and workplace harassment in the workplace. At the end of the training course, we have the employees sign a pledge against sexual harassment and workplace harassment in the workplace. For employees who are unable to complete the training during the period due to reasons such as leave of absence, the course is uploaded to the in-house online training website.

In addition, Korean Air operates an in-house counseling and reporting channel (sh_report@koreanair.com) dedicated to handling of sexual harassment and workplace harassment. Reports received through the channel are carefully investigated with the highest priority in ensuring confidentiality and prevention of secondary damage. The perpetrator is then referred to the Punishment Committee or separated from the victim, reflecting the results of the investigation and the victim's desire. In addition, we also operate a separate HR counseling channel (selipinfo@koreanair.com) to receive inquiries or HR-related grievances. Upon investigation, appropriate measures are taken, and results are notified to the person that submitted the complaint/inquiry.

Human rights training status

Course title	Participants (Participation rate)	Total hours
Creating a Bright and Pleasant Workplace	18,710 persons (100%)	18,710
Improving awareness of people with disabilities in the workplace	18,132 persons (100%)	18,132
Occupational safety and health (1st quarter regular training)	15,269 persons (100%)	45,807
Occupational safety and health (2nd quarter regular training)	5,713 persons (100%)	17,139
Occupational safety and health (3rd quarter regular training)	6,073 persons (100%)	18,219
Occupational safety and health (4th quarter regular training)	7,058 persons (100%)	21,174
Dealing with job stress	9,329 persons (100%)	27,987

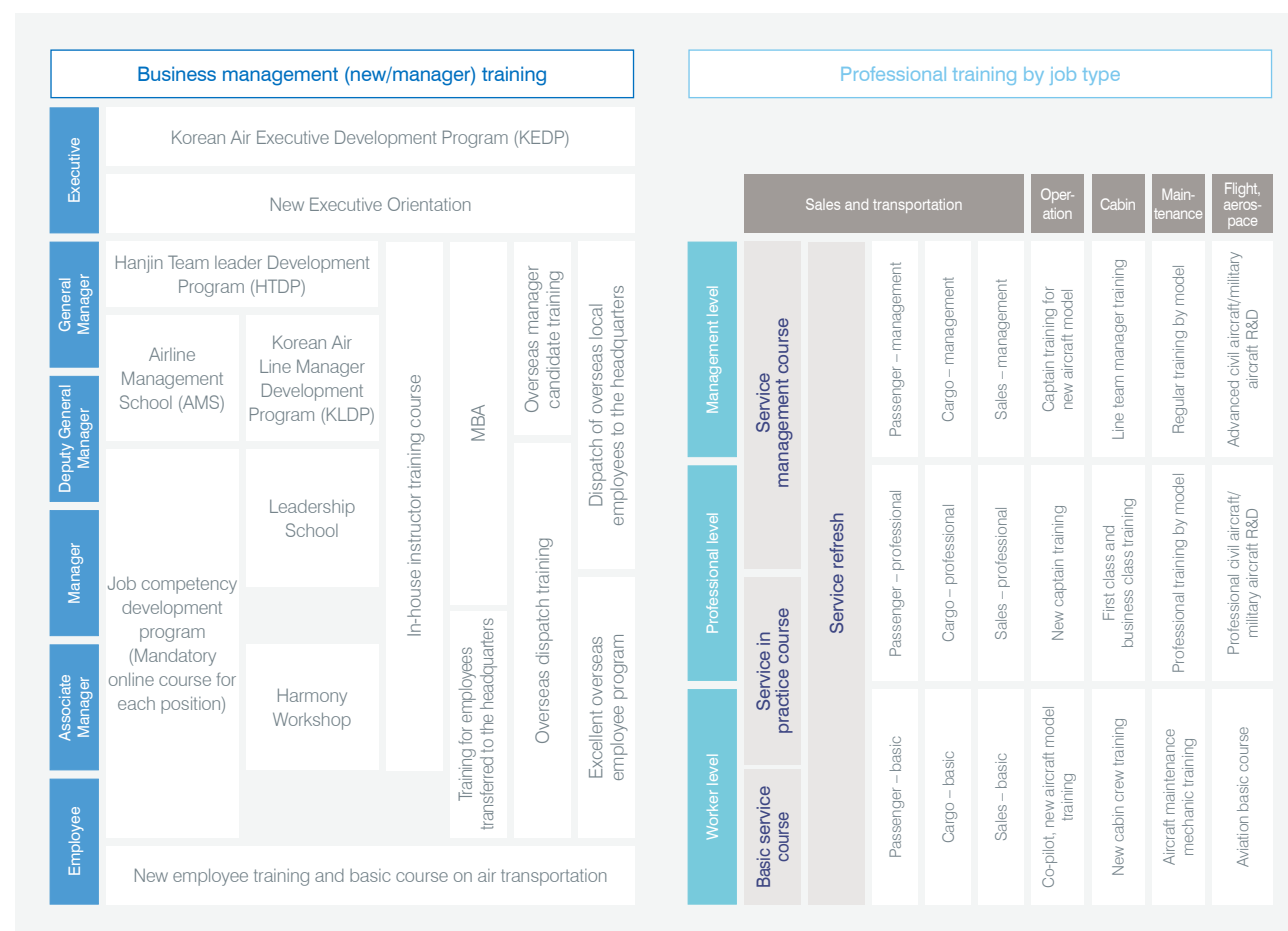
Talent Development

"People are at the heart of corporate management, and nurturing of people starts from proper education." This is Korean Air's firm belief, which becomes the basis of our entire training curriculum; we develop and operate a variety of programs to foster global human talents, closely adhering to the management philosophy.

Korean Air's training system

Under the educational motto of "cultivating global talent based on expertise," Korean Air operates a training system that provides step-by-step, systematic training based on two competency models: management competency; and job competency.

Korean Air's training system



Strengthening online education

Due to the outbreak of COVID-19 at the beginning of the year, in 2020, there were restrictions in carrying out the planned training, including new employee training, leadership training, and on-the-job training, as before. With the goal of reinforcing an efficient educational system that reflects the changed environment, we have increased the proportion of online training and established a hybrid of online/offline system for essential courses. We made sure to secure efficiency and stability in the IT system to conduct the quality training as non-face-to-face, remote video learning. We will be maintaining this system in 2021, as we respond and operate flexibly according to the COVID-19 situation.

Lifelong learning and retiree assistance program

In 2000, Korean Air founded Jungseok College, Korea's first tech school run by a private company, to support lifelong learning of its employees. The objective of Jungseok University is to nurture talents who will play a pivotal role in the aviation and logistics industries by combining academic theories with rich experience in the industrial field. Since the opening of the school in 2000, a total of 1,005 bachelor's degrees and 441 professional bachelor's degrees have been awarded for a total of 20 times. Korean Air's employees are eligible to receive full tuition assistance. Korean Air also provides scholarships to support employees continuing studies in the fields of aviation and logistics in Korea Aerospace University and in the MBA program for logistics at Inha University, in order to promote employees' self-development and motivation to learn.

In addition, Korean Air is currently operating a post-retirement program for employees who are close to retiring. We assist post-retirement planning by providing courses on time management after retirement, life/career design, personal financial condition diagnosis, and asset management.

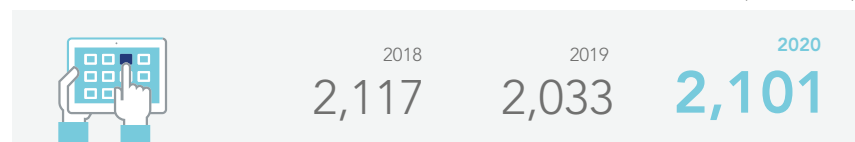
Training overseas local hires

In order to nurture global talents who will contribute to establishing the foundation for overseas localization, we have developed and are operating an overseas local employee training system. Representative courses include the Excellent Employee Program, which promotes understanding of our business and Korean culture; Company Orientation for new foreign flight attendants and cabin crew; and the English Instructor Training Course to foster local instructors.

Regarding job training, we have added an intermediate course for in-depth training, which will follow Basic Plus, the basic course designed for new overseas employees. Through close coordination between the service academy of the headquarters' Human Resources Development Center and overseas branches, we provide timely service training to improve the service quality of overseas local employees. In particular, we regularly produce and distribute online training contents for self-learning and reinforced learning in overseas regions. We are also launching more video training in response to the restrictions brought about by COVID-19.

Online training courses

(Unit: courses)



Employee scholarship support for graduate studies

(Unit: persons)



2020 Employee training performance

Category	Unit	Performance
Training hours per person	Total	45
	Male	57
	Female	45
Training budget per person	KRW 1,000	188.8
Number of trainees by position (percentage) / hours	Executive	138 (1) / 1,407
	Manager or above	11,034 (50) / 409,973
	Assistant manager or below	10,707 (49) / 369,719

Building a Flexible Organizational Culture

Organizational culture built on communication and trust

With the intention of building a better organizational culture based on flexible communication and mutual trust, Korean Air has been operating a “communication plaza” in its internal communication network since 2015. It is an online bulletin board, where all employees can freely share constructive ideas, discuss issues in-depth, and solve difficulties. By guaranteeing complete anonymity, the plaza becomes a free space to share opinions without limitations on the topics. Various inquiries and suggestions of the employees are responded to speedily by the departments in charge and appropriate measures are implemented accordingly. The operation of the communication plaza has not only facilitated the internal communication, but also substantially improved the organizational culture.

2020 Communication Plaza activities



Stronger Together

Korean Air is conducting a company-wide innovation campaign, Stronger Together, to create a productive and dynamic organizational culture and lay the foundation for sustainable development. This campaign aims to improve the overall organization, ways of working, and communication, using the COVID-19 crisis as an opportunity to take another leap forward. In January 2021, we started a staggered working hour system, along with a proposal system, in which the company adopts and realizes creative ideas of employees. In addition, we plan to increase work engagement and productivity by identifying tasks that can apply Robotic Process Automation (RPA) and further expand ICT-based work methods. For enhanced manpower efficiency, we are downsizing organization and simplifying/eliminating unnecessary processes in relation to meetings, reporting, evaluation, etc.

Based on a transparent culture of communication and respect for diversity, we will continue the Stronger Together campaign and create a flexible organizational culture that can respond to the rapidly changing environment.

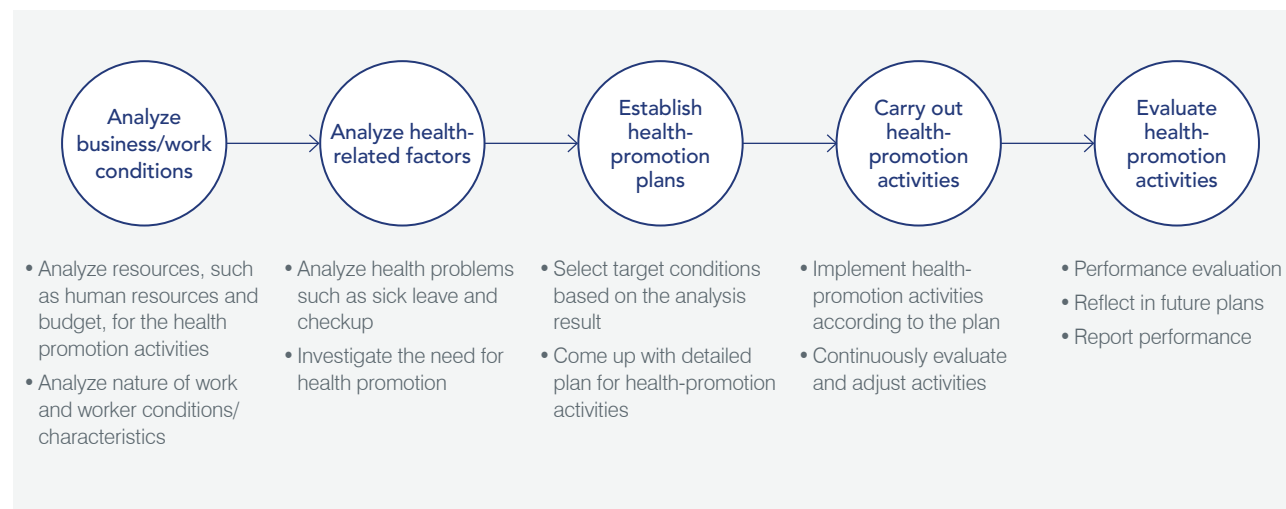
Efforts to Promote Employee Health

Korean Air operates its own aviation medical center and carries out health promotion activities by analyzing the characteristics and health conditions of workers in various aviation professions. We are planning and operating contactless programs using the platform to carry out sustainable health-promotion activities.

Major activities by job type

Category	Details
All jobs	<ul style="list-style-type: none"> • Lifestyle improvement projects like online participatory walking program • Online psychological test and counseling program • Cerebrovascular disease screening and follow-up program • Provide accurate health information based related to COVID-19
Flight crew	<ul style="list-style-type: none"> • Sleep apnea prevention and fatigue management program • Healthy drinking/drug use education and self-health report system
Cabin crew	<ul style="list-style-type: none"> • Musculoskeletal disease prevention and management program
Aircraft maintenance	<ul style="list-style-type: none"> • Provide health information for prevention of occupational diseases and health counseling at the workplace

Health-promotion system



Efforts to Help Enhance Employees' Emotional and Mental Health


Korean Air is focusing on employee mental-healthcare support so that employees can better manage the stresses related to COVID-19. We have been releasing mental health information magazines and special newsletters to help employees deal with the "Corona-blues," and are offering a regular online health course related to COVID-19 as well as online counseling.

Furthermore, the company provides annual mental health checkups so that employees are able to self-manage their job stresses and overall mental health. Any employee who wishes to do so can consult the residential clinical psychologists in the Aviation Medical Center and receive specialized psychology tests or counseling on the results of his or her mental health examination.

Korean Air operates a variety of customized mental health programs tailored to the job characteristics of various aviation professional groups, including flight/cabin crew and aircraft mechanics in the aviation safety group and customer service group. For aviation safety workers, we offer a trauma support program to help recover psychological stability after a traumatic event and ensure safe returning to the workplace. For customer service workers, we provide training related to managing stress.

We also regularly publish a Mind Rest Letter and provide specialized training on various mental health issues so that our employees can easily acquire relevant information. For example, we provide sleep health training for employees who have difficulties in managing fatigue due to irregular work schedules and substance management programs to prevent addiction problems.

Major achievements in employee mental health management in 2020

<p>01</p>  <p>Shared mental health information to help manage stresses related to COVID-19</p>	<p>02</p>  <p>Operated trauma support program to help employees return to work</p>	<p>03</p>  <p>Conducted employee mental health checkup and results analyses</p>	<p>04</p>  <p>Provided cognitive function evaluation, mental-health diagnosis, and counseling to flight crew</p>
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Welfare and Benefit Program

To ensure better quality of life for employees, Korean Air offers the highest level of salary and benefits in the industry. Employees and their immediate families can fly on any of the routes operated by Korean Air at discounted fares, which is intended to promote traveling while helping them gain a global perspective. Other benefit programs include housing and financial support for children's educational expenses, medical bills, and life after retirement, as well as leisure and other assistance programs.

Category	Details
Healthcare	<ul style="list-style-type: none"> • Subscription to the national health insurance scheme • Self-insurance support (allowances for the sickness / accidents / death of employees and/or their spouses) • Subsidies for flu shots • Medical bill subsidies for overseas flight attendants and any employees on business trips • Operation of in-house clinics (with resident aviation specialists, nurses, and psychological counselors)
Leisure	<ul style="list-style-type: none"> • 25 to 35 free flight tickets annually • Partner resorts within Korea • Discounts for prestigious hotel chains in Korea and overseas • Support for in-house club activities
Daily living	<ul style="list-style-type: none"> • Company housing (1,079 units) • Housing and 'Jeonse' loans • Tuition support for domestic and overseas high school/university/ special school for the disabled • Scholarships and language course tuition subsidies for children of expatriates • Scholarships for employees attending colleges and/or graduate schools to earn a degree in job-related field • Monthly supply of bottled water for all employees • Congratulatory and condolence leave, support; funeral supplies
Retirement	<ul style="list-style-type: none"> • Subscription to the national pension plan • Monthly subsidies to all employees' personal pension plans • Operation of Korea's largest-sized corporate credit union and subsidization of contribution to the corporate credit union upon retirement
Incentives	<ul style="list-style-type: none"> • Organizational Performance Award • Safety Performance Incentive

Labor Union Overview

As of the end of December 2020, a total of 16,337 employees are eligible to become members of the labor union, of which 85%, or 13,903, employees are currently members.

Number of union members

Category	Member	Non-member	Total	Membership percentage
General				
Korean Air Labor Union	11,855	1,960	13,815	86%
The Korean Public Service and Transport Workers' Union (KPTU) ¹⁾	-			
Flight operation				
Korean Air Pilot's Union	2,048	474	2,522	81%

¹⁾ As the KPTU does not disclose its membership status, the figure only includes what could be ascertained.

Labor-Management Council

In 2020, at least one labor-management council meeting was held every quarter to increase mutual understanding and improve cooperative relationships between labor and management. At the meetings, members of the council discussed measures to promote welfare of union members, as well as the growth of the company. Agenda items and opinions from relevant departments are collected by representatives of each department prior to meeting for discussion and acceptance at the meeting.

SHARED GROWTH MANAGEMENT

Shared Growth Program

Korean Air strives to strengthen the competitiveness of partners, recognizing that this would in turn solidify the foundation for its own growth.

Starting with the production of the 500MD helicopter, the first domestically produced aircraft, Korean Air has been developing and manufacturing aircraft structures in cooperation with Boeing and Airbus since the 1980s. Since the 2000s, we have been expanding our business to the unmanned aerial vehicle sector, a future growth industry, contributing to the advancement of the Korean aviation industry. With establishment of fair trade, strengthening of supplier competitiveness, and communication facilitation as main focus areas, we endeavor to secure a win-win partnership with suppliers and maintain a sustainable supply chain.

Establishment of Fair Trade

We have established and have been following the “Four Action Items for Shared Growth” principle for autonomous implementation of the Fair Trade Guidelines for large and small businesses issued by the Fair Trade Commission. We provide financial and technical support as shared growth programs to strengthen the competitiveness of our partners. Internally, we are offering in-house training courses to raise awareness of fair trade among our employees to spread a culture of shared growth.

Four major action items for shared growth

 <p>01</p> <p>Establishment of fair trade</p> <p>Implementation of four major action items Use of standard contracts Compliance with subcontract-related laws</p>	 <p>02</p> <p>Strengthening of supplier competitiveness</p> <p>Financial assistance Technology transfer and training support Productivity and quality enhancement</p>	 <p>03</p> <p>Communication facilitation</p> <p>Conferences and workshops MOU for mutual cooperation Operation of the production progress council</p>
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 <p>01</p> <p>Action items pertaining to fair agreement</p> <p>Setting reasonable unit prices; prohibiting unfair decision-making related to payment</p>	 <p>02</p> <p>Action items pertaining to fair selection (registration) of partners</p> <p>Ensuring fair and transparent process in the selection of suppliers; providing equal bidding opportunities</p>
 <p>03</p> <p>Action items pertaining to the establishment and operation of internal deliberation committee for subcontract transactions</p> <p>Composition and regular operation of internal deliberation committee; compliance with relevant guidelines</p>	 <p>04</p> <p>Action items pertaining to the issuance and preservation of written documents</p> <p>Incorporating items related to issuing the written contracts in the company regulations; using the Standard Contracts</p>

Supply Chain Management

As of 2020, Korean Air's aerospace business division operates a global supply chain consisting of 275 partners in 19 countries around the world. Various parts required for metal processing, composite material production, and aircraft assembly are being supplied from domestic partners, while parts that are difficult to manufacture or cannot be produced in Korea are procured from overseas partners. To strengthen the competitiveness of the supply chain, Korean Air actively provides technical support for suppliers and carries out joint development of parts for localization, in addition to continuous promotion of shared growth with related industries through collaboration on government tasks.

Major Achievement in Shared Growth

Despite contraction in the business environment due to the prolonged COVID-19 pandemic, we are continuously implementing shared growth programs, including fundraising for win-win cooperation and support for technology and welfare.

Establishment of a win-win cooperation fund to support liquidity of business partners

In order to help relieve the financial distress of suppliers who are experiencing disruption of parts orders due to the suspension of Boeing 737 MAX aircraft and postponement of production plans, we started providing funding from the Korea Technology Guarantee Fund for liquidity support. The Win-Win Agreement Guarantee Program arranged by Korean Air and related government agencies provides loan guarantees of up to KRW 15 billion to help the suppliers overcome the crisis. Rather than focusing on short-term performance, Korean Air strives to achieve sustainable growth with related industries.

Business cooperation for pioneering the high-tech drone market

Since signing a business alliance for drone manufacturing to produce hybrid drones as an original equipment manufacturer (OEM), Korean Air has been maintaining cooperative relationships with partner companies. Hybrid drones with redundant power source of an internal combustion engine and batteries have significantly improved flight time and basic performance, including maximum flight altitude, maximum speed, and operable temperature. These qualities make them suitable for various public/government applications, so we signed a contract with the Defense Acquisition Program Administration for trial operation.

Based on this, Korean Air signed a Hybrid Drone Model Establishment Business Agreement with relevant partners in August 2020. Under the agreement, we will be collaborating in the operation and production systems field and make advancements into the private market of hybrid drones. We will continue to maintain healthy partnerships and lead a virtuous cycle of the high-tech drone industry.

Major achievement in shared growth



Technical Support

- Joint development and localization of parts
- Equipment inspection and calibration support
- Rental of laboratory and jigs
- Support for attracting government projects
- Holding workshops to improve productivity



Management Support

- Fundraising for win-win cooperation
- Delivery unit price adjustment
- Facility construction cost assistance
- Health support, including outpatient treatment and vaccination
- Operation of commuter bus
- Operation of online meeting to promote communication



HR Support

- Training (job training, etc.) support
- Field support



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The 25th Korean Air Travel Photo Contest / Merit Prize / Lee, Tae-In / Winter Trees in Blei



CORPORATE GOVERNANCE

Board of Directors

Korean Air's Board of Directors consists of three internal directors, including the CEO and the executive directors, and nine independent directors with diverse background in academia, law, and government agencies. Independent director candidates are nominated by the Independent Director Recommendation Committee, which mostly consists of independent directors, and are appointed at the general shareholders' meeting by resolution. Shareholders with certain qualifications can nominate an independent director candidate in accordance with the prescribed procedure. Information on the independent directors and director candidates is disclosed on the DART website prior to the general shareholders' meeting.

In March 2020, Jeong Gap-Young, Cho Myeong-Hyun, and Park Hyun-Joo, independent directors specialized in economics, corporate governance, corporate finance, respectively, were appointed. In March 2021, Kim Se-Jin, Jang Yong-Sung, and Lee Jae-Min, independent directors specialized in corporate management and economics, corporate finance, and law, respectively, were appointed to further strengthen the board's expertise and diversity. We have separated the role of Chair of the Board and the CEO. In March 2020, Director Jeong Kap-Young was appointed as the Chairman of the BOD to enhance the independence and transparency of management.

Board of Directors

	Name	Position	Date of appointment	Terms	Remarks
Executive directors	Cho Won-Tae	Chairman	2021.3.26	3 years	-
	Woo Kee-Hong	Executive President	2020.3.27	3 years	-
	Lee Soo-Keun	Executive Vice President	2020.3.27	3 years	-
	Rim Che-Min	Advisor (Lee & Ko Law Firm)	2021.3.26	3 years	-
Independent directors	Kim Dong-Jae	Faculty at the Graduate School of International Studies, Yonsei University	2021.3.26	3 years	-
	Park Nam-Gyoo	Faculty at School of Business, Seoul National University	2019.3.27	3 years	-
	Jeong Kap-Young	Honorary Professor at Yonsei University	2020.3.27	3 years	BOD Chairman
	Cho Myeong-Hyeon	Faculty at School of Business, Korea University	2020.3.27	3 years	-
	Park Hyun-Joo	BNY Mellon Representative in Korea	2020.3.27	3 years	-
	Jang Yong-Sung	Collaboration Professor at Hanyang University Business School	2021.3.26	3 years	-
	Lee Jae-Min	Faculty at Graduate School of Law, Seoul National University	2021.3.26	3 years	-
	Kim Se-Jin	President and CEO of Korea Fund Ratings	2021.4.27	3 years	-

* As of May 2021

Business Environment

The importance of establishing a sound governance structure is becoming more essential for the sustainable growth of a company. There are increasing demands for a corporate governance system that helps enhance corporate value in the long term. As the importance of transparent and independent governance is being emphasized, so are the roles and responsibilities of the BOD regarding financial performance, as well as non-financial factors, such as ESG (Environment, Social, and Governance).

Management Approach

In order to fulfill corporate social responsibilities to stakeholders, Korean Air established the ESG Committee under the Board of Directors for the first time as a domestic airline company in 2020, for the main mission of establishing a sustainable governance structure. Numerous tasks were identified and implemented in order to obtain advanced governance structure and enhance key values of the BOD, including independence, expertise, and diversity. Korean Air is fully committed to establishing sound corporate governance that is beneficial to customers, employees, stakeholders, and society. We will continue to strive to achieve sustainable management centered on the Board of Directors.

Performance in 2020

Indicator	2018	2019	2020
Number of BOD meetings	7	7	12
Number of approved resolutions	30	39	53
Attendance rate	90%	96%	95%

BOD Achievements

Korean Air's Board of Directors held 12 regular meetings to discuss and vote on 53 different agenda items in 2020. The BOD holds regular meetings at least once every quarter to ensure the informed discussion and review of major agenda and convenes extraordinary meetings whenever necessary. The annual BOD meeting schedule is notified in advance to ensure a higher attendance rate. In 2020, the average attendance rate was 95 percent (99 percent for the independent directors), or the meetings were attended by eight directors on average. Senior-level executives from each of the business divisions, including passenger, cargo, finance, and technology, may attend the BOD meetings whenever deemed necessary in order to assist the directors in informed decision-making. Executives in charge of individual business areas also present relevant issues to the board and answer questions pertaining to the agenda. In addition, the Board Secretariat has been organized to ensure professional and efficient operation of the BOD and provide support for independent directors.

Major activities of the BOD in 2020

Date	Agenda	Attendance of independent directors
Feb. 6	Nine agenda items including the FY2019 Account Settlement	5/5
Mar. 4	Three agenda items including the 58th Annual General Shareholders' Meeting	5/5
Mar. 27	Six agenda items including composition of committees within the BOD	6/6
May 13	Eight agenda items including the first quarter of FY2020 Account Settlement	6/6
May 25	Two agenda items including the conclusion of special agreement (proposal) related to liquidity support of state banks	6/6
July 7	Two agenda items including the approval of related parties' participation in Korean Air's paid-in capital increase	6/6
Aug. 6	Four agenda items including FY2020 Semi-Annual Closing Report	6/6
Aug. 25	One agenda item regarding the approval of the in-flight meal/retail business transfer contract and related subsidiary contracts	6/6
Sept. 16	Two agenda items including the progress report of the sale of the Songhyeon-dong site	6/6
Nov. 5	Six agenda items including the third quarter of FY2020 Account Settlement	5/6
Nov. 16	Six agenda items including revision of Articles of Incorporation and convening of Extraordinary Shareholders' Meeting	6/6
Dec. 17	Four agenda items including 2021 business plan (proposal)	6/6

Committees within the BOD

In order to ensure efficient operation of the Board of Directors and to comply with related laws and regulations, Korean Air has established and is operating five committees, namely, the Audit Committee; Independent Director Recommendation Committee; ESG (Environment, Social, and Governance) Committee; Safety Committee; and Compensation Committee. Four out of the five committees are composed of only the independent directors, with exception of the Safety Committee, to strengthen safety management.

Committee information

Committee name	Composition	Committee members	Purposes and responsibilities of the committee
Independent Director Recommendation Committee	All independent directors	Jeong Kap-Young (chairman), Rim Che-Min, Kim Dong-Jae, Park Nam-Gyoo, Kim Se-Jin	Nominating independent director candidates according to the governing laws, including the company's Articles of Association and the Board of Directors' regulations
Audit Committee	All independent directors	Kim Se-Jin (chairman), Rim Che-Min, Kim Dong-Jae, Park Hyon-Joo, Jang Yong-Sung, Lee Jae-Min	Auditing the account books and business operations while dealing with matters commissioned by the BOD according to the governing laws, including the Articles of Association and the Board of Directors Regulations
ESG Committee	All independent directors	Kim Dong-Jae (chairman), Park Nam-Gyoo, Cho Myeong-Hyeon, Jang Yong-Sung	Review and general management of ESG (Environment, Social, and Governance) related matters; preliminary review of major management matters that may have significant effects on shareholder value; deliberation/decision on internal transactions prescribed by laws and Fair Trade Act
Safety Committee	Internal (2) Independent (3)	Lee Soo-Keun (chairman), Woo Kee-Hong, Rim Che-Min, Cho Myeong-Hyeon, Lee Jae-Min	Monitoring and providing suggestions regarding safety performance and management, and making decisions pertaining to the agenda as commissioned by the Board of Directors
Compensation Committee	All independent directors	Park Nam-Gyoo (chairman), Kim Dong-Jae, Park Hyon-Joo	Obtaining objectivity and transparency in the directors' decision-making process; determining matters related to directors' compensation and delegation of the BOD

* As of May 2021

Board-Centered ESG Management System

Korean Air expanded and reorganized the existing Governance Committee into the ESG Committee in August 2020 to effectively reflect corporate non-financial factors – environment, social responsibility, and corporate governance – in its business activities. The ESG Committee, composed of all independent directors, reviews the company's major management issues that significantly affect shareholder values, interests, and rights in advance, in addition to reviews and overall management of the company's ESG-related implementations. In 2020, the ESG Committee was held five times and reported and deliberated on internal transactions, establishment of climate change response strategies, reporting of ESG-related tasks, etc. To further enhance the ESG values and strengthen ESG management, in January 2021, an ESG Secretariat dedicated to ESG management was organized.

BOD Independence

At the regular general shareholders' meeting in March 2020, Korean Air amended its Articles of Association to appoint the chairman of the Board of Directors from among the board members, instead of having the CEO as the chairman; and appointed Jeong Kap-Young as the new chairman of the BOD. The appointment of the chairman of the Board of Directors, who is not the CEO, further strengthens the role of the Board of Directors in monitoring the management of the company and enhances the board's independence and management transparency so as to protect the shareholders' rights.

Through the appointment of new, independent directors, the Board of Directors, which previously consisted of three executive directors and six independent directors, was reorganized to include three executive directors and nine independent directors. In addition, four committees, except for the Safety Committee, are made up of independent directors to reinforce the independence and objectivity of the BOD.

Strengthening the Board's Expertise and Diversity

Korean Air focuses on expertise and diversity in the Board so the decision or the resolution of the Board is balanced and reflects a broad perspective. The Independent Director Recommendation Committee composed of all independent directors nominates candidates with high professional and social reputations, and who can contribute to the company's strategic direction and objectives.

In 2020, with the appointment of the first female independent director, the Board of Directors expanded the field of expertise to encompass management, finance, as well as corporate governance. Korean Air will continue to promote diversity and expertise of the board and strive for board-oriented management.

Stakeholder Communication Channels

Korean Air is utilizing a range of channels, including annual, semi-annual and quarterly reports, IR information on the website, general shareholders' meetings, IR sessions, and the DART (<https://dart.fss.or.kr>), to swiftly communicate major business issues to shareholders and stakeholders, and to receive their feedback. In particular, as the ESG report is a major channel of communication with stakeholders, it is published with the approval of the heads of division, vice president and president.

Corporate Governance Charter

Korean Air enacted and announced the Corporate Governance Charter upon the resolution of the Board of Directors on November 7, 2019. The charter reflects the commitment for transparent corporate governance and corporate social responsibility for the society. The Corporate Governance Charter clarifies matters pertinent to shareholders' rights, the duties and responsibilities of the BOD, the management of auditing bodies, and the protection of stakeholders' rights. The full charter is accessible through Korean Air website, newsroom, and the Financial Supervisory Service's Electronic Disclosure System (DART).

Corporate Governance Charter

Major activities of the BOD in 2020

Date	Agenda	Attendance of independent directors
Feb. 6, 2020	<ul style="list-style-type: none"> Appointment of Chairman of the Governance Committee (proposal) 	3/3
Jun. 16, 2020	<ul style="list-style-type: none"> Expansion and reorganization of committee Reinforcement of the role of independent directors in communication with shareholders and stakeholders (proposal) Report on implementation of governance improvement and future tasks 	3/3
Sept. 16, 2020	<ul style="list-style-type: none"> Approval of Jin Air's aircraft lease extension Deliberation of internal transactions (products/services) in the 4th quarter of 2020 Report on the publication of the 2020 Sustainability Report 	3/3
Nov. 16, 2020	<ul style="list-style-type: none"> Preliminary review of the investment agreement related to the acquisition of Asiana Airlines 	3/3
Dec. 17, 2020	<ul style="list-style-type: none"> Deliberation of internal transactions (products/services) in the 1st quarter of 2021 Report on climate change response status and future tasks Report on 2020 ESG evaluation results and future tasks 	3/3

* After the regular general meeting of shareholders in March 2021, one additional independent director was appointed for the ESG Committee.

ETHICAL MANAGEMENT

Ethical Management Activities

Korean Air's corporate value and vision of transparent and reasonable management is presented through our Charter of Ethics. We strive to increase public value through transparent and responsible management, promote co-prosperity by returning it to the society, and build a cooperative system based on the mutual trust between employees, customers, shareholders, and partners.

To implement the specific action items identified in the Charter of Ethics, Korean Air operates a variety of corporate ethics programs, such as code of ethics, guidelines on dealing with ethical issues, and whistleblowing system. All employees are obliged to strictly observe and comply with the program's codes.

Korean Air Charter of Ethics

Korean Air regards transparency and responsibility as core management values. Respecting free market principles and abiding by relevant rules and regulations in the business practices, Korean Air strives to promote prosperity for the company and society as a whole.

As a result, Korean Air instituted its Charter of Ethics as below and vows to observe it at all times:

- We regard customer satisfaction and safety as our highest priority.
- We strive to increase investment value for our investors.
- We respect all employees and their rights to an enhanced quality of life.
- We promote shared growth with our suppliers based on mutual trust.
- We respect the principles of free competition and maintain front-runner status in the development of the air transport industry.
- We contribute to the sound development of society and to the preservation of the environment.
- We acknowledge the corporate principles set forth by the company and uphold all obligations and responsibilities.

Whistleblowing System

Korean Air operates a reporting channel¹⁾ within the internal portal system and the website, in relation to reporting internal corruption. Through these channels, employees, customers, shareholders, etc., can report misconduct within the company with regard to personal and business favors asked to/by employees, illegal acts, corruption, and other irregularities that often arise in supplier transactions. In addition, those who reported internal corruption are protected from any disadvantage in accordance with the relevant principles and procedures.

¹⁾ e-mail: jebo@koreanair.com or whistleblower@koreanair.com

Internal business ethics programs

Charter of Ethics

Core management values and guiding principles in all business activities

📄 Full text available in

Guidelines on Dealing with Ethical Issues

Guidelines to help employees make right decisions and act on the basis of sound judgment

📄 Full text available in

Guidelines on the Implementation of Code of Ethics

Action guide at workplace for implementing the Charter of Ethics

📄 Full text available in

Whistleblowing System

System to minimize the occurrence of illegal misconduct within the organization and prevent retaliation against employees for reporting such violations

📄 Full text available in

Strengthening Ethical Management and Compliance

Korean Air conducts regular online training to help employees acquire, practice, and comply with principles and codes related to ethical management in daily tasks. Every other year, employees at home and abroad are required to complete the "Our Ethical Management System" course, which explains the importance of the company's ethical management activities and corporate philosophy. The employees are required to pledge their compliance with the responsibilities and obligations specified in the company's ethical management guidelines. In addition, we are preemptively preventing fraudulent acts from partners and purchasing managers by inviting partners to pledge their compliance with our Code of Ethics.

In-house ethical management and compliance training

(Unit: persons (participation rate))

Course title	2018	2019	2020
Compliance with Antitrust Laws ¹⁾	1,032 (77%)	1,198 (88%)	1,055 (81%)
Creating a Bright and Pleasant Workplace	18,785 (91%)	18,855 (90%)	18,710 (100%)
Our Ethical Management System ²⁾	18,699 (91%)	933 (4%)	17,408 (95%)
Understanding Improper Solicitation and Graft Act ²⁾	1 (0%)	16,783 (80%)	4 (0%)
Understanding the Abuse of Market Dominance and Unfair Trading Practices ³⁾	14,883 (72%)	172 (1%)	96 (0%)

¹⁾ Offered every year for domestic and overseas sales personnel

²⁾ Offered every other year

³⁾ Scheduled to be implemented in 2020 as a biennial course, but postponed to 2021 due to the COVID-19 closure

Partners' compliance with the Code of Ethics



RISK MANAGEMENT

Non-Financial Risks

Strategic and operational risks

A council consisting of the heads of business divisions meets to review economic, environmental, and social trends from a company-wide perspective as a means to maximize corporate value. In addition, internal audits are conducted to assess potential risks by the business division and ensure the efficient use of resources.

Regulatory risks

A regular monitoring system is in place to ensure compliance with laws and regulations, and a considerable portion of our resources, including the legal department and in-house legal experts, are allocated to proactively manage regulatory risks. Korean Air also has implemented the Compliance Program as a means to prevent the risk of unlawful transactions.

Accident-related risks

The Corporate Safety, Security & Compliance Team was set up to ensure integrated and effective management of all safety and security matters in preventing aircraft accidents, hijacking, and other incidents, while minimizing losses. Regulations, guidelines, and manuals pertaining to accident responses are published, along with the establishment of emergency response systems, while company-wide drills and training are conducted periodically to enhance the company's capability to respond to accident-related risks.

Environmental risks

A wide range of efforts are underway, including company-wide environmental risk prevention activities, rules on accident/crisis responses, and practice drills for potential oil and chemical leaks by the relevant departments. In addition, Korean Air is developing short-cut routes and adopting high-efficiency aircraft to minimize negative impacts on the environment.

Financial Risks

Exchange rate risks

Korean Air conducts transactions in foreign currencies, and is thus exposed to risks arising from exchange rate volatility. As for the US dollar, expenditures currently surpass income and the existing currency accounts for a high percentage of our foreign currency loans. This means that exchange fluctuations have a considerable impact on profit/loss and cash flow. Accordingly, Korean Air is reducing the percentage of borrowing in USD through diversification of borrowing currencies and managing the exchange rate fluctuation risk through currency derivatives contracts. The cash management system allows monitoring of income and expenditures and maintenance of proper balances by currency, in order to minimize negative impacts of exchange rate fluctuation.

Interest rate risks

Korean Air borrows funds at fixed and variable interest rates. Floating-rate loans linked to a benchmark rate impact profit/loss and cash flow according to the changes in the benchmark rate. Korean Air, therefore, works to maintain an optimal ratio between fixed-rate and floating-rate borrowings, through close monitoring of current market interest rate levels and monetary policies of major countries and entering into interest rate swaps to manage risks related to interest rate fluctuation.

Oil price risks

As oil purchases account for a high percentage of operating costs, changes in oil prices impact profit/loss and cash flow. Market prices for petroleum products such as jet fuel fluctuate with various factors, including crude oil production volume, demand forecasts, inventory levels, and speculative demand in the commodity market. The annual jet fuel consumption currently reaches 33 million barrels, and Korean Air is managing oil price risks through the introduction of new aircraft and derivatives trading.

Tax risks

Korean Air's priority in all business activities is to comply with tax laws and to faithfully report and pay taxes. In order to do so, Korean Air is working with the company's tax organization and internal and external experts to conduct pre-assessment and follow-up management of tax risks that may occur in the course of major goods/services transactions, contract changes, and new business promotion. In addition, Korean Air contributes to the creation of tax revenue by paying various direct and indirect taxes in sales activities, investments, and employment.

KEY ESG INDICATORS

Economy

(Unit: KRW 1 million)

	2018	2019	2020
Sales Performance			
Sales	12,363,603	12,017,745	7,405,006
Cost of sales	10,425,458	10,570,101	6,542,353
Gross profit	1,938,145	1,447,644	862,653
Selling and administrative expenses	1,338,177	1,243,011	624,318
Operating profit (loss)	599,968	204,633	238,335
Non-operating profit	(802,158)	(974,039)	(1,227,144)
Net profit (loss) before tax	(202,190)	(769,406)	(988,809)
Tax expense (profit)	(41,656)	(134,050)	(100,677)
Continuing operating profit (loss)	(160,534)	(635,356)	(888,132)
Discontinued operating profit (loss)	77,696	66,623	693,501
Net profit (loss)	(82,838)	(568,733)	(194,631)
Assets			
Current assets	3,447,859	3,303,526	3,717,781
Non-current assets	21,188,338	22,454,850	21,029,509
Total Assets	24,636,197	25,758,376	24,747,290
Current liabilities	7,523,581	7,679,641	7,833,504
Non-current liabilities	13,959,912	15,260,302	13,544,364
Total liabilities	21,483,493	22,939,943	21,377,868
Capital stock	479,777	479,777	876,603
Other paid-in capital	1,673,931	1,825,592	2,150,593
Other components of equity	580,288	582,659	572,866
Retained earnings	418,708	(69,595)	(230,640)
Total equity	3,152,704	2,818,433	3,369,422
Total equity and liabilities	24,636,197	25,758,376	24,747,290

* Based on separate financial statements

Social

		Unit	2018	2019	2020
Employee Demographic					
Total no. of employees		Persons	20,654	20,965	20,072
Gender	Male	Persons	11,632	11,759	11,127
	Female	Persons	9,022	9,206	8,945
By age	30 or under	Persons	3,886	3,899	2,983
	30~39	Persons	6,623	6,565	6,602
	40~49	Persons	5,997	5,888	5,701
	50 or older	Persons	4,148	4,613	4,786
By region	Domestic	Persons	18,665	18,988	18,445
	Overseas	Persons	1,989	1,977	1,627
Permanent	Male	Persons	10,973	11,041	10,743
	Female	Persons	7,952	7,756	8,104
Temporary	Male	Persons	659	718	384
	Female	Persons	1,070	1,450	841
Manager level (permanent)	Male	Persons	3,105	3,258	2,987
	Female	Persons	1,607	1,786	1,796
Non-manager level (permanent)	Male	Persons	7,868	7,783	7,756
	Female	Persons	6,345	5,970	6,308
Female employees	Percentage of female employees at manager level	%	34	35	38
New Hires and Employee Turnover					
New hires	Male	Persons	521	534	117
	Female	Persons	743	792	90
	30 or under	Persons	990	1,028	92
	30~39	Persons	258	277	104
	40~49	Persons	12	16	7
	50 or older	Persons	4	5	4
	Domestic	Persons	966	1,064	155
	Overseas	Persons	298	262	52

Social

		Unit	2018	2019	2020
Employee turnover ¹⁾	Male	Persons	435	408	781
	Female	Persons	582	448	466
	30 or under	Persons	388	262	307
	30~39	Persons	316	277	238
	40~49	Persons	176	126	121
	50 or older	Persons	137	191	581
	Domestic	Persons	671	578	888
	Overseas	Persons	346	278	359
New Hires and Employee Turnover					
Employee turnover rate ¹⁾ (Domestic)	Number of employees at the end of the previous year	Persons	18,330	18,665	18,988
	Total number of turnover	Persons	671	578	888
	Total turnover rate	%	3.7	3.1	4.7
	Voluntary turnover	Persons	544	426	382
	Voluntary turnover rate	%	3.0	2.3	2.0
Local Employment					
Local employees	No. of employees at overseas worksites	Persons	2,228	2,212	1,836
	Percentage of local employees	%	89	89	89
	Percentage of local employees at manager level	%	13	13	15
	Percentage of female employees	%	57	58	54
Maternity Protection System					
Taking leave after/before childbirth	Taking leave after/before childbirth	ea.	591	527	480
	Returning-to-work rate after childbirth	%	100	100	100
	Maternity leave	Persons	396	395	330
Parental leave	Parental leave	Persons	606	536	505
	Percentage of male employees that took parental leave	%	9	12	8
	Parental leave return rate (Male employees)	%	96	96	98
	Parental leave return rate (Female employees)	%	91	93	96
	One-year retention rate after returning to work (Male employees)	%	89	83	88
	One-year retention rate after returning to work (Female employees)	%	89	88	90

¹⁾ Increase in the turnover rate in 2020 compared to the previous year is due to the increase in the retiring employees

Turnover rate = Number of turnover in the current year / Total number of employees at the end of the previous year

Social

		Unit	2018	2019	2020
Employee Training					
Performance	Training hours per employee	Hours	89	122	45
	No. of online training courses	ea.	2,117	2,033	2,101
Lifelong learning support	Employee scholarship support for graduate studies	Persons	101	105	100
Social Contribution					
Performance	Volunteer hours per employee	Hours	2.2	2.2	0.5
	Social contribution expense	KRW 1 million	9,744	9,357	8,475
Information Security					
Information security training	Domestic	Persons	33,459	36,175	17,707
	Overseas	Persons	5,152	5,452	2,038
Customer privacy protection	Reported case(s) of privacy leakage	ea.	0	0	0
Pension Funds and Contributions					
National Pension System		KRW 100 million	413.2	447.5	460.1
Personal pension		KRW 100 million	104.5	104.9	103.3
Contribution to the corporate credit union		KRW 100 million	126.8	133.6	132.4
Total		KRW 100 million	644.5	686.0	695.8

Environment

		Unit	2018	2019	2020
Fuel and Energy					
Fuel consumption in domestic and international flight operation	Jet fuel	Tons	4,168,144	4,176,907	2,983,136
Total energy consumption in the domestic ground operation		GJ	2,082,109	2,037,622	1,450,617
Direct energy consumption from ground operation	Gas/diesel	GJ	110,434	107,375	52,998
	By-product fuel no. 1	GJ	12,638	8,708	7,357
	By-product fuel no. 2	GJ	282,627	275,144	142,972
	Gasoline	GJ	10,793	11,780	7,335
	Jet fuel	GJ	10,351	6,172	1,371
	LNG	GJ	270,903	274,711	231,613
	LPG	GJ	7,093	5,146	2,942
Indirect energy consumption from ground operation	Electricity	GJ	1,348,387	1,317,038	986,977
	Steam	GJ	28,883	31,548	17,052
Energy intensity	Aircraft operation	MJ/RTK	10.99	11.98	8.86
	Ground operation	GJ/1 bil KRW	163.71	160.65	195.90
GHG Emissions					
GHG emissions total		tCO ₂ eq	13,379,817	13,401,144	7,675,229
GHG emissions from domestic and international flight operation	Scope 1(direct emissions)	tCO ₂ eq	13,267,107	13,291,765	7,598,830
GHG emissions from domestic ground operation	Scope1(direct emissions)	tCO ₂ eq	45,942	44,048	27,744
	Scope 2(indirect emissions)	tCO ₂ eq	66,768	65,331	48,655
Greenhouse gas emission intensity	Aircraft operation	tCO ₂ e/100RTK	81.80	83.56	77.32
	Ground operation	ton_CO ₂ e/ 1 bil KRW	8.91	8.62	10.32
Water Resources					
Water consumption	Water intake	Tons	1,512,526	1,469,305	784,409
	Surface water	Tons	-	-	-
	Underground water	Tons	240,069	246,852	158,421
	Utility water or other supply systems	Tons	1,272,457	1,222,453	625,988
Water recycling	Recycling amount	Tons	18,428	25,000	14,898
	Recycling rate	%	1.2	1.7	1.9

Environment

		Unit	2018	2019	2020
Water Resources					
Water pollutant discharge	BOD	Tons	47.665	37.995	10.918
	COD	Tons	18.407	17.524	5.705
	SS	Tons	12.876	12.545	3.208
	T-N	Tons	2.123	1.748	1.306
	T-P	Tons	0.822	0.812	0.318
Air					
Air pollutant emissions	Particulates	Tons	14	10	5
	THC	Tons	23	22	12
	NOx	Tons	70,377	70,620	40,574
	SOx	Tons	6.1	6.1	1.4
	SO ₂	Tons	4,150	4,162	2,390
Waste					
Amount of waste generated	General	Tons	27,900	28,013	10,911
	Hazardous	Tons	988	808	1,042
	Total	Tons	28,888	28,821	11,952
Percentage of recycling	General	%	35.0	39.2	62.2
	Hazardous	%	22.2	29.4	19.6
	Total	%	34.5	38.9	58.5
Waste disposal	Incineration	Tons	18,429	17,447	4,915
	Landfill	Tons	485	167	50
	Recycling	Tons	9,974	11,207	6,988
Environmental Training					
Environmental training	Basic training	Man-hour	5,377	7,329	170
	Job-specific training	Man-hour	1,354	1,035	0
	On-the-job training	Man-hour	2,166	4,244	3,948

Governance

Best Practices Recommendations	Adoption	Remarks
Separation of the CEO and the chairman of the BOD	O	Appointment of independent director as chairman
Introduction of the Corporate Governance Charter	O	Enacted by the BOD in November 2019
Introduction of Corporate and Employee Code of Ethics	O	Enacted in January 2001
Introduction of cumulative voting	X	
Organization of the BOD (more than half as independent directors)	O	Include 75% independent directors (nine out of twelve)
Regular BOD meetings	O	At least one meeting per quarter
Provide information about the directors prior to the meeting	O	Distribute presentation materials and bill of agenda
Disclosure of BOD activity details, attendance rate, and pros and cons of major agenda items	O	Disclose business reports, etc.
Enactment of Board Operational Regulations	O	Compliance with committee regulations
Establishment of committees within the BOD	O	Independent Director Recommendation Committee, Audit Committee, Compensation Committee, etc.
Subscription to director's liability insurance at company expense	O	Subscribe to directors & officers liability insurance
Audit committee (all independent directors)	O	Includes six independent directors
Independence of independent directors	O	Establishment of Independent Director Recommendation Committee (composed of all independent directors)
Validation for business reports, etc.	O	Validation of the CEO and executives in charge
Provide comparisons to best practices	O	Disclosure on website
Board-level review/oversight of non-financial risks (ESG)	O	Establishment of the ESG Committee under the BOD (Review and manage implementation of ESG matters)

* As of May 2021

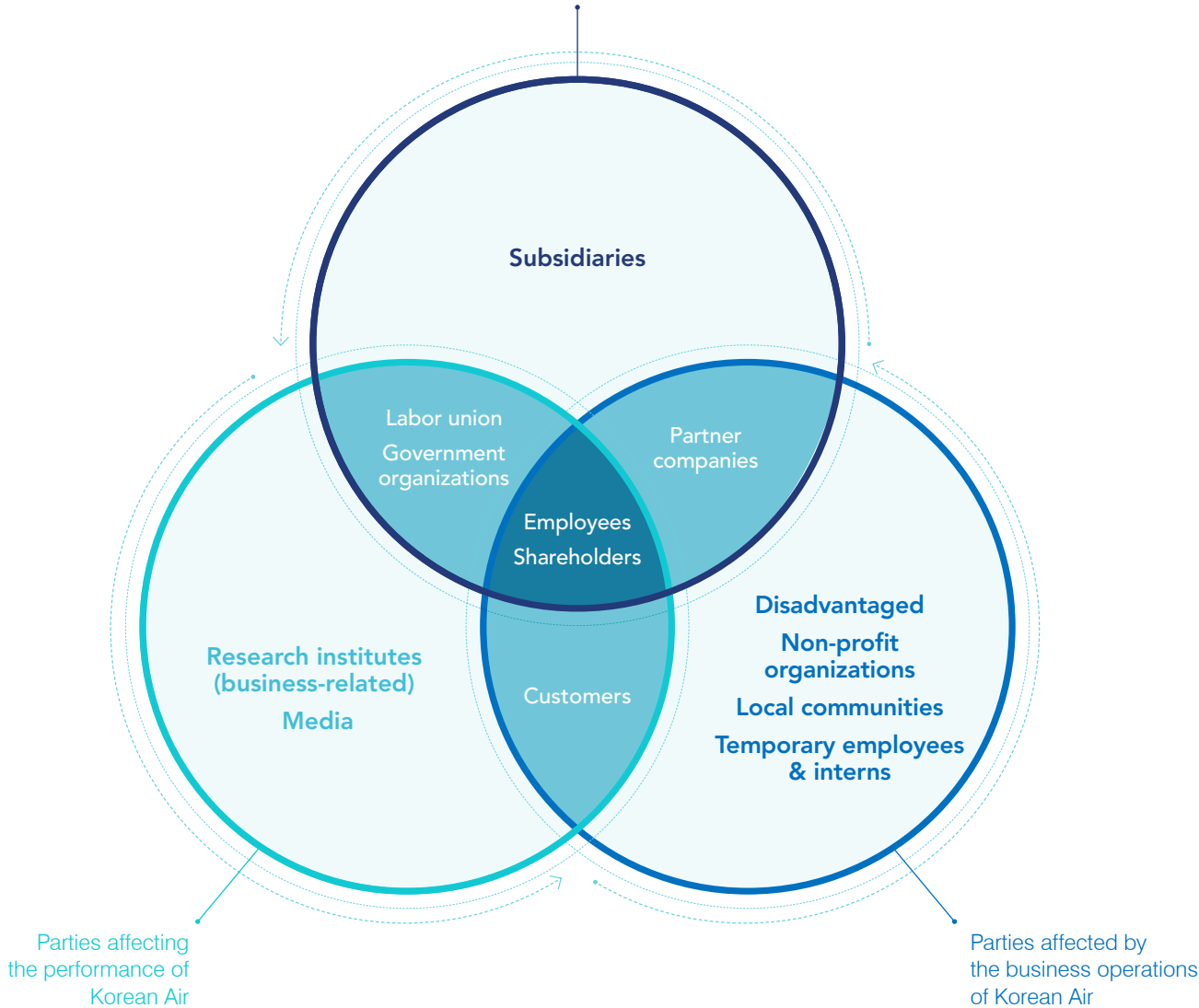
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OTHER INFORMATION

STAKEHOLDER ENGAGEMENT

Stakeholder Group

Leading players legally, financially, or operationally responsible for Korean Air



Economic value distribution to stakeholders in 2020

(Unit: KRW 100 million)

EMPLOYEES

Labor expenses 13,882 Welfare expenses 2,593



SHAREHOLDERS

Dividends -



CREDITORS

Interest expenses 4,777



TAX SERVICE

Corporate tax expenses 968



LOCAL COMMUNITIES

Donations 82



SUPPLIERS

Rental 115 Manufacturing expenses 3,492

Fuel expenses 12,474 Airport expenses 6,500



Total 44,884

Stakeholder Communication

* Frequency of Communication: ☉ Always ☑ When necessary ○ Weekly 🕒 Monthly ● Semi annually ◆ Annually ▲ Business day



Customers



Shareholders/ Investors



Employees



Partner companies



Local communities



Government/ Related organizations

	Customers	Shareholders/ Investors	Employees	Partner companies	Local communities	Government/ Related organizations
Main interests of stakeholders	<ul style="list-style-type: none"> • Safety and punctuality • Service quality • Operation of diverse routes • Provision of accurate information • Prompt processing of customer complaints/inquiries 	<ul style="list-style-type: none"> • Sales and financial performance • Business outlook • Risk management • Governance structure • Improvement of shareholder communication and shareholder values (dividends, etc.) • Response to ESG issues 	<ul style="list-style-type: none"> • Welfare support program • Handling employee grievances • Fair evaluation and compensation • Personnel policy without discrimination • Education and career development 	<ul style="list-style-type: none"> • Shared growth and fair trade • Increase production efficiency • Enhance competencies in technology, quality and human resources • Share information and enhance communication • Promote welfare 	<ul style="list-style-type: none"> • Communication with local communities • Social contribution activities • Environmental conservation, relief activities 	<ul style="list-style-type: none"> • Aviation safety/aviation security • Aircraft fuel efficiency improvement • Response to climate change • Domestic and international aviation policies
Stakeholder communication channels	<ul style="list-style-type: none"> ☉ Website ☑ Korean Air Newsroom 🕒 Newsletter ☉ SNS channels ☉ Service center ☉ Voice of Customer (VOC) ☉ Chatbot ☉ NPS (Net Promoter Score) survey 	<ul style="list-style-type: none"> ◆ General meetings of shareholders ☑ Corporate briefings, IR meetings ☑ Website (disclosures) ☉ Operation of IR communication channels (IR email, phone) 	<ul style="list-style-type: none"> ☑ Labor-management council ☑ On-site visit to human resources management headquarters ☉ Intranet (communication / employee information system) ○ Newsletter ▲ KAL Daily Newsbytes ☉ Internal corruption reporting system ☉ Employee grievance management system 	<ul style="list-style-type: none"> ☉ Portal site for partner companies (intranet) ☑ Production Management Council ● Workshops and meetings with partner companies 	<ul style="list-style-type: none"> ☉ Website ☉ SNS channels 	<ul style="list-style-type: none"> ☑ Administrative department interviews and policy meetings ☑ Technical meeting, technical consultation ☑ Attend international organization meetings
Major activities	<ul style="list-style-type: none"> • Promoting active customer communication through various channels • Resolving customer complaints and inquiries • Promoting service improvement through analysis of customer opinions 	<ul style="list-style-type: none"> • Generating stable profits • Establishing and improving committees within the BOD • Facilitating shareholder/investor communication • Expanding corporate information disclosure (via website) 	<ul style="list-style-type: none"> • Promoting Employee communication activities through labor-management consultation channels • Listening to onsite grievances and improving workplace environments • Operating customized training programs for each job level/position • Operating career development program 	<ul style="list-style-type: none"> • Operating a dedicated organization to promote shared growth • Cash payment in full for purchases; shortened payment cycle • Fundraising for win-win cooperation • Technical support and joint development of localization • Supporting exchanges between partners • Welfare support program 	<ul style="list-style-type: none"> • Operating disaster-relief programs • Operating a community service group composed of employees • Providing sisterhood and community service • Operating airline tour program • Operating Love for China projects (building "Dream Library," donating PCs, etc.) • Creating wind forest to reduce Mongolian desertification • Serving nearby areas affected by aircraft noise • Paying airport noise charges near local communities 	<ul style="list-style-type: none"> • Responding preemptively to changes in aviation security environments such as biometrics • Standardizing aircraft fuel reduction technology and propagation of national airline • Introducing and implementing environment/sustainability related systems (CORSIA, Greenhouse Gas Emissions Trading System) • Responding preemptively to changes in domestic and international aviation policies

Discussion with Sustainability Experts

Korean Air held a non-face-to-face online conference on January 31, 2021 to explore the domestic and global sustainability management trends in the aviation industry, as well as the direction of sustainable management development for the company. Leaders of Korean Air’s Corporate Management team and IR team, and experts in consumer management, marketing, climate change, transportation, and the ESG, attended the meeting and discussed a variety of matters, including the results of 2021 Korean Air’s materiality assessment, policy changes in related areas, the latest trends, ways to improve Korean Air’s sustainability management, and suggestions for information disclosure.

Expecting the strengthened and active utilization of environmental management capabilities



As interest in responding to ESG risks increases in the capital market, companies are also actively incorporating ESG assessments and information disclosure. Investors are particularly focused on the risks related to corporate sustainability. Factors that increase the value of a company in the capital market include the ability of the company to control short-term risks, as well as responses to long-term risks such as climate change, and progressive activities that strengthen corporate competitiveness. Korean Air is actively promoting environmental management by participating in the Aircraft Association’s climate change response activities. In the new normal era, in which both investors and consumers are becoming more aware of the environment, Korean Air can actively utilize its environmental management capabilities to strengthen competitiveness. I look forward to seeing pioneering and bold environmental investment decisions like the green dividend sharing system.

Kim Myung-Seo
 Manager at Hanwha Asset Management



Management needs to focus on environment, community, and ethical issues in line with changes in consumer values



Leading global companies like Unilever are starting to regard consumers as “consumer-citizens.” This is because the perception of consumers represented by the MZ generation (20s-30s) is changing. In Korea, too, a high percentage of the MZ generation pursues good consumption, in which they willingly pay more for products made by ethical companies. In summary, domestic, and foreign consumer value trends are shifting from functional, psychological, and economic values to communal, environmental ecosystems, and partner ecosystems. It is important to get a good ESG rating in the capital market; but a company should also consider reflecting new values in the corporate management philosophy and conveying those to the consumer-citizens, if it wants to be sustainable and be respected by consumers.

Han Sang-Man
 Professor at Sungkyunkwan University



Enhance the brand image and preemptively respond to environmental issues by actively promoting Korean Air’s environmental performance and discovering additional ideas



With the inauguration of the Biden government, the United States is also pushing to respond to climate change in line with global trends. In particular, the government’s demands on the aviation industry is expected to further increase in the future as the aviation sector, which is tightly controlled by the government, is at the top of the list for applying climate change-related policies. Korean Air has been reacting promptly to changes in the environmental regulations and has shown an active interest in introducing new technologies. Similar to how Korean Air enhanced its brand image and generated profits through creative strategies and cooperation when airlines around the world were experiencing difficulties last year due to the COVID-19, it is necessary to take preemptive measures against the global environmental issues. In terms of reducing greenhouse gas and waste, I would recommend continuously discovering ideas that can appeal to consumers and produce good results, while actively promoting the ideas and incorporating them into the company’s long-term environment strategies.

Cho Joon-Haeng
 Honorary Research Fellow at Korea Transport Institute



It is necessary to establish a company-wide ESG strategy, analyze results, and enhance information disclosure



Korean Air is responding well to the ESG issues, as it has established appropriate systems for the environment and ethical management; however, the company lacks in the establishment or disclosure of company-wide ESG strategies. For example, the possibility of a merger with Asiana Airlines is a hot item of interest to stakeholders, so the company can strengthen communication by disclosing information on pros and cons of the merger from an ESG point of view. When reporting the performance on the ESG report, rather than merely reporting an increase or decrease in numbers, the company can enhance the quality of information by including analysis on the cause of increase/decrease in numbers and future plans. I recommend that Korean Air establish ESG strategies and goals that encompass the entire business areas, and a systematic process for management and evaluation of the ESG performance.

Oh Deok-Gyo
 Researcher at Korea Corporate Governance Service



MATERIALITY ASSESSMENT

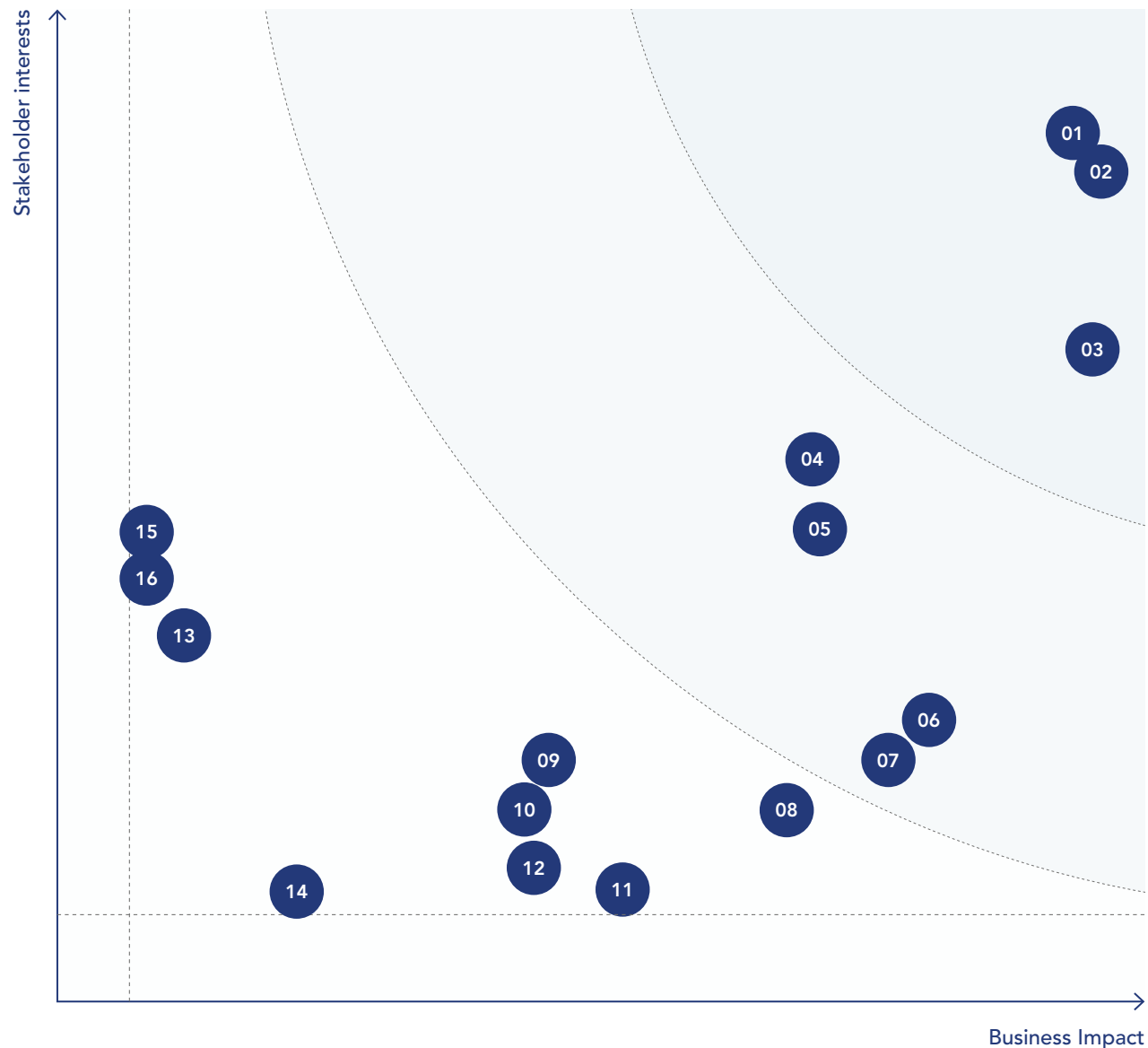
Korean Air conducted a materiality assessment to identify various expectations and concerns of internal and external stakeholders and to identify sustainability management issues affecting management activities. With reference to the evaluation criteria provided by the GRI Standards and the method presented by ISO26000, priority of issues was determined through material issue identification, prioritization, and validation. The selected material issues were used in the content composition of this report.

As a result, aviation safety, ethical management, and privacy protection are selected as top priorities for this year, in addition to seven other issues selected as top priorities in the previous year. In addition, stakeholder interest has increased in business innovation, diversity, and rights of customers in preparation for the post-COVID-19 era. In the final stage of the materiality assessment, Korean Air included issues related to climate change response as material issues following the previous year's review and the opinions of sustainability management experts and management review.

Materiality Assessment Process



Materiality Assessment Results



Issues	GRI Standards Topic	Internal/ External	Page number
1. Health and safety of passengers	GRI 403, GRI 416	Internal/ External	P. 16~18 P. 35~37
2. Ethics and compliance management	GRI 102, GRI 205, GRI 206	Internal/ External	P. 54~59
3. Customer privacy protection	GRI 418	Internal/ External	P. 42
4. Governance soundness	GRI 102	Internal	P. 54~56
5. Service for customer satisfaction	GRI 416, GRI 417	Internal/ External	P. 17~19 P. 38~41
6. Stability of financial structure	GRI 201	Internal	P. 8~12 P. 15~16
7. Improving market competitiveness and resilience	GRI 201	Internal/ External	P. 12 P. 15~16
8. Health and safety of employees	GRI 403	Internal	P. 37 P. 47~48
9. Safety and security in cargo transport	-	Internal/ External	P. 12 P. 15~16
10. Respect for diversity and rights of customers	GRI 412	Internal/ External	P. 19 P. 38~41
11. Business innovation for the new normal era	-	Internal/ External	P. 12 P. 15~16
12. Creating a pleasant workplace environment	GRI 404	Internal	P. 20 P. 43~49
13. Accessibility of services for people with disabilities	GRI 412	Internal/ External	P. 40
14. Cooperative labor-management relations	GRI 402	Internal	P. 20, 49
15. Response to changes in the aviation industry due to climate change	GRI 305	Internal/ External	P. 21~25
16. Management of energy efficiency and GHG emissions	GRI 302, GRI 305	Internal	P. 21~25 P. 30

Impact of Material Issues

Issues	Mid/long-term impact on management		Impact by stakeholder group		
	Sales and expenses	Corporate reputation	Partner companies	Customers	ESG experts
1. Health and safety of passengers	High	High	High	High	High
2. Ethics and compliance management	High	High	High	High	High
3. Customer privacy protection	High	High	High	High	High
4. Governance soundness	High	High	Medium	High	High
5. Service for customer satisfaction	High	High	High	Medium	Medium
6. Stability of financial structure	High	Medium	High	Medium	Low
7. Improving market competitiveness and resilience	High	Medium	Medium	Medium	Low
8. Health and safety of employees	High	High	Medium	Medium	Low
9. Safety and security in cargo transport	High	Medium	High	Medium	Low
10. Respect for diversity and rights of customers	Medium	Medium	Medium	Medium	Low
11. Business innovation for the new normal era	High	Medium	Medium	Low	Low
12. Creating a pleasant workplace environment	Medium	Medium	Medium	Medium	Low
13. Accessibility of services for people with disabilities	Low	Medium	Medium	Medium	Medium
14. Cooperative labor-management relations	Medium	Medium	Medium	Medium	Low
15. Response to changes in the aviation industry due to climate change	Low	Medium	Low	High	High
16. Management of energy-efficiency and GHG emissions	Low	Medium	Low	High	High

THIRD-PARTY ASSURANCE STATEMENT

Dear Management and Stakeholders of Korean Air

Introduction

The Korean Standards Association (“KSA”) was commissioned by Korean Air (“Korean Air”) to perform a third-party Assurance Engagement of ‘KOREAN AIR ESG REPORT 2021’ (the “Report”). KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. Korean Air has sole responsibility for content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of Korean Air apart from undertaking a third-party assurance on the Report. We have no other contract with Korean Air that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards and Level

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level assurance. We checked the four principles of inclusivity, materiality, responsiveness and impact in combination with information credibility of the Report. We also reviewed whether the Report content was created in accordance with the GRI Standards.

Assurance Type and Scope

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Type 2 assurance, which means that the assurance assessed the accuracy and reliability of the company’s statements and performance data provided in the Report. The assurance scope is from January 1 2020 to December 31 2020 and the assurance focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company’s sustainability management. While the company’s environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality test process.

Assurance Methodology

We used the following methods to gather information, documents and evidence with respect to the assurance scope.

- Research and analyses on the articles related to Korean Air’s sustainability management published by media outlets
- In-person visit and interviews with managers of related issue and sustainability manager
- Review of the management system and process used in improving the performance of sustainability management and preparing the Report
- Review of the consistency between the financial performance data and the company’s audit report/publicly disclosed data
- Examination of internal documents and basic materials

Assurance Results and Opinions [On an assurance principle/process level]

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the KOREAN AIR ESG REPORT 2021 as follows.

Inclusivity

Has Korean Air engaged its stakeholders in strategically responding to sustainability?

KSA believe Korean Air is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. Korean Air has selected stakeholders including government and related organization, employees, corporate customers, individuals, partner companies, local communities and local government body to receive diverse feedbacks and opinions.

Materiality

Has Korean Air included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that Korean Air conducted materiality test with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

Has Korean Air appropriately responded to stakeholder requirements and interest in this Report?

We verified that Korean Air responded stakeholders’ needs and interests through reflecting stakeholders’ opinions in the Report. We are not aware of any evidence that Korean Air’s response to significant issues of stakeholders was reported inappropriately.

Impact

Has Korean Air appropriately monitored its impact on the stakeholders?

We verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

GRI Standards Disclosure

We confirmed that this Report was prepared in accordance with GRI Standards Core Option. Based on data Korean Air provided, we also confirmed a validity of the contents related to General Standard Disclosure and Specific Standard Disclosure.

Universal Standards

We have verified that the Report complied(s) with the requirements of the Universal Standards of Core Option, and (have) reviewed the following disclosures:

102-1 to 102-13(Organizational profile), 102-14(Strategy), 102-16 to 102-17(Ethics and Integrity), 102-18 (Governance), 102-40 to 102-44(Stakeholder Engagement), 102-45 to 102-56(Reporting Practice), 103(Management Approach)

Topic-specific Standards

We have checked the material topics identified from a materiality test process in which content to be disclosed. We examined disclosures below:

201-1, 205-2, 206-1, 302-1, 302-3, 305-1, 305-2, 305-4, 305-5, 305-7, 306-1, 306-2, 401-2, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 404-1, 404-2, 412-2, 413-1, 416-1, 417-2, 417-3, 418-1

Opinions and Recommendations [Performance /Issues]

We present the following recommendations to help Korean Air establish a company-wide sustainability management strategy and respond to continuous issues of sustainability.

Economic

Korean Air shares its various economic and non-financial performances with stakeholders through ESG reports. By providing charter flights to Wuhan, China, transporting disaster relief goods, etc., based on its business philosophy of "Service Excellence", Korean Air endeavors to achieve sustainable growth for the global community and create social value. While the global airline industry suffered from a sharp drop in international passenger demand due to the spread of Covid-19, Korean Air was able to increase the utilization rate of cargo planes and maximize cargo transportation revenue. As a result, Korean Air was the only domestic airline to record operating profit in the first quarter. We recommend that Korean Air continue with its successful management innovation and maintain credible accounting information to advance further as a global airline.

Environmental

Due to the unprecedented Covid-19 pandemic, the global aviation industry had an unprecedentedly difficult year. Nevertheless, Korean Air continued publication of the ESG report and disclosed environmental information, including responses to climate change. The continued publication of reports and implementation of countermeasures against climate change are considered to be advanced and positive responses in terms of sustainability and communication with stakeholders. In particular, the reduction of greenhouse gas emissions thanks to the introduction of new high-efficiency aircraft was an exemplary strategy to overcome the challenging environment faced by the aviation industry. As we enter the post-Covid-19 era, air travel is expected to pick up gradually, with an inevitable rise in greenhouse gas emissions. With increasing awareness of the climate crisis, decision-making and management approaches will need to reflect macroscopic considerations in relation to core values of a company. If Korean Air can set quantitative goals for its future climate change response and strategically implement them, it will be able to report organizational performance on some of the key issues at hand.

Social

In 2020, domestic and foreign companies alike witnessed considerable change and distress caused by Covid-19. Korean Air's efforts to ensure the safety and health of its customers through changes in its cargo and passenger business, disinfection measures, and Care First program, were very highly valued. As an assurance agency, we have verified Korean Air's efforts to reflect non-financial factors such as ESG in its management activities. For example, Korean Air established the ESG Committee and oversees the ESG-related matters at the board-level to strengthen ESG management. We recommend systematic monitoring of mid- to long-term goals and KPIs for each ESG element for faithful implementation of the ESG management and internalization of an ESG culture.



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Licensed Report
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June 2021

KSA Chairman & CEO **Myung Soo Kang**

GRI INDEX

GRI (Global Reporting Initiative) is an independent international organization that provides ESG reporting guidelines and recommends businesses to publish the reports. Korean Air ESG Report is prepared in accordance with GRI Standards Core Option and is disclosed transparently.

Topic	Disclosure	Page
General Disclosures		
	102-1 Name of the organization	P. 8
	102-2 Activities, brands, products, and services	P. 9~10
	102-3 Location of headquarters	P. 8
	102-4 Location of operations	P. 11
	102-5 Ownership and legal form	P. 8
	102-6 Markets served	P. 9~11
Organizational Profile	102-7 Scale of the organization	P. 8
	102-8 Information on employees and other workers	P. 43, 61~62
	102-9 Supply chain	P. 50~51
	102-10 Significant changes to the organization and its supply chain	P. 15
	102-11 Precautionary Principle or approach	P. 59
	102-12 External initiatives	P. 23, 82~83
	102-13 Membership of associations	P. 83
Strategy	102-14 Statement from senior decision-maker	P. 4~5
	102-15 Key impacts, risks, and opportunities	P. 71~73
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	P. 57~58
	102-17 Mechanisms for advice and concerns about ethics	P. 57~58
Governance	102-18 Governance structure	P. 54~56
	102-40 List of stakeholder groups	P. 68
	102-41 Collective bargaining agreements	P. 49
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	102-43 Approach to stakeholder engagement	P. 68
	102-44 Key topics and concerns raised	P. 69

Topic	Disclosure	Page	
Management Approach	102-45	Entities included in the consolidated financial statements	The 2020 annual report p.6~7
	102-46	Defining report content and topic Boundaries	P. 71~73
	102-47	List of material topics	P. 72
	102-48	Restatements of information	Not applicable
	102-49	Changes in reporting	P. 71
	102-50	Reporting period	P. 2
	102-51	Date of most recent report	Aug. 2020
	102-52	Reporting cycle	P. 2
	102-53	Contact point for questions regarding the report	P. 2
	102-54	Claims of reporting in accordance with the GRI Standards	P. 2
	102-55	GRI content index	P. 76~79
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Topic-specific Standards			
GRI 200: Economic Topics			
GRI 201: Economic Performance 2016	103	Management Approach	P. 12
	201-1	Direct economic value generated and distributed	P. 68
GRI 205: Anti-corruption 2016	103	Management Approach	P. 54
	205-2	Communication and training about anti-corruption policies and procedures	P. 57~58
GRI 206: Anti-competitive Behavior 2016	103	Management Approach	P. 54
	206-1	Confirmed incidents of corruption and actions taken	The 2020 annual report P. 405~406
GRI 300: Environmental Topics			
GRI 302: Energy 2016	103	Management Approach	P. 29
	302-1	Energy consumption within the organization	P. 64
	302-3	Energy intensity	P. 64
GRI 303: Water and Effluents 2018	103	Management Approach	P. 29
	303-3	Water withdrawal	P. 64

Topic		Disclosure	Page
GRI 304: Biodiversity 2016	103	Management Approach	P. 29
	304-2	Significant impacts of activities, products, and services on biodiversity	P. 32
GRI 305: Emissions 2016	103	Management Approach	P. 21, 29
	305-1	Direct (Scope 1) GHG emissions	P. 64
	305-2	Energy indirect (Scope 2) GHG emissions	P. 64
	305-4	GHG emissions intensity	P. 64
	305-5	Reduction of GHG emissions	P. 23
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P. 65
GRI 306: Effluents and Waste 2016	103	Management Approach	P. 29
	306-1	Water discharge by quality and destination	P. 65
	306-2	Waste by type and disposal method	P. 65
GRI 307: Environmental Compliance 2016	103	Management Approach	P. 21, 29
	307-1	Non-compliance with environmental laws and regulations	No cases of violation
GRI 400: Social Topics			
GRI 401: Employment 2016	103	Management Approach	P. 43
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 48
	401-3	Parental leave	P. 44, 62
GRI 402: Labor/Management Relations 2016	103	Management Approach	P. 43
	402-1	Minimum notice periods regarding operational changes	50 days for layoff; 30 days for dismissal; and when changes in business operations occur
GRI 403: Occupational Health and Safety 2018	103	Management Approach	P. 35
	403-1	Occupational health and safety management system	P. 37
	403-2	Hazard identification, risk assessment, and incident investigation	P. 37
	403-3	Occupational health services	P. 47~48
	403-4	Worker participation, consultation, and communication on occupational health and safety	P. 37
	403-5	Worker training on occupational health and safety	P. 37
	403-6	Promotion of worker health	P. 47~48

Topic		Disclosure	Page
GRI 403: Occupational Health and Safety 2018	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 37
	403-8	Workers covered by an occupational health and safety management system	P. 37
GRI 404: Training and Education 2016	103	Management Approach	P. 43
	404-1	Average hours of training per year per employee	P. 46, 63
	404-2	Programs for upgrading employee skills and transition assistance programs	P. 45~46
GRI 412: Human Rights Assessment 2016	103	Management Approach	P. 43
	412-2	Employee training on human rights policies or procedures	P. 45
GRI 413: Local Communities 2016	103	Management Approach	P. 52
	413-1	Operations with local community engagement, impact assessments, and development programs	P. 52
GRI 416: Customer Health and Safety 2016	103	Management Approach	P. 35
	416-1	Assessment of the health and safety impacts of product and service categories	P. 16~18, 35~36
GRI 417: Marketing and Labeling 2016	103	Management Approach	P. 38
	417-2	Incidents of non-compliance concerning product and service information and labeling	No cases of violation
	417-3	Incidents of non-compliance concerning marketing communications	No cases of violation
GRI 418: Customer Privacy 2016	103	Management Approach	P. 42
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 42

SASB INDEX













The Sustainability Accounting Standards Board (SASB) is an organization that established industry-specific standards for reporting non-financial factors of a company in connection with financial performance. Korean Air discloses key sustainability information relevant to the aviation industry as defined by the SASB Index.

Category	Code	2020
Activity Metrics		
Available seat kilometers (ASK)	TR-AL-000.A	34,860 million
Passenger load factor	TR-AL-000.B	54.7%
Revenue passenger kilometers (RPK)	TR-AL-000.C	19,079 million
Revenue ton kilometers (RTK)	TR-AL-000.D	10,366 million
Number of departures	TR-AL-000.E	86,787
Average age of fleet	TR-AL-000.F	10.5 years
Greenhouse Gas Emissions		
Gross global Scope-1 emissions	TR-AL-110a.1	7,626,574/tonCO ₂ eq
Discussion of long-term and short-term strategy or plan to manage Scope-1 emissions, emissions reduction targets, and an analysis of performance against those targets	TR-AL-110a.2	Korean Air's Response to Climate Change (P. 21~25)
(1) Total fuel consumed	TR-AL-110a.3	2,983,136 tons
(2) Percentage alternative fuel	TR-AL-110a.3	0%
(3) Percentage sustainable fuel	TR-AL-110a.3	0%
Labor Practices		
Percentage of active workforce covered under collective bargaining agreements	TR-AL-310a.1	87.3%
(1) Number of work stoppages	TR-AL-310a.2	0
(2) Total days idle	TR-AL-310a.2	0
Competitive Behavior		
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	TR-AL-520a.1	N/A
Accident & Safety Management		
Description of implementation and outcomes of a Safety Management System	TR-AL-540a.1	Safety Management (P. 35~37)
Number of aviation accidents	TR-AL-540a.2	0
Number of governmental enforcement actions of aviation safety regulations	TR-AL-540a.3	0

CONTRIBUTIONS TO THE UN SDGs

The UN Sustainable Development Goals (SDGs) include 17 specific agendas for peace and prosperity for people and the planet and global partnership to be promoted by all member countries by 2030. As a leading member of the international community, Korean Air supports the SDGs and feels responsible for achieving these goals. We consistently identify the potential impact of our business activities on the SDGs to bring out the positive impacts and reduce the negative impacts.

● Positive impact ▼ Negative impact

Goals	Potential Impacts	Korean Air's Efforts Page no. on Report
 Goal 3 Ensure healthy lives and promote well-being for all people	<ul style="list-style-type: none"> ● Rapid transportation of medicines, aid, and medical services necessary to promote health ▼ Possibility of aviation safety accidents and workplace accidents 	<ul style="list-style-type: none"> • Transportation of Covid-19 vaccines P. 16 • Supplying COVID-19 relief goods and charter flights for worldwide expatriates P. 19 • Emergency medical response and prevention system during operation P. 36 • Company-wide occupational safety and health management system P. 37
 Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> ● Provide aviation-related professional education and vocational training 	<ul style="list-style-type: none"> • Talent Development P. 45~46
 Goal 5 Achieve gender equality and empower all females	<ul style="list-style-type: none"> ● Create jobs for women's economic independence; foster female leadership to expand opportunities for women's participation in decision-making 	<ul style="list-style-type: none"> • HR policy that respects human rights and diversity P. 43 • Maternity Protection System P. 44
 Goal 6 Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> ● Sustainable use and management of water resources ▼ Risk of spilling pollutants; indirect impact on community water scarcity 	<ul style="list-style-type: none"> • Preventing Environmental Pollution P. 31~32
 Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> ● Create quality jobs; ensure a safe working environment ▼ Potential violations of human rights for service workers 	<ul style="list-style-type: none"> • Maternity Protection System P. 44 • Efforts to help enhance employees' emotional and mental health P. 48
 Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> ● Fair price and fair mobility; provide easier access to infrastructure ● Develop innovative technologies related to flight operation and service ▼ Indirect impact on indiscriminate industrialization in developing countries 	<ul style="list-style-type: none"> • Noise Management P. 32
 Goal 10 Reduce inequalities between domestic and international districts/communities	<ul style="list-style-type: none"> ● Provide means of transportation to promote cultural exchange and mutual understanding ● Promote social inclusion by providing equal access and services to social minorities, etc. 	<ul style="list-style-type: none"> • Providing safe and special assistance P. 40
 Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> ● Provide safe and accessible means of transportation for the vulnerable ▼ Indirect impacts on indiscriminate tourism that damages the world's cultural and natural heritages and the residential environment of locals 	<ul style="list-style-type: none"> • Afforestation project in Mongolia P. 52 • Korean Air green ecological park in China's Kubuqi desert P. 52 • Sisterhood ties with rural villages P. 52
 Goal 12 Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ● Promote sustainable tourism that stimulates local culture and specialties ▼ Wastewater and waste generation throughout the value chain, including in-flight services, aircraft and facility management, and aircraft purchase and disposal 	<ul style="list-style-type: none"> • Retired aircraft upcycling P. 33
 Goal 13 Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> ● Reduce carbon dioxide emissions during transportation ▼ Climate-change and indirect impacts on air pollution 	<ul style="list-style-type: none"> • Korean Air's Response to Climate Change P. 21~25
 Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> ● Implement security system to prevent trafficking of protected species (plants and animals) and illegal wildlife products ▼ Habitat destruction and indirect impacts caused by ecosystem disturbances 	<ul style="list-style-type: none"> • Biodiversity P. 32 • Afforestation project in Mongolia P. 52 • Korean Air green ecological park in China's Kubuqi desert P. 52
 Goal 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> ● Create synergy effects to achieve SDGs through global partnerships among various stakeholders 	<ul style="list-style-type: none"> • Implementing the SkyTeam CSR Statement, the commitment of the SkyTeam alliance to sustainable management P. 11 • Regulations related to climate change P. 23 • Joining and supporting the UN Global Compact P. 82

UN GLOBAL COMPACT

The UN Global Compact is an international agreement initiated by the United Nations that calls on companies to align strategies and operations with ten principles on human rights, labor, the environment, and anti-corruption efforts. Since we joined the program in support of these principles in July 2007, we have been submitting the Communication on Progress (COP) reports, and will continue to work on their implementation.

Category	Principles	Reporting pages
Human rights	1. We support and respect the protection of internationally proclaimed human rights.	P. 43~49
	2. We ensure that we are not complicit in human rights abuses.	P. 57~58
Labor	3. We uphold the freedom of association and effective recognition of the right to collective bargaining.	
	4. We uphold the elimination of all forms of forced and compulsory labor.	P. 43~49
	5. We uphold the effective abolition of child labor.	P. 57~58
	6. We uphold the elimination of discrimination in employment and occupation.	
Environment	7. We support a precautionary approach to environmental challenges.	
	8. We undertake initiatives to promote greater environmental responsibility.	P. 21~25 P. 28~33
	9. We encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	10. We work against corruption in all its forms, including extortion and bribery.	P. 57~58

AWARDS AND MEMBERSHIPS

Major Awards

Awards	Awarded by	Date
Greening the Company (No. 1 in greenhouse gas reduction among the top 100 domestic companies)	E Consumer	2020.01.29
Air Cargo Excellence Award 'Diamond Award'	Air Cargo World	2020.04.07
Travelers' Choice Awards: Top10 World Airlines	TripAdvisor	2020.07.28
Presidential Award at the 27th Corporate Innovation Awards	Ministry of Trade, Industry and Energy / Korea Chamber of Commerce and Industry	2020.12.08
Official Airline Ratings: Five Star Global Airlines	Airline Passenger Experience Association (APEX)	2020.12.09
World Airline Star Rating: Five Star Airline	Skytrax	2020.12.10

Memberships

Category	Associations / Organizations
Aviation	International Air Transport Association (IATA), Association of Asia Pacific Airlines (AAPA), SkyTeam, Korea Civil Aviation Association, Aviation Management Society of Korea, Korea Aeronautical Engineers' Association, Korean Association of Air and Space Law, Korean Society for Aeronautical & Space Sciences, Korean Society for Composite Materials, Korea Institute of Military Science and Technology, Society for Aerospace System Engineering, Korean Society of Propulsion Engineers, Korea Association of Defense Industry Studies, Korea Remotely Piloted Aircraft Safety Association, Korea UVS Association, Korea Defense Industry Association, Korea Aerospace Industries Association, Korea Industrial Technology Association, Daedeok Innopolis Defense Industries Committee, Korea Aerospace Technology Research Association, Korean Defense Industry Council on Security, Korea Fire Safety Association
Economy	Korea Business Council for Sustainable Development, Federation of Korean Industries, Korea Economic Research Institute, Korea Employers Federation, Korea Chamber of Commerce and Industry, Federation of Economic organizations, Korea-U.S. Economic Council, Korea-Japan Economic Association, Korea Listed Companies Association, Korea Exchange, Korea Customs Logistics Association, Korea International Trade Association
Environment	Gangseo Business Group for Environmental Practices, Voluntary Agreement of the Aviation Industry on GHG Reductions
Social	UN Global Compact, Asia Society Korea Center, Korea AEO Association, Korea Management Association, Korea-Mongolia Forum, Korea Defense Transportation Association, Korea Support Committee for the International Vaccine Institute

