SUSTAINING EXCELLENCE
About this report

Purpose of the report
Korean Air’s sustainability report, with the title of “Sustaining Excellence,” summarizes the activities and achievements of Korean Air in the areas of economic, social and environmental performance. This annual report serves to provide in a transparent manner information to our stakeholders, including employees, customers, shareholders and investors, business partners, government agencies and local communities.

Reporting principles
Korean Air’s fifth sustainability report was prepared in line with the G3 guidelines of the Global Reporting Initiative (GRI). This report also benchmarked other global airlines’ sustainability reports in order to include activities and achievements in sustainable growth of the aviation industry.

Composition
The contents of this report were drafted by 33 staff members after collecting data from 23 related departments. The contents were compiled and reorganized by the Environment Team and were proofread by Korean Air’s executives and by all pertinent departments.

Scope of the report
This report covers the fiscal year 2009 (Jan. 1 - Dec. 31, 2009) and contains data collected over the last three years. For further details on economic performance, please refer to the 2009 Annual Report.
[http://www.koreanair.com]

UN GLOBAL COMPACT

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten principles related to the areas of human rights, labor, environment and anti-corruption. Korean Air joined the UN Global Compact in July 2007. The core values of the Compact are in line with our commitment to ethical and transparent management practices and to fulfilling social responsibilities. We will continue our endeavor to embrace and support the ten universally-accepted principles of the UN Global Compact, as listed below.

PRINCIPLES

HUMAN RIGHTS
Principle 1: We support and respect the protection of internationally proclaimed human rights.
Principle 2: We make sure that we are not complicit in human rights abuses.

LABOR
Principle 3: We uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: We uphold the elimination of all forms of forced and compulsory labor.
Principle 5: We uphold the effective abolition of child labor.
Principle 6: We uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT
Principle 7: We support a precautionary approach to environmental challenges.
Principle 8: We undertake initiatives to promote greater environmental responsibility.
Principle 9: We encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION
Principle 10: We work against corruption in all its forms, including extortion and bribery.
Amid the rapidly-changing business environment, Korean Air strives to reinforce its presence as a global airline, leading the aviation industry with a strong commitment to its staff and employees and with its risk-management capabilities. Korean Air will grow with its customers and local community, and thus creating a brighter and sustainable future that is in harmony with the environment.
I extend my deepest gratitude for your support of Korean Air.

2009 was an important year for us, as it marked Korean Air’s 40th anniversary. Amid the global economic slowdown, exchange rate volatility, and the H1N1 flu that caused many airlines to struggle with declining air travel demand, Korean Air recorded KRW 133.4 billion of operating income last year, thanks to its company-wide efforts to overcome the crisis. Through 40 years of excellence, Korean Air has been reinforcing its presence as a top global airline leading the world aviation industry, working with its staff and employees to effectively manage risks.

Korean Air is now preparing itself to reach higher goals. We set the goals of joining the ranks of the ten largest global airlines in terms of passenger transport by 2019, and leading the world in international cargo transport for 15 years in a row. For the year 2010, Korean Air has set a target of securing global competitiveness through strengthening core competencies, with the goal of KRW 10.6 trillion in sales and KRW 800 billion in operating income. These targets reflect all staff members’ determination to maximize profit through active sales strategies, and to realize a more efficient cost structure.

Korean Air will put its highest priority on flight safety and protecting customer value. We promise to continue our record of ten years without an accident, by establishing an absolute safety operation system. In addition, Korean Air will endeavor to listen to and reflect customers’ interests through various channels of communication in order to provide a differentiated service.

Korean Air entered into a partnership with the British Museum in December 2009 to start a Korean language service for its multimedia guide program. With this partnership, Korean Air is now providing the service to three of the major museums in the world, including the British Museum in London, the Louvre Museum in Paris and the Hermitage Museum in Saint Petersburg. Using this global network, we are now engaged in the effort to attract the 2018 Winter Olympic Games to the city of Pyeongchang in Korea.

The year 2010 will be a year in which Korean Air establishes its sustainability, particularly with respect to the environment. The national and international trend toward green growth affects the political, social, economic and cultural sectors of communities. Therefore a company must meet the demand for green growth in order to become a truly global company and survive in the future.

Preserving the environment is necessary for a company that wants to lay a solid foundation for sustainable management. As a leading eco-friendly airline wanting to achieve green growth, Korean Air will adopt next-generation, state-of-the-art aircraft such as the A380 and the B787, thereby reducing noise and CO2 emissions. In addition, we will work towards environmental protection through company initiatives and volunteer activities of our employees.

The future belongs to the one who prepares for it. Korean Air will be a leader in innovation while preparing for potential uncertainty in the business environment, and will eventually grow into a resilient and forward-looking enterprise. We are greatly appreciative of your unwavering support of Korean Air.

Thank you.

Cho, Yang Ho
Chairman & CEO
Beyond 40 Years of Excellence
In March 2009, Korean Air launched its new business initiative, “Beyond 40 Years of Excellence.” This slogan represents the following goals of Korean Air: to become a top global airline with KRW 21 trillion in sales and 180 aircraft in its fleet; to rank among the 10 largest international passenger transport companies; and to lead in the global cargo transportation industry for 15 consecutive years. Korean Air hopes to achieve these goals by 2019, when the airline marks its 50th anniversary.

Added eco-friendly aircraft and engines to its fleet
Korean Air has adopted six eco-friendly A330-200 aircraft and 14 eco-friendly PW4170 engines to its fleet. These are highly efficient, and drastically reduce CO₂ emissions. By 2015, Korean Air plans to add a total of 62 new aircraft to its fleet.

Reduced CO₂ emissions by 200,000 tons
In 2009, Korean Air reduced its CO₂ emissions by 205,000 tons. This was done through 48 fuel-saving initiatives, including decreased use of APUs (Auxiliary Power Units) and increased use of GPS/GPUs (Ground Power Systems/Units).

Reduced ground energy use by 6.9%
In 2009, Korean Air’s ground energy use, including electricity, oil, gas and medium temperature water, was 401,861 TOE (Tons of Oil Equivalent). This meant a reduction in CO₂ by 7,000 tons, or 6.9%, less than the previous year.

Global reforestation effort
Since 2004, Korean Air has actively participated in the global reforestation effort as a response to climate change. In 2009 alone, Korean Air worked with NGOs to plant 91,000 trees in Mongolia, China and Los Angeles, with a total of 940,000 trees in three million m² since 2004.

Established “SafeNet”; no accidents for the past 10 years
Korean Air did not have a single accident in the past ten years. As part of our safety approach and to begin a new chapter in our aviation safety management, we launched “SafeNet,” a web-based, company-wide safety management IT system.

Korean language service in three major museums
Starting with the Louvre Museum in Paris, Korean Air implemented a project to provide a Korean-language multimedia guide service for world museums. This now includes the Hermitage Museum in Saint Petersburg, beginning in June 2009, and the British Museum in London beginning in December 2009.

No confirmed case of H1N1
Korean Air puts a top priority on protecting passengers from the risk of getting infected with the H1N1 virus. Thanks to our commitment to the cleanliness and safety of our airplanes that fly to areas suffering from the flu strain, in 2009 there was not a single case of H1N1 from secondary infection on our passenger planes.

Reduced ground energy use by 6.9%
In 2009, Korean Air’s ground energy use, including electricity, oil, gas and medium temperature water, was 401,861 TOE (Tons of Oil Equivalent). This meant a reduction in CO₂ by 7,000 tons, or 6.9%, less than the previous year.

Global reforestation effort
Since 2004, Korean Air has actively participated in the global reforestation effort as a response to climate change. In 2009 alone, Korean Air worked with NGOs to plant 91,000 trees in Mongolia, China and Los Angeles, with a total of 940,000 trees in three million m² since 2004.

Established “SafeNet”; no accidents for the past 10 years
Korean Air did not have a single accident in the past ten years. As part of our safety approach and to begin a new chapter in our aviation safety management, we launched “SafeNet,” a web-based, company-wide safety management IT system.

Korean language service in three major museums
Starting with the Louvre Museum in Paris, Korean Air implemented a project to provide a Korean-language multimedia guide service for world museums. This now includes the Hermitage Museum in Saint Petersburg, beginning in June 2009, and the British Museum in London beginning in December 2009.

No confirmed case of H1N1
Korean Air puts a top priority on protecting passengers from the risk of getting infected with the H1N1 virus. Thanks to our commitment to the cleanliness and safety of our airplanes that fly to areas suffering from the flu strain, in 2009 there was not a single case of H1N1 from secondary infection on our passenger planes.

Reduced ground energy use by 6.9%
In 2009, Korean Air’s ground energy use, including electricity, oil, gas and medium temperature water, was 401,861 TOE (Tons of Oil Equivalent). This meant a reduction in CO₂ by 7,000 tons, or 6.9%, less than the previous year.

Global reforestation effort
Since 2004, Korean Air has actively participated in the global reforestation effort as a response to climate change. In 2009 alone, Korean Air worked with NGOs to plant 91,000 trees in Mongolia, China and Los Angeles, with a total of 940,000 trees in three million m² since 2004.
**Response to Climate change**

Korean Air recognizes climate change as a very important environmental issue. Although greenhouse gases generated through air transportation make up a relatively small portion of the world’s total amount of carbon emissions, compared to other industries, Korean Air plans to reduce its environmental load as much as possible. This will be accomplished by adding eco-friendly, new-generation aircraft with higher fuel efficiency to the fleet. (p.12~p.13, p.35~p.40)

**Nurturing Talent**

Korean Air’s talent management approach is based on its HR policy that “a company is the sum of its people.” We put a high priority on improving quality of life for all employees and helping them to reach their full potential. To this end, Korean Air provides talent nurturing programs, equal opportunities and fair evaluations, a reasonable compensation system, labor-management cooperation, freedom from gender discrimination, and a safe work environment. (p.61~p.63)

**Customer Satisfaction**

Ensuring safe air travel is the largest responsibility that Korean Air has to fulfill. Korean Air seeks to become the safest airline in the world, and is on its way with a safety record of no accidents in ten years. We endeavor to satisfy our customers with the principles of safety, comfort, and respect, by providing a top-class in-flight service, on-time operation, shorter flying times, and various communication channels for receiving feedback. (p.53~p.56)

**Economic Performance**

Despite the unfavorable business environment in 2009, when exchange rates remained high and the H1N1 flu spread across the world, Korean Air pursued proactive sales strategies and its operating income bounced back to a surplus of KRW 133.4 billion. We continue to share profit generated from economic activities with various stakeholders. (p.20~p.21)

**Co-prosperity Management**

Korean Air opened its iSP (Internet Supplier Portal) to strengthen cooperation with partner firms. We strive to create a foundation for co-prosperity with our suppliers by sharing economic achievements and by providing assistance in technology, finance, and quality improvement. (p.57)

**Minimizing Ground Environmental Impact**

Having received the ISO14001 certification, Korean Air continues to work toward its goal of reducing air pollution, waste, waste water and the use of harmful chemicals. This is accomplished by implementing an annual environmental impact assessment, in order to minimize the company’s environmental load when executing maintenance and ground operations. (p.44~p.47)

**Community Involvement**

Korean Air participates in a number of social contribution activities and sharing management practices in fields such as education, culture, art and sports, as well as being involved with rescue and relief efforts. (p.69~p.74)
Korean Air’s sustainable management practices look toward the future. In order to meet today’s air transport demands, we provide a fast and convenient global air travel and transport service. Korean Air also strives to fulfill its environmental and social responsibilities as a corporate citizen, and to maintain communication with stakeholders in order to achieve co-prosperity.

Korean Air prepares for a better future for all.
Our Network

Since its establishment in 1972 as a transpacific passenger service connecting Seoul, Tokyo and Los Angeles, Korean Air has built a global network. We have 157,272 flights annually to every corner of the world, and in 2009 we transported 20.72 million passengers and 1.57 million tons of cargo to 104 cities in 38 countries.

2009 Company Profile

Name: Korean Airlines Co., Ltd
Address: 1370, Gonghang-dong, Goyang-si, Gyeonggi-do, Korea 157-712
Established: March 1, 1969
Business field: Passenger and cargo transport, maintenance operation, in-flight meal service, hotel and aerospace business
No. of aircraft: 127 (as of Dec. 31, 2009)
Flight routes: 13 domestic cities and 104 cities overseas
Sales: 9,393,703 (KRW million)
No. of passengers: 20,720,000
Cargo transport: 1,570,000 tons
RTK*: 13,540,050 (1,000 ton KM)
No. of employees: 17,395 (including 1,661 overseas)

*RTK (Revenue Ton Kilometer)

CIS

Destinations: 5 Cities
Market Share in Sales: 0.1%
Market Share in No. of Passengers: 0.7%
Market Share in Cargo Transport: 4%

China

Destinations: 23 Cities
Market Share in Sales: 9%
Market Share in No. of Passengers: 13%
Market Share in Cargo Transport: 18%

Korea

Destinations: 13 Cities
Market Share in Sales: 6%
Market Share in No. of Passengers: 36%
Market Share in Cargo Transport: 8%

Japan

Destinations: 15 Cities
Market Share in Sales: 12%
Market Share in No. of Passengers: 19%
Market Share in Cargo Transport: 7%

Oceania

Destinations: 6 Cities
Market Share in Sales: 5%
Market Share in No. of Passengers: 4%
Market Share in Cargo Transport: 1%

America

Destinations: 16 Cities
Market Share in Sales: 35%
Market Share in No. of Passengers: 12%
Market Share in Cargo Transport: 35%

Europe / Middle East

Destinations: 21 Cities
Market Share in Sales: 19%
Market Share in No. of Passengers: 5%
Market Share in Cargo Transport: 13%

South-East Asia

Destinations: 18 Cities
Market Share in Sales: 12%
Market Share in No. of Passengers: 11%
Market Share in Cargo Transport: 14%

* CIS: Commonwealth of Independent States
* Korean Air flies to Moscow, Vladivostoc, Saint Petersburg, Tashkent, Navoi
Fleet Modernization

Korean Air plans to add to its fleet a total of 62 new-generation aircraft by 2015, including 51 passenger planes and 11 cargo planes. This ambitious plan to modernize its fleet with state-of-the-art aircraft demonstrates Korean Air’s strong commitment to achieving sustainable management while fulfilling its environmental, social and economic responsibilities. Korean Air also continues to invest in improving the quality of seats and developing new and advanced in-flight service appropriate for high-tech aircraft.

Benefits of Adding New-generation Aircraft

Fulfilling Environmental Responsibilities. The best way in which to address environmental issues, including climate change and noise and air pollution, is a constant investment in eco-friendly aircraft equipped with advanced technology that reduces environmental loads. Korean Air will gradually replace the older aircraft in its fleet, the B747 and A300 models, with the latest aircraft models A380, B787 and B747-8, thereby meeting global air travel needs while at the same time minimizing our impact on the environment.

Fulfilling Social Responsibilities. Expanding routes using new-generation aircraft ensures more convenient and comfortable air travel, which allows passengers a more varied flight schedule and improves the work environment of flight attendants. It also creates jobs both directly and indirectly.

Fulfilling Economic Responsibilities. Adopting the latest model of aircraft contributes to reviving the national and local economies by creating new routes and further expanding existing routes, while reducing the time and cost of imports and exports.

The best answer to climate change is a constant investment in technical improvement of aircraft which will help reduce environmental impacts. Korean Air will gradually replace its fleet, which currently consists of B747 and A300 models, with the latest aircraft models A380, B787 and B747-8.
Our People

Employee Communication
Korean Air has established an open communication channel that allows employees to consult management regarding problems or to make a proposal. Counselors give advice according to the company regulations which call for respect of all employees and the protection of privacy.

Employee Education
Korean Air provides over 500 online educational courses for its employees, including work and air transport-related courses and foreign language and IT courses. In particular, opportunities for senior managers working overseas are provided for employees working overseas. In this way, Korean Air gives each and every employee a sense of unity and confidence in their work capacities.

Women-friendly Company
As of December 31, 2009, over 30% of Korean Air’s total workforce consisted of female workers. Over the last three years, females have made up 64% of newly-hired employees. Korean Air provides a wide variety of initiatives aimed at ensuring the welfare of female employees, including full maternity leave, childcare centers, and sending female employees overseas for senior manager or passenger cabin manager programs. In recognition of our effort to promote gender equality and the well-being of our female employees, in 2008 Korean Air became the first Korean company to sign a “Women-friendly Company” agreement with the Ministry of Gender Equality.

Increasing Employment of the Physically-challenged
Korean Air had 151 disabled persons in its employ as of December 31, 2009. To provide more job opportunities to the physically-challenged, including to severely disabled persons, Korean Air expanded the scope of their jobs and duties to reception, ticketing, transport, computer-related work, and general office work. Korean Air will further expand its number of disabled employees.

Overcoming the Economic crisis with Labor-management Cooperation
Amid the frustrating economic crisis that affected many global companies, Korean Air made an extensive stabilizing effort by freezing staff and employee wages rather than having to carry out painful restructuring and reduce jobs.
Air Transportation Business

As of the end of 2009, Korean Air had 127 aircraft in its fleet and offered scheduled routes to 13 domestic destinations and 104 international destinations in 38 countries. In 2009 alone, we transported 20.72 million passengers and 1.57 million tons of freight. The year 2009 was a challenging year for an airline as the global financial crisis caused economic slowdown and reduced air transport demand. The situation was made worse by the increase in foreign currency-denominated cost stemming from the rise in the won-dollar exchange rate, along with the spread of the H1N1 flu virus.

To respond to the decline in air travel demand, Korean Air adjusted routes in a flexible manner in line with the market situation and expected demand. For example, we sought to improve profit by reducing flights to China, Oceania and Europe which had lower tourism demand, while increasing flights to America, Japan and CIS which had higher air travel demand due to visa waiver programs, the strong yen and expanded economic exchanges, etc.

In addition, Korean Air opened new routes to Xian, Mudanjiang in China and Shizuoka in Japan, which have potential for increased air travel demand, adding irregular flights to a third country via Japan in order to increase profits. We have also strengthened overseas marketing and developed a more convenient flight transfer schedule to attract more foreign passengers, offsetting decreased air travel demand from Korea. As a result, overseas sales increased 14% year-on-year. In Japan in particular, we enjoyed a 41% increase in sales thanks to the strong yen and aggressive marketing.

Along with this effort to increase profit, Korean Air added high-tech aircraft such as the B777-300ER to its fleet, and upgraded seats and in-flight entertainment systems in order to offer better services to our customers.

The year 2009 was a challenging year for an airline as the global financial crisis caused economic slowdown and reduced air transport demand. The situation was made worse by the increase in foreign currency-denominated cost stemming from the rise in the won-dollar exchange rate, along with the spread of the H1N1 flu virus.

In the last quarter of 2009 the air cargo transport demand slowly began to increase, as the global economy showed signs of recovery and governments began to execute stimulus policies. Accordingly, Korean Air’s Cargo Business division used its full strength to optimize available resources in order to improve cargo business performance.

To meet the short-term, high-profit cargo transport demand, Korean Air rescheduled routes by operating more flights with higher demand and by increasing irregular flights. Moreover, we implemented a flexible price policy adjusted to the market situation and differentiated the amount of supply depending on profitability.

Korean Air opened a new market for future growth by starting a cargo flight to Hanoi in Vietnam in October 2009, and made inroads into the Central Asian market by expanding routes using the Novol International Airport in Uzbekistan as a new hub, thus profiting from higher air transport demand between Europe and Southeast Asia. In addition, we invested in cargo terminals in Incheon, New York, Tianjin and Naxi while investing in IT sectors such as next-generation freight transport systems and Claim Portal Sites, thereby improving customer service.

Aerospace Business

Korean Air has been leading the Korean aerospace industry by manufacturing and exporting components for major global airlines and by providing maintenance of aircraft for military and civilian use, while designing and developing satellites and launch vehicles. In 2009 we restructured to create the Aerospace Business division, which integrated with the existing business unit for component manufacturing, military aircraft maintenance and civilian aircraft maintenance. The Aerospace Business division seeks to become a global center for aircraft manufacturing and maintenance, leading the aerospace industry.

Aircraft Design and Manufacturing

Korean Air has been supplying component parts to Boeing for 20 years for aircraft models such as the B717, B737, B767, and B777. We have also participated in the design of the new high-tech B787 model, and were recognized for our state-of-the-art technologies by Boeing. Korean Air also joined the development of a specialized cargo door for the latest A350 model, adding its supply of fuselages to Airbus. This indicates Korean Air’s commitment to expanding its business scope from supplying component parts to developing components and systems.

In the first half of 2009, Korean Air contracted with Boeing to manufacture component parts for the fuselage and wing of the B777 model and the radome of the B737/747 models, and signed an extended contract with Airbus to supply fuselage frames and skin panels. In the second half of 2009, we entered into a contract with Boeing to participate in the B747-8 aircraft development business, including the development of flap track fairings, wing tip extensions, and raked wing tips.

Our Sustainability

Our Business

Sales in Passenger Business (Unit: 100 million)

2007 2008 2009

Sales in Cargo Business (Unit: 100 million)

2007 2008 2009

Sales in Aerospace Business (Unit: 100 million)

2007 2008 2009

Our Business

Sales in Passenger Business

(KRW 100 million)

Sales in Cargo Business

(KRW 100 million)

Sales in Aerospace Business

(KRW 100 million)

Market Share in International Flights (Departure and arrival from/to Korea)

2007 2008 2009

Market Share in Domestic Flights

2007 2008 2009

Market Share in Cargo Transport

2007 2008 2009

Market Share in International Flights

40% 37%

46% 2009

58% 2008

50% 2008

47% 2007

48% 2008

52,171

37%

37%

60,000

2008

2,351

2,517

30,268

2,351

30,268

25,330

27,046

25,330
Military aircraft maintenance and conversion. Korean Air has been serving as the only maintenance center for both the US Air Force stationed in the Asia-Pacific region as well as the Korean military, managing maintenance and conversion projects involving fighter aircraft and helicopters for the US Navy and Air Force. In the first half of 2009, we won the contract from the US-based company Sikorsky to manufacture UH-60 helicopters’ fuselage components, after being recognized for our manufacturing, maintenance and conversion experience with that helicopter model. In the second half of 2009, Korean Air provided A-10 skeleton structure inspection and maintenance, weapon system (or armament system) performance improvement, and F-15 re-wiring for the US Air Force. We also joined the software development efforts of the Korean Helicopter Program (KHP). Integrated Digital Map Computer (IDMC) project.

Electronic Equipment and Substantial Maintenance for Civilian Aircraft. Korean Air has a world-class competitiveness in heavy maintenance of aircraft. We have 7 hangars bay large enough for A380 and B747 aircraft models to enter, comprehensive maintenance facilities for electronic and body equipment, and an automated material storage house. These facilities allow Korean Air to perform the maintenance and conversion work not only for its own fleet but also for an average of 120 foreign aircraft annually. Korean Air enhances the reliability of its maintenance work for electronic equipment by utilizing the latest technologies, repairing and manufacturing over 15,000 items with its specialized maintenance know-how in the fields of navigation, telecommunication, and electric and electronic equipment. As for fuselage of aircraft, Korean Air incorporated a series of test equipment and maintenance skills for the pneumatic and hydraulic pressure and fuel systems. We repair and manufacture 14,000 fuselage-related items annually.

Satellite and unmanned probe development. Korean Air participated in the system assembly and engine development of Korea’s first launch vehicle, the KSLV-1, and assembly of the liquid rocket engine and technology development for test facilities of KSLV-2. We have also developed the main body of the Arirang Satellites 3 and 5. In the area of aircraft development, Korean Air has joined a corps-level depot maintenance elements development project for unmanned aerial vehicles (UAVs), while developing high-performance, unmanned aircraft for close surveillance and an integrated training simulator for the unmanned aircraft. This will allow Korean Air to secure its R&D capabilities, which are required in order to lead the market. In addition, Korean Air was selected as one of the companies to develop and integrate systems for the government-led medium-altitude UAV investigation and development project. We intend to complete the research and development phase by the end of 2011.

Catering & In-flight Sales Business

Catering business. Korean Air offers high-quality of in-flight meals that meet the different needs of passengers. We develop menus based on customer surveys, produce meals in the ground facility in accordance with the flight schedule, and provide them with in-flight tableware for passengers of Korean Air and other air carriers. Korean Air’s in-flight meal catering center acquired HACCP (Hazard Analysis Critical Control Points) from the Korea Food & Drug Administration for its high safety standards. We have also opened a Food Safety Research Center at Inha University to systematically manage the entire process from buying ingredients to making and delivering meals. With this high focus on safety and quality, Korean Air offers the world’s best in-flight meals. In addition, by introducing high-end tableware and constantly developing new menus, Korean Air won the “PRX Readership Awards” sponsored by ITCA, 5 years in a row, from 2005 to 2009. This proved once again the excellent quality of Korean Air’s in-flight meal services.

We will continue to improve our in-flight meals by developing a wide variety of menus to meet the tastes of customers in consideration of regions and routes. Meanwhile, Korean Air will continue its role of promoting Korean food to global customers by offering a varied set of meals with a touch of Korean tastes.

In-flight Sales Business. Korean Air has been providing a pre-order service that allows passengers to buy tax-free products during their flights. Adoption of this service significantly enhanced the efficiency of in-flight sales. We continue to aim for greater customer satisfaction through strict quality control and new product lines, in reflection of customer demand.

Hotel and Limousine Business

Hotel Business. Korean Air operates KAL Hotels in Jeju City and Seogwipo, providing top-class services as a luxury hotel chain. We also run other hotels through affiliates, including the Wisture Grand Hotel in Los Angeles, the Waikiki Resort Hotel in Hawaii, and the Hyatt Regency Hotel in Incheon.

Limousine Business. Korean Air’s Limousine Bus Service provides the most convenient means of ground transportation, connecting airports with downtown locations. The Limousine system has boosted top-class customer service through constant improvement since 1992.
The business environment in 2009 was very unstable. Oil prices reached historically high levels and uncertainty remained in the financial market due to the US subprime mortgage crisis. However, Korean Air relentlessly worked to improve service quality and reduce costs. Although sales decreased by around 8.0% year-on-year to KRW 9,393.7 trillion, operating income bounced back to a surplus of KRW 133.4 billion. We continue to share with various stakeholders the profit generated from economic activities.

Economic Performance & Sharing

### Economic Profit Sharing with Stakeholders (KRW 100 million)

#### Executives and Employees
- Personnel Expenses: 13,557
- Employee Benefits: 1,996

#### Suppliers
- Rental Expenses: 3,293
- Fuel Expenses: 29,387
- Material Expenses: 2,009
- Service Expenses: 647
- Ground Operations Services: 3,577

#### Tax Authorities
- Tax and Dues: 337
- Corporate Income Tax*: -265

---

* Corporate income tax and dividends were unpaid due to the operating income deficit in 2008. Please refer to the 2009 Annual Report for detailed economic performances.
Sustainable Management

Sustainable Management of Korean Air

Value Creation

To be a respected leader in the world airline community
(Become one of the ten largest airlines in international passenger transportation by 2019, and maintain the leading position for 15 consecutive years in international cargo transportation)

Vision

To become the safest global airline, oriented toward customer satisfaction

Mission

Service Excellence
To achieve the highest level of customer satisfaction

Innovative Excellence
To ensure growth by adopting new technologies, creating new value, and improving services

Operational Excellence
To maintain the highest service quality while minimizing the impact of its operations on the environment

Excellence in Flight

Economic Responsibility

To minimize the impact on climate change and the noise during take-off and landing

Social Responsibility

To raise the quality of people's lives through sustainable management

Environmental Responsibility

To minimize the environmental impact of operations

Sustainable Air Transportation

Korean Air’s global transportation network contributes to the sustainable development of the world. We implement sustainable management, pursuing stable and continuous economic growth and fulfilling social and environmental responsibilities for the co-prosperity of various stakeholders.

Sustainable development is all about striking a balance between economic, environmental, and social goals to enhance the quality of life for both current and future generations. All of the goals are equally significant, but a compromise is required for the optimal balance since they are mutually dependent. Korean Air’s global transportation network contributes to the sustainable development of the world in social and economic terms. Still, our usage of fossil fuels has an impact on climate change, and the noise during take-off and landing affects residents near airports. We will endeavor, as a steward of the environment, to minimize the impact of our operation while meeting the increasing demand for air transportation. Moreover, we will fulfill our social responsibility to raise the quality of people’s lives through mutually beneficial and open communication with diverse stakeholders.

Economic Responsibility

Air transportation promotes a balanced economic development among regions by facilitating global business. It also creates employment opportunities by increasing business, travel, and tourism. Korean Air will accomplish the economic responsibility of maximizing the value of society, businesses, and individuals by providing swift and convenient passenger and cargo transportation to all corners of the world.

Social Responsibility

We make efforts to fulfill our responsibility as a corporate citizen for customers, shareholders, investors, employees, partners, and local communities that are directly and indirectly influenced by our economic activities. Customers are offered absolute safety and quality service during swift and convenient travel to their destination. They can enjoy our in-flight experience full of cultural and educational opportunities. We are also devoted to enhancing the living standard of our employees through benefits and rewards, while strengthening their capabilities and talents through continuous training. In addition, we contribute to the local community through sharing and donating, and cooperate with our partners for co-prosperity.

Environmental Responsibility

Noise made during take-off and landing undermines the quality of life of people residing near airports. The combustion of fossil fuels emits greenhouse gases into the atmosphere, contributing to climate change. Korean Air makes a company-wide effort to achieve sustainable development that satisfies growing air transportation need and minimizes environmental impacts.

*Korean Air pursues a policy of giving top priority to the 17,000 employees who are trained to become skilled global leaders and drive the development of the company.
Corporate Governance

Korean Air’s Board of Directors consists of executives capable of leading the aviation industry and non-standing directors who are renowned experts in their respective fields. Non-standing directors promote transparency by overseeing Korean Air’s management status and by providing advice from an objective perspective.

Board of Directors

The Board of Directors (BOD) of Korean Air makes resolutions regarding the agenda commissioned at the general shareholders’ meeting and significant issues related to the company’s operations, in accordance with company regulations and the Articles of Incorporation. It also monitors the performance of directors. The BOD is comprised of 11 members, including highly-capable executives who lead the aviation industry and six non-standing directors equipped with high-level expertise in their respective fields. In 2009, the BOD held seven meetings to resolve 45 issues. The yearly schedule for BOD meetings is prepared and delivered to directors in advance to improve attendance and the efficiency of the BOD’s decision-making process. Senior executives with expertise relevant to agenda items of particular meetings are asked to attend to provide comprehensive information. This enables other directors to gain a better and fuller understanding of the topic, thus allowing for more informed decision-making. Non-standing members are provided with offices and the right of access to a diverse range of corporate information, including the status of the company’s operations and performances via the company’s intranet.

Three specialized committees operate under the direction of the BOD in accordance with the rules and regulations relevant to each committee. These include the Audit Committee, the Management Committee, and the Non-standing Director Nominating Committee. The Audit Committee is composed entirely of non-standing directors to ensure the committee’s independence in monitoring the company’s performances and the BOD activities.

Shareholders

Korean Air is listed on the KRX with a total issuance of 73,350,808 shares as of December 31, 2009. Hanjin owns the majority stake of 9.72%, followed by Chairman Cho, Yang Ho with 9.5% equity. Korean institutional investors hold 27% and foreign investors own 23% of total stocks.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>Proportion of Shares (%)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cho, Yang Ho</td>
<td>23,327,081</td>
<td>31.80</td>
<td>Shares owned by affiliated persons and Korean Air included</td>
</tr>
<tr>
<td>National Pension Fund</td>
<td>3,433,803</td>
<td>4.68</td>
<td></td>
</tr>
<tr>
<td>Mirae Asset Global Investments</td>
<td>2,862,532</td>
<td>3.87</td>
<td></td>
</tr>
<tr>
<td>UBS-Hana Asset Management</td>
<td>992,157</td>
<td>1.35</td>
<td></td>
</tr>
<tr>
<td>KTB Asset Management</td>
<td>916,704</td>
<td>1.24</td>
<td></td>
</tr>
</tbody>
</table>

Subcommittees of the Board of Directors

- Management Committee
  Makes resolutions on agenda commissioned by the BOD
  - Two directors
  - Two non-standing directors

- Non-standing Director Nominating Committee
  Selects nominees for non-standing directors
  - Two directors
  - Two non-standing directors

- Audit Committee
  Monitors the BOD’s activities and the company’s performance
  - Four non-standing directors

Our Sustainability
Corporate Governance
### Business Environment & Risk

#### Business Environment Outlook for 2010

The Korean and global economies are expected to pick up gradually in 2010, supported by government stimulus packages implemented to overcome the global recession. Yet growth is projected to be limited since exit strategies could be carried out due to concern of inflation, and a double dip may occur due to delayed recovery from the financial crisis. Demand in passenger transportation is predicted to post a slow increase backed by a steady recovery, downward stabilization of the won/dollar exchange rate, and eased concerns about the H1N1 flu.

Cargo transportation demand is estimated to grow as well thanks to the expansion in production and consumption driven by the revitalization of the real economy since the second half of 2009. Meanwhile, an oil price hike is forecasted owing to supply and demand factors including growing demand following the recovery, and OPEC’s continued policy to control production to minimize inventory. In addition, the possible capital flow into the market emanating from the decline in the value of the dollar could exacerbate the situation. A strong won is expected considering the weak dollar and the continuous surplus of the current account balance. However, the volatility of the won/dollar exchange rate may increase if the dollar carry trade expands the capital flow regarding the portfolio investment of foreigners.

#### Management Strategy of 2010

<table>
<thead>
<tr>
<th>Management Strategy of 2010</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide expansion of management focused on environmental protection</td>
<td>· Mitigation of greenhouse gas emissions through the modernization of aircraft, reinforcement of transportation network, and improvement of maintenance and operation processes. · Identification of eco-friendly businesses as a new growth engine. · Promotion of company recognition through strengthening of eco-friendly support projects.</td>
</tr>
<tr>
<td>Securing of new growth engines</td>
<td>· Addition of six state-of-the-art aircraft through continuous investment. · Securing of the foundation for long-term growth through the manufacturing of next-generation airplanes. · Concluded an order for Airbus A350, A330, and A380 (addition planned).</td>
</tr>
<tr>
<td>Route operation centered on profitability</td>
<td>· Flexible adjustment of supply through the analysis of changing demand. · Expansion of high-quality monitoring and development of safety and differentiated service. · Expansion of services to U.S. through the conclusion of the Visa Waiver Program with the U.S. · Expansion of routes destined to locations of the Winter Olympics, World Cup, and G20 Summit. · Growth of market share and strengthening of global network.</td>
</tr>
<tr>
<td>Improvement of management efficiency through ERP</td>
<td>· Stable maintenance and utilization of the ERP system. · Swift decision-making, streamlining of business processes, and promotion of data transparency.</td>
</tr>
</tbody>
</table>

#### Navoi Project

The Navoi Project is aimed at developing the Navoi International Airport into a logistical hub that links air and inland transportation by capitalizing on its geographical advantage of bridging Asia and Europe. Korean Air concluded the MOU on building a logistics center in Navoi International Airport with Uzbekistan Airways in May 2009. They also held a signing ceremony for the joint-development project of the Navoi International Airport. We plan to expand operations in the logistics market of Central Asia by utilizing Uzbekistan as the beachhead. In this regard, the company inaugurated the cargo transportation services linking Navoi, Nav, and Mikon. We have also been entrusted with the operation of the Navoi International Airport. The process of modernizing its facilities is currently underway and two A330-600 cargo carriers have been lent to Uzbekistan Airways for a period of five years. Korean Air carries cargo from Southeast Asia, Russia, and CIS regions to Europe via Navoi, opening a new chapter in Uzbekistan’s air cargo transport. Moreover, a joint venture with Central Asia Trans, a local inland transportation company, has been formed. This is to develop a multimodal transportation system that connects Russia, Europe, East Asia, and the Middle East by combining air and inland transportation, and railway and inland transportation. Our efforts to expand multimodal logistics facilities and advance international logistics projects will position Navoi as the center of a pan-Central Asian inland network.

#### Risk Management

The global economic recession weakened demand for air transportation, increased oil prices, and triggered fluctuation in exchange rates, causing rapid changes in the aviation business environment. As a consequence, risk management emerged as a prerequisite for the survival and continuous development of a company. Korean Air has responded to the changes by building and operating a risk management system. We are designing risk management regulations against various contingency scenarios, response strategies and manuals for each business unit, and an emergency organization system. The company is always prepared to activate the risk management system under contingency situations and return to business as usual once the emergency is over.

### Exchange Rate and Oil Price Volatility

We manage the target for the proportion of domestic and foreign sales in a flexible manner, in order to minimize the financial loss incurred by exchange rate changes. In addition, we are engaged in a range of derivatives contracts to hedge against risk.

#### High Oil Prices

Korean Air has adopted a mixture of hedging programs to secure a stable supply of jet fuel. A fuel management team was established in 2004 to prepare for high oil prices. It has been striving to reduce the use of fuel in operation and maintenance. Moreover, we will replace existing aircraft with highly-efficient, next-generation models such as B777, B787 (addition planned), A330, and A380 (addition planned).

### Risk Management

#### Currency Options

Zero-cost dollar options with major banks in and outside Korea to hedge foreign exchange risk arising from borrowing in foreign currencies.

#### Currency Swaps

Concluded a carry swap contract with HSBC to avoid the risk of cash flow volatility caused by fluctuations in interest rates and foreign exchange rates on USD 10 million. The contract renders a floating rate of exchange on the USD denominated interest payments and pays a fixed rate of interest on the EUR denominated principal.

#### Zero-cost Dollar Options

Zero-cost dollar options with Morgan Stanley for the purchase of West Texas Intermediate (WTI) crude oil to hedge against increases in oil prices in the procurement of jet fuel.

#### Oil Price Swaps

Entered into a swap contract for WTI with Standard Chartered Bank to reduce risk from the rise of oil prices in the procurement of jet fuel.
Ethical Management

Having instituted the Korean Air Ethical Charter in 2001, which are guidelines for employees regarding ethical behavior, we expect our employees to abide by higher standards of corporate ethics in their daily business activities. Korean Air also entered into the UN Global Compact to further upgrade the standards of our ethical management practices and to actively fulfill our corporate social responsibilities.

Korean Air’s Charter of Ethics

Korean Air regards transparency and responsibility as vital management values, respects the free market principles, and abides by relevant rules and regulations in our business practices. With these principles, we strive to promote co-prosperity of both the company and society as a whole. To this end, Korean Air institutes its own charter of ethics as below and pledges to put it into practice.

- We regard customer satisfaction and safety as our highest priority.
- We make every effort to maximize shareholder value for our investors.
- We respect each and every member of our staff and make an effort to enhance their quality of life.
- We promote joint development with our business partners, based on mutual trust.
- We respect the principles of free competition and will play a leading role in the development of the airline transport industry.
- We strongly contribute to the development of our country and society and to the preservation of the environment.
- We acknowledge the corporate principles set forth by the company and uphold our obligations and responsibilities.

Strengthening Ethical Awareness of All Staff and Employees

Korean Air recently introduced the “ethical management” section on its internal communication network in order to give clear and detailed guidelines to its staff and employees. In addition, Korean Air operates an Internal Misconduct Reporting System to enhance its employees’ awareness of ethical behavior, enabling anyone to report misconduct without concerns of personal information being exposed by reporting offline.

Along with this system, Korean Air runs ethics classes for new employees every year as well as asking them to sign an ethical pledges form. In 2009, a total of 830 newly-hired employees took online ethical management courses. Recognized for these company-wide efforts to promote ethical management practices, Korean Air was named the Grand Prize winner of the “2009 Korea Ethical Management Award.”

Internal Misconduct Reporting System

Since October 2002, Korean Air has operated an Internal Misconduct Reporting System to eradicate any possible misconduct, such as unreasonable influence by individuals, financial or other irregularities, and other inappropriate financial or non-financial dealings with business partners. Any type of misconduct, irregularities and even inefficiencies in policies and management practices are corrected after an examination of the report’s factual accuracy.

Strengthening External Networks to Enhance Ethical Management

In order to benchmark best practices and exchange information, Korean Air strives to build a network with outside entities, by joining ethical management-related meetings, seminars and corporate ethics schools sponsored by the Korea Chamber of Commerce and Industry.

Internal Inspection of Observation of Fair Trade Regulations

Korean Air adopted a voluntary observation program to abide by relevant rules and regulations regarding fair trade, and set up an internal inspection system. Since 2004, when the management declared its commitment to voluntary observation of fair trade rules, Korean Air has made a constant effort to promote fair trade, prevent unfair trade practices, and eradicate collusion. In 2009, there was not a single case in which Korean Air was given financial or non-financial penalties due to regulatory violations.

Internal Accounting Control System

Korean Air has built and operated an advanced format of an internal accounting control system to monitor on a regular basis the internal control operation status, in order to prepare reliable accounting information for enhancing transparency in management practices. In addition, we make sure that this monitoring is not confined to the financial sector. We expanded monitoring to the overall business practices to detect loopholes in and improve work processes.

Having instituted the Korean Air Ethical Charter in 2001, which are guidelines for employees regarding ethical behavior, we expect our employees to abide by higher standards of corporate ethics in their daily business activities. Korean Air was named the Grand Prize winner of the “2009 Korea Ethical Management Award,” in recognition of its commitment to ethical management.
In June 2000, Korean Air joined the SkyTeam with Delta Airlines, Air France and Aero Mexico, under the slogan of “Caring more about you.” Since then, SkyTeam has grown into an alliance with a total of 13 global carriers including Aeroflot, Alitalia, Air Europa, Czech Airlines, KLM, China Southern, Kenya Airways, Vietnam Airlines and TAROM. SkyTeam is the first alliance that is customer-oriented, with all of its member carriers cooperating closely to realize customer value.

Since its inception, SkyTeam has posted remarkable growth. The number of frequent flyers increased from 40 million to 140 million at present. In addition, the number of destinations increased from 451 to 898 cities in 169 countries. Currently, SkyTeam operates 12,892 flights everyday to locations all around the world. SkyTeam also operates a cargo alliance called SkyTeam Cargo, covering 659 destinations in 132 countries.

With expanded routes and a global network, SkyTeam passengers are allowed to have a wide range of choices of routes and flights when using member carriers, and frequent flyers can enjoy top-class services at airports jointly offered by SkyTeam member carriers. As a prime example, SkyTeam opened a SkyTeam Lounge at Heathrow Airport Terminal 4, to provide a more simplified and convenient transfer service for its customers.

SkyTeam will strive to make this top-class customer service available at major airports all around the world, by opening more SkyTeam Lounges and starting product sales through its website.

SkyTeam, which Korean Air started with Delta Airlines, Air France and others in June 2000, has grown into a global alliance with a total of 13 carriers. Currently, SkyTeam operates 12,892 flights everyday to 898 cities in 169 countries. With this global network, SkyTeam customers are allowed to have a wide range of routes and flights when using member carriers.

SkyTeam Joint Statement on Sustainable Management

The SkyTeam Alliance meets the growing air travel demand while contributing to the human and cultural exchange between local communities. SkyTeam recognizes that economic growth must incorporate environmental protection and social development, and it will strive to set the industry standard for protecting the environment, fulfilling social responsibility and realizing equitable and economic prosperity. In this vein, SkyTeam adopts the following commitments:

SkyTeam is committed to realizing sustainable economic prosperity.
- We are accountable for our financial results and guarantee transparency in the information we provide.
- We partner with local, national and international organizations to help build and strengthen the communities we serve through employment and economic growth.
- We act with integrity and strive to earn the trust of all of our stakeholders.
- We embrace safety, security and quality as the foundation for a superior level of performance in our operations.

SkyTeam is committed to promoting social responsibility.
- We offer safe, motivating working conditions in accordance with applicable employment and labor laws.
- We strive to promote diversity and to ensure equal opportunities among all staff.
- We foster employee opportunities for advancement and mobility through career enhancement initiatives.
- We undertake to abide by all labor laws anywhere we operate, and request that our suppliers and subcontractors comply with these principles.

SkyTeam is committed to the protection of the natural environment.
- We endeavor to implement the best available technologies in fleet renewal and the most efficient procedures and operations to reduce noise and air emissions including greenhouse gases.
- We analyze our facilities and processes to identify opportunities for improving our environmental performance.
- We implement measures to reduce the environmental impact of our activities and ask our suppliers and subcontractors to do the same.
- We ensure all facilities and operations comply with environmental protection regulations.
- We communicate with our employees to ensure awareness of environmental goals and objectives, and support employee-driven initiatives to protect the environment.
The earth is a valuable asset that should be protected for the next generation. In consideration of this, Korean Air leads environmental protection with our global green activities. We support technological innovations that lead to fuel-efficient engines with significantly lower greenhouse gas emissions, and new materials that reduce the weight of aircraft, while also striving to enhance efficiency in our flight operations. Korean Air is committed to saving our planet so that we can enjoy its beauty forever.
In order to reduce CO₂ emissions as much as possible while meeting the increasing demands for air flight, Korean Air has set ambitious goals to cut down the increase rate of CO₂ emissions to zero by 2020, and to reduce CO₂ emissions to 50% against the 2005 level by 2050. To achieve these goals, Korean Air is using 4 “Pillar Strategies” to combat climate change: developing technology; improving infrastructure; enhancing operational efficiency; and utilizing economic measures.

### IATA Roadmap for CO₂ Emissions Reduction

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Emission</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>2050</td>
<td>ZERO</td>
<td></td>
</tr>
</tbody>
</table>

CO₂ emissions from flight operations account for approximately 2% of total CO₂ emissions around the globe, but are constantly increasing due to higher demands for air travel. Korean Air has set ambitious goals with the IATA (International Air Transport Association) to reduce CO₂ emissions as much as possible while meeting the increasing demands for air travel. Our goals are to reduce the increase rate of CO₂ emissions to zero by 2020, and to lower CO₂ emissions to 50% against the 2005 level by 2050. To achieve these goals, Korean Air is using 4 “Pillar Strategies” to combat climate change: developing technology; improving infrastructure; enhancing operational efficiency; and utilizing economic measures.

### Korean Air’s 4 Pillar Strategies against Climate Change

1. **Technology**
   - Purchasing new aircraft and engine technology
   - Using alternative fuels

2. **Efficient Operation**
   - Adapting fuel efficient aircraft
   - Optimizing flight routes and speed
   - Improving ground operations
   - Shortening flight distance by optimizing routes and traffic
   - Minimizing taxi and ramp delay time by improving airport conditions

3. **Infrastructure**
   - Emissions Trading Scheme

4. **Economic Measures**

### Environmental Responsibility

- **Climate Change**

CO₂ emissions from domestic flight operations by Korean Air account for approximately 0.6% of the total CO₂ emissions from combustion of fossil fuels in Korea. If we include the emissions from international flights, which are excluded from the Kyoto Protocol, the rate goes up to approximately 2.2% of the total CO₂ emissions from combustion of fossil fuels in Korea.
Technological Development

Technological innovation is at the core of Korean Air’s strategies to reduce CO₂ emissions. According to the IATA, if new energy-efficient engines and light-weight aircraft materials can be developed within the timeframe set in the technology innovation roadmap, energy efficiency will be 25% higher from that of 2005 by 2020.

Aircraft Modernization

We are phasing out the use of old aircraft such as the B747 and A300 models, and have already purchased next-generation aircraft (A380, B787 models) that have 20% higher energy efficiency than the old vehicles.

Green Engine Installation

We plan to install green engines in our new aircraft. These green engines are built with state-of-the-art technology and new materials that are environmentally friendly. GE’s new GEnx-1B engine, which will be placed in the B787 model, emits 15% less CO₂ than the conventional engine installed in the B767 model, an aircraft that is currently operated as one of our environmentally-friendly vehicles. Moreover, Pratt & Whitney’s PW4170 Advantage™ engines will be installed in the A330-200 high-functioning aircraft, which will be introduced to our fleet from 2010 to 2013. These engines are upgraded versions of the PW4000 engines installed in A330 aircraft, and are known to have much higher energy efficiency.

Participation in Manufacturing of Next-Generation Aircraft

We are participating in the development of the high-tech aircraft B747-8 model. We are manufacturing components such as wing tip extensions, flap track fairings for wings and other parts with streamlined structures, and raked wing tips for the wings. The raked wing tips are key components that require more exactitude and technology than others, due to their complex form. They raise energy efficiency significantly by reducing air resistance. For the B747-8 model, the fuselage is enlarged by 5.6m from that of the B747-400 model, and it will hold 450 seats. This high-tech aircraft will be released in the market in the latter half of 2010, and Korean Air plans to introduce ten into the fleet (five for passengers, and five for cargo) by 2015.

Reducing Fuel Consumption and CO₂ Emissions by Raising Fuel Efficiency

Korean Air’s transport performance has gone up by more than 57% since 2000, due to increased demand in global air transport. To the contrary, fuel consumption and CO₂ emissions expanded by only 43% thanks to our continuous efforts to raise fuel efficiency, leading to a decrease in our environmental burden by 12%.

### Change in Fuel Consumption and CO₂ Emissions Compared to Transport Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Transport Performance (%)</th>
<th>Change in CO₂ Emissions (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>57</td>
<td>43</td>
</tr>
<tr>
<td>2001</td>
<td>57.61</td>
<td>42.95</td>
</tr>
<tr>
<td>2002</td>
<td>58.13</td>
<td>42.34</td>
</tr>
<tr>
<td>2003</td>
<td>58.64</td>
<td>41.75</td>
</tr>
<tr>
<td>2004</td>
<td>59.15</td>
<td>41.16</td>
</tr>
<tr>
<td>2005</td>
<td>59.67</td>
<td>40.57</td>
</tr>
<tr>
<td>2006</td>
<td>60.18</td>
<td>40.00</td>
</tr>
<tr>
<td>2007</td>
<td>60.69</td>
<td>39.43</td>
</tr>
<tr>
<td>2008</td>
<td>61.20</td>
<td>38.84</td>
</tr>
<tr>
<td>2009</td>
<td>61.71</td>
<td>38.25</td>
</tr>
</tbody>
</table>

### Degree of Intensity in CO₂ Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Tons</th>
<th>CO₂ Tons/100RTK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>12,509,192</td>
<td>84.62</td>
</tr>
<tr>
<td>2001</td>
<td>12,385,291</td>
<td>87.91</td>
</tr>
<tr>
<td>2002</td>
<td>12,211,149</td>
<td>90.19</td>
</tr>
<tr>
<td>2003</td>
<td>11,983,959</td>
<td>92.14</td>
</tr>
<tr>
<td>2004</td>
<td>11,756,864</td>
<td>93.96</td>
</tr>
<tr>
<td>2005</td>
<td>11,529,769</td>
<td>95.73</td>
</tr>
<tr>
<td>2006</td>
<td>11,302,674</td>
<td>97.51</td>
</tr>
<tr>
<td>2007</td>
<td>11,075,579</td>
<td>99.29</td>
</tr>
<tr>
<td>2008</td>
<td>10,848,483</td>
<td>101.07</td>
</tr>
<tr>
<td>2009</td>
<td>10,621,389</td>
<td>102.85</td>
</tr>
</tbody>
</table>

### Description | Unit | 2007 | 2008 | 2009
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ Tons</td>
<td>Ton</td>
<td>12,509,192</td>
<td>12,385,291</td>
<td>12,211,149</td>
</tr>
<tr>
<td>BTU/TK</td>
<td>TK</td>
<td>147,826,720</td>
<td>140,878,210</td>
<td>135,400,500</td>
</tr>
<tr>
<td>Degree of Intensity</td>
<td>kg CO₂/100RTK</td>
<td>84.62</td>
<td>87.91</td>
<td>90.19</td>
</tr>
</tbody>
</table>

*TK: Tonnes cent of revenue cargo (passengers are also considered in weight carried one kilometer, and is the aggregate of transportable payloads for each instance of air travel multiplied by transport distance.*
Alternative Fuel  Since the oil price hike in 2004, the aviation industry has been putting in various efforts to develop an alternative bio-fuel for aircraft, considering its technological, economic, and sustainability aspects. Through many efforts in 2008 and 2009, several airlines succeeded in test flights using a mix of conventional aviation fuel and bio-fuel. This proved the adequacy of the technological aspect, and now industries are actively studying its economic and sustainability aspects.

In the latter half of 2009, several leading carriers in the ATA signed an MOU with bio-fuel companies promising joint development and adoption of bio-fuels within three years. However, considering the fact that we need to establish the economic viability of bio-fuels, it is expected to be some time before they are used in real air travel. Korean Air, in order to fulfill our social responsibility as an environmentally friendly corporation, is actively exchanging information and working together with aviation associations, including the IATA, the ATA, and SkyTeam, to find ways in which we can participate in the use of alternative energy.

Efficient Operation

Improved Efficiency in Flight Operations  To raise fuel efficiency and thus reduce GHG emissions, Korean Air has continuously improved our fuel management process, which includes procedures for flight operations, flight planning, weight management and aircraft performance. As a result of 48 fuel management initiatives taken in 2009, which spanned the flight operations, control of operations, maintenance and passenger & cargo traffic sectors, Korean Air was able to save about 65,000 tons of fuel, which led to high achievements in combating climate change with a reduction of 205,000 tons in CO2 emissions.

In 2010, we are planning to upgrade our current fuel management system with stronger analysis infrastructure at airports leads to crowded conditions, unnecessary detours of flight routes and insufficient choices of optimal alternate airports, resulting in increased fuel consumption and thus, more CO2 emissions. Currently, a number of flight routes follow zigzag patterns alongside national boundaries due to differences in air traffic control and sovereignty over military airspace. According to an IPCC (Intergovernmental Panel on Climate Change) report, GHG emissions could be reduced by about 12% with improvements in procedures, systems and infrastructure.

Air Traffic Management (ATM) The development and increased use of air traffic devices have given rise to calls for a more efficient operation of airports, public services and routes. Accordingly, the Korean aviation industry is reviewing the adoption of routes and flight operation procedures that employ the performance-based navigation (PBN)* concept. Korean Air is playing a pivotal role in this government-driven project. Area navigation (RNAV), the first step in PBN, previously adopted in only a handful of developed countries, has already been implemented in Korea to reduce flight time, save fuel, and enhance efficiency in flight operations. If PBN adoption is completed in domestic airports, flight routes will be shortened by 5% (1.9 million km) per year, which will result in a reduction of 45,000 tons in CO2 emissions.

*PBN (Performance Based Navigation) A system that utilizes satellite navigation to guide take-off and landing routes regardless of designated airways on-ground.

Reducing GHG Emissions on Ground  On the ground, before take-off, electricity is used for various checkups and air cooling systems in order to prepare a pleasant cabin temperature for passengers. For this, auxiliary power units (APUs) are generally used. APUs, however, are powered by jet fuel which leads to CO2 emissions and air pollution. Thus in 2009, Korean Air began to use GPS/GPUs (Ground Power Systems/Units) at both domestic and overseas airports. As a result, we have reduced our CO2 emissions by 35,000 tons.

In 2010, we are planning to upgrade our current fuel management system with stronger analysis capabilities, and to improve fueling standards and procedures for a more rational fueling policy. Furthermore, we will implement fuel management improvement processes by reflecting the characteristics of individual airports, with a special focus on airports with relatively low energy efficiency.

Current efforts to reduce the impact of the aviation industry on climate change are being carried out largely by individual airlines working on their own. However, a lack of optimization of infrastructure at airports leads to crowded conditions, unnecessary detours of flight routes and insufficient choices of optimal alternate airports, resulting in increased fuel consumption and thus, more CO2 emissions. Currently, a number of flight routes follow zigzag patterns alongside national boundaries due to differences in air traffic control and sovereignty over military airspace. According to an IPCC (Intergovernmental Panel on Climate Change) report, GHG emissions could be reduced by about 12% with improvements in procedures, systems and infrastructure.

Air Traffic Management (ATM) The development and increased use of air traffic devices have given rise to calls for a more efficient operation of airports, public services and routes. Accordingly, the Korean aviation industry is reviewing the adoption of routes and flight operation procedures that employ the performance-based navigation (PBN)* concept. Korean Air is playing a pivotal role in this government-driven project. Area navigation (RNAV), the first step in PBN, previously adopted in only a handful of developed countries, has already been implemented in Korea to reduce flight time, save fuel, and enhance efficiency in flight operations. If PBN adoption is completed in domestic airports, flight routes will be shortened by 5% (1.9 million km) per year, which will result in a reduction of 45,000 tons in CO2 emissions.

*PBN (Performance Based Navigation) A system that utilizes satellite navigation to guide take-off and landing routes regardless of designated airways on-ground.
Noise Reduction

From past to present, noise has been the most pressing environmental issue for people residing in the vicinity of airports. Airlines and engine manufacturers continue to make efforts to improve the aerodynamics dynamics and engine performances of aircraft to minimize noise level. However, more residential areas have sprung up in areas surrounding airports and the number of flights has increased, which led to constant requests from nearby communities for further noise abatement.

Noise Abatement Departure Procedure (NADP)

Korean Air, with improved procedures for landing and take-off, fully complies with the noise abatement departure and landing procedures required by airports around the world. We are also developing additional technology and procedures that will help to fit the ICAO’s Noise Abatement Departure Procedure (NADP) to the environment of each airport.

ICAO Noise Abatement Departure Procedure

NADP 1 This procedure involves a power or thrust reduction at or above the prescribed minimum altitude (245m) and the delay of flap/slat retraction until the prescribed maximum altitude is attained. At the prescribed maximum altitude (900m) above aerodrome elevation, the aircraft accelerates and the flaps/slat are retracted on schedule while maintaining a positive rate of climb.

(Gimpo International Airport)

NADP 2 At first, the aircraft climbs up with the prescribed take-off thrust. Then, as it reaches the prescribed minimum altitude (245m), it retracts flaps and accelerates climbing speed until it reaches an altitude equivalent to 900m. This enables the aircraft to pass almost horizontally as it passes through the airport surroundings and nearby cities. After it passes these areas, the aircraft changes back to its original climb thrust. This is a noise abatement departure procedure used in cases where residential areas are farther away from the airport. (Incheon International Airport)

EU Emissions Trading Scheme Timetable

<table>
<thead>
<tr>
<th>EU Emissions Trading Scheme Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td>By August 31, 2009</td>
</tr>
<tr>
<td>Submit CO2, Ton-kilometer monitoring</td>
</tr>
<tr>
<td>By January 1, 2010</td>
</tr>
<tr>
<td>Consider CO2, Ton-kilometers monitoring</td>
</tr>
<tr>
<td>By March 31, 2011</td>
</tr>
<tr>
<td>Submit the reported CO2, Ton-kilometers monitoring</td>
</tr>
<tr>
<td>By January 3, 2012</td>
</tr>
<tr>
<td>Implement emissions trading</td>
</tr>
</tbody>
</table>

Carbon Offset

Korean Air is reviewing the adoption of a carbon offset program, which allows passengers to voluntarily purchase credits to offset the CO2 emissions created by their own travels. We plan to adopt this voluntary GHG offset program once reliable standards are set for objective CO2 calculations, adequate prices are settled for offsets, and transparency is ensured regarding the destination of investments.

Voluntary Agreement

Following the establishment of the Framework Act on Low Carbon, Green Growth and its Enforcement Decree, Korean Air is preparing a voluntary agreement with the Ministry of Land, Transport and Maritime Affairs (MLTM) for July 2010, in order to lower GHG emissions in the aviation industry. Based on the average amount of CO2 emissions during the past three years (2007-2009), we set a goal to reach a certain amount of fuel efficiency compared to our annual business performances, starting in 2010. To reach this goal, we will actively introduce new fuel-efficient aircraft and further enhance efficiency in flight operation.
Noise Abatement Departure Procedure for Gimpo International Airport

According to our additional reviews of the ICAO’s NADP1, noise abatement effects proved to be higher when aircraft adjusted thrust at an altitude of 456m in cases where they are flying over noise-sensitive areas at the southern vicinity of the airport. It was also more effective to retract flaps and accelerate speed at an altitude of 1,215m instead of 912m when passing through noise-sensitive areas farther away from the airport. We therefore made adjustments to our departure procedures through our company policy.

ICAO Noise Abatement Departure Procedure (NADP)

Korean Air, with improved procedures for landing and take-off, fully complies with the noise abatement departure and landing procedures required by airports around the world. We are also developing additional technology and procedures that will fit the ICAO’s Noise Abatement Departure Procedure (NADP) to the environment of each airport.

ICAO Noise Abatement Landing Procedure

We adopted the Continuous Descent Approach (CDA), recommended by the ICAO, in Gimpo Airport in November, 2007. The CDA is a descent method in which aircraft follow a continuous and smooth glide path to touchdown. It leads to significant reductions in both noise and CO2 emissions, compared to the conventional method in which aircraft landings were akin to descending a flight of stairs.

ICAO Noise Regulations and Relevant Standards in Korea

The ICAO first introduced noise regulations in 1969, and has since then constantly raised the intensity of its regulations. Currently most airports are required to comply with at least Chapter 3 standards, while aircraft approved since January 2006 have to satisfy Chapter 4 standards—the highest standards that require the aggregate noise of the three designated points to be 10EPNdB lower than in Chapter 3. At Korean Air, all of our 127 aircraft, including those approved before 2006, meet Chapter 4 standards in terms of noise generation. Moreover, the Korean Aviation Act classifies the ICAO’s Chapters 2, 3 and 4 standards into 6 classes, and we are proud to say that all of our aircraft are allocated in the quietest class – class 6.

Noise Measurement

Noise measurement is part of the process for aircraft approval. The level of noise generation is measured from three points – 6,500m forward from the runway, 450m away from the side of the runway, and 2,000m away from the runway (with approximately 120m altitude) before landing.

Noise Charge

Korean Air continues to analyze the cause of noise in aircraft that exceeds noise standards and prepares measures to prevent the recurrence of violations. Today, all airlines are imposed with noise charge for air flights, in accordance with the regulations of the airport. The fund collected through such noise charges are used for further noise prevention and control measures in each airport.
Environmental Impact Minimization

Korean Air has received the ISO14001 certification for five sectors – Maintenance & Engineering Division, Aircraft Manufacturing Division, Catering Center, Headquarters & General Division, and the Hotel Division – and has been operating a company-wide environmental management system. In 2009, we conducted assessments on the environmental impact of 2,883 cases of company-wide services. In line with these findings, 83 environmental objectives were established, 82 of which were achieved at the end of the year.

Saving Energy
We are strengthening our energy-saving activities to combat climate change. In order to enhance systematic management of our 23 buildings, we developed a web-based program that monitors and analyzes the amount of energy consumption. The total amount of energy consumption in 2009 was 40,186TOE, which is a 6.7% decrease from the previous year.

Waste Recycling
Aircraft maintenance, flight operations and transport services generate diverse forms of waste. The waste we generate at Korean Air can be divided into two types: waste generated from cabin services, and specified waste (hazardous waste) such as waste oil and waste organic solvents. Food waste generated from cabin services are incinerated for hygienic reasons, while others like paper, wood, cans, and PET bottles are separated and recycled. The total amount of waste generated by Korean Air in 2009 was 20,659 tons, out of which we recycled 8,593 tons, which is 42% of the total amount. This recycling rate has been shrinking since 2007 because we load smaller amounts of recyclable products in cabin services, as part of our efforts to lower CO2 emissions.

Local Air Quality Improvement
We strive to reduce emissions of noxious gases that affect local air quality, so that people living in the vicinity of airports and maintenance sites can enjoy high-standard living environments. We install engines with low-emissions when we introduce new aircraft and have initiated procedures that minimize noxious gas emissions during the LTO*. We have also installed 106 air pollution control systems at all of our facilities to keep noxious air pollutant emissions 50% lower than the legally prescribed amount.

Along with minimizing GHG emissions and controlling waste, wastewater, and chemical substances generated in our maintenance bases, we gained the ISO 14001 certification, and have introduced a company-wide environmental management system consisting of five sectors: the Maintenance & Engineering Division, Aircraft Manufacturing Division, Catering Center, Headquarters & General Division, and the Hotel Division.

Environmental Management System
Korean Air has received the ISO14001 certification for five sectors – Maintenance & Engineering Division, Aircraft Manufacturing Division, Catering Center, Headquarters & General Division, and the Hotel Division – and has been operating a company-wide environmental management system. In 2009, we conducted assessments on the environmental impact of 2,883 cases of company-wide services. In line with these findings, 83 environmental objectives were established, 82 of which were achieved at the end of the year.

2009 Environmental Management Implementation Status

<table>
<thead>
<tr>
<th>Environmental Strategy</th>
<th>Objective</th>
<th>No. of cases</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevent Climate Change</td>
<td>Reduce GHG emissions from aircraft</td>
<td>48</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Reduce energy consumption in buildings (Reduced by 2% from 2008)</td>
<td>12</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Develop countermeasures for EUETS</td>
<td>1</td>
<td>■</td>
</tr>
<tr>
<td>Strengthen Environmental Communication</td>
<td>Eco office activities</td>
<td>2</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Introduce environmental management to other organizations/Public relations</td>
<td>1</td>
<td>■</td>
</tr>
<tr>
<td>Limit Pollutant Emissions</td>
<td>Reduce resources and wastes</td>
<td>6</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Increase waste recycling ratio*</td>
<td>2</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Reduce pollutant emissions</td>
<td>3</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Strengthen prevention of environmental accidents</td>
<td>5</td>
<td>■</td>
</tr>
<tr>
<td></td>
<td>Reduce use of toxic substances</td>
<td>3</td>
<td>■</td>
</tr>
</tbody>
</table>

*Our objective for increasing the waste recycling ratio was under-achieved because less recyclable waste (paper used in airplanes and metal wastes that come from aircraft manufacturing processes) was generated due to low business performance in 2009.

Total amount of waste generation (Tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste generation (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>22,797</td>
</tr>
<tr>
<td>2008</td>
<td>21,709</td>
</tr>
<tr>
<td>2009</td>
<td>25,459</td>
</tr>
</tbody>
</table>

Waste treatment status (Tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled</th>
<th>Handled by contractors</th>
<th>Handled by Korean Air</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>8,039</td>
<td>1,637</td>
<td>1,637</td>
</tr>
<tr>
<td>2008</td>
<td>10,229</td>
<td>1,637</td>
<td>10,229</td>
</tr>
<tr>
<td>2009</td>
<td>1,637</td>
<td>1,637</td>
<td>1,637</td>
</tr>
</tbody>
</table>

NO from LTOx Amount of emissions (Tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>NO from LTOx (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>10,137</td>
</tr>
<tr>
<td>2008</td>
<td>10,178</td>
</tr>
<tr>
<td>2009</td>
<td>10,118</td>
</tr>
</tbody>
</table>

*LTO : An LTO (Landing and Take-off) cycle consists of four operational phases: take-off, climb, approach and taxi. These occur within an altitude of 900m, during which GHG gases (LTO emission gases) are emitted, affecting local air quality.
Wastewater Treatment

Korean Air currently operates 16 wastewater treatment facilities in our maintenance bases to protect water resources and reduce water pollution. Although slightly different between each maintenance base, the wastewater treatment facilities are applying 50-75% lower effluent standards than as prescribed under relevant laws. We also installed a Tele-Metering System (TMS) that conducts real-time monitoring of the wastewater treatment processes in all of our maintenance bases.

Chemical Substances

Most of the chemical products in aircraft maintenance are used as recommended by aircraft manufacturers. We are therefore constantly consulting aircraft manufacturers to increase the use of environmentally friendly products. The information regarding the inventory and usage of various chemical substances and products are managed by the Korean Air Chemical Management System (KCMS), initiated in 2006.

Environmental Expenses

Our environmental expenses, used to improve and preserve the environment, are classified into four large categories: operational expenses for green facilities; contract expenses for treating waste and pollutants; legal expenses for legally required payments such as noise penalties; and general expenses for other environmental management activities. In 2009, the total amount of our environmental expenses was approximately KRW12 billion.
Korean Air initiated "Eco Office Activities" in December 2009 to raise awareness of the significance of global environmental issues and to fulfill our responsibility as a steward of the environment. All employees signed the Eco-Doing pledge and are participating in the "No-Driver on A Day of the Week" policy, the "Two Wheels Movement," saving energy at home, or other activities to reduce CO₂ emissions. When employees reduce CO₂ emissions, they are given Eco Points for the reduced amount, which are accumulated for the year and then donated to environmental NGOs. In addition to this, we have also initiated the Save the Paper Competition among departments, Reducing Leftover Food Movements, and other environmental activities that can easily be done in our everyday lives. Korean Air plans to further develop "Eco Office Activities" as a key environmental movement of the company.

Eco-Doing Pledge
Korean Air, as one of its efforts to combat climate change, initiated Eco Office Activities. All executives and staff members signed the "Eco-Doing Pledge," and are participating in various environmentally friendly activities. Furthermore, we introduced "Green Message Signatures," which are now applied to all emails sent by company employees.

Green Day
Korean Air designated the last Friday of each month as Green Day. On this day, our executives and staff members wear green outfits or accessories, and one employee per department is designated as an "environmental steward" to encourage others to carry out environmental activities. The environmental steward then records the green activities of that day and uploads relevant pictures on the Intranet to share and promote these environmental activities within the whole company.

Save the Paper Competition
As part of our Eco Office Initiative, we hold Save the Paper Competitions. 32 departments participate in this competition, in which we measure the amount of paper used in each department per month. The department with the highest month-on-month reduction rate wins and enters the next round of the tournament to be the final winner.
Ready to Share Happiness

Happiness doubles when you share it.
In our management practices, we fully respect and reflect the voices of our stakeholders, including customers, employees, business partners, and local communities.
We try to encourage happiness, development and better lives for all.
Korean Air will be your partner to a brighter future.
Customer Communication

Voice of Customer Management  To reflect the opinions and advice of customers with respect to our business practices, Korean Air uses the “Voice of Customer (VOC)” system as the key means of receiving customer feedback. Currently, we collect customer opinions through nine global websites in eight languages and through letters of suggestion installed in passenger cabins.

All materials used to communicate with customers, including replies to customers, is classified by type and managed by an integrated system to follow changes in customer demand. In addition, complaints and suggestions of customers are put up on the Service Forum (online bulletin board) so that all staff and employees receive customer feedback and can together explore ways in which to improve customer service.

In 2009, a total of 44,323 customer opinions were collected, which is 16% less than the previous year. The number of complaints declined by 21%, and inquiries and suggestions dropped by 23% and 2.2% respectively. Meanwhile, the number of letters of compliment for Korean Air’s excellent services increased by 8% from the previous year to 12,011.

Service Improvement & Evaluation Committee  Korean Air strives to improve service quality by performing comprehensive evaluations, then reviewing feedback at the monthly meetings of the Service Improvement and Evaluation Committee. As a result, we have made significant progress in our service quality improvement and new product development.
Customer Improvement System

Service Management and Improvement System
- Identify problems through VOD database – Report the problem on feedback tools and take measures to improve – Conduct on-site monitoring to confirm the improved result

Expected Results
- Establish a system to identify and solve service-related problems and improve service

Service Monitoring by Staff on Business Trips
- As a part of internal monitoring, Korean Air actively utilizes the “Service Monitoring by Staff on Business Trips” program. In 2009, the results of this monitoring program showed that Korean Air received, on a scale of one to five, high grades between 4.1 and 4.4 in almost all areas. In particular, check-in and in-flight services gained high grades of 4.4. Through this program, a total of 2,157 suggestions were received, 21% of which were adopted, and 54% of the suggestions were reflected in actual business practices.

Top-Class Service Quality Recognized at Home and Abroad
- As a result of Korean Air’s ceaseless efforts to improve its service quality, we tapped the 2009 Global Customer Satisfaction Competency Index (GCSI) in the field of air passenger transportation, sponsored by Japan Management Association Consulting (JMAC). GCSI is an index developed by JMAC that evaluates global companies’ customer satisfaction activities. Korean Air has been at the top of the index for five consecutive years since 2005. In addition, the Korean Standards Association named Korean Air as the top airline of the 2009 Korea Standard Service Quality Index (KS-SQI). Korean Air reinforced its presence as a truly global air carrier by winning the World Best Airline Award in the category of airport service from the US Global Traveler.

Improving Air Cargo Transport Service
Special Care Service for Important Cargo
- A more professional and specialized transport service is required for valuable cargo items such as mobile phones, semiconductors, animals, or food that need refrigeration or freezing, as well as for extra-large or heavy cargo items such as generators and semiconductor equipment. Korean Air has adopted the Special Care Service to ensure transport expertise that we have accumulated over the last 40 years. Korean Air’s Special Care Service Team monitors a special type of cargo on a daily basis, from the reservation process to delivery to the owner(s). The Service Team ensures that each and every piece of cargo is transported to its destination as scheduled. If a problem occurs due to delay or damage to the cargo, the team and the person in charge of cargo transport at the relevant airport take swift action to minimize losses. Moreover, Korean Air provides an e-Track service that sends customers emails with detailed location information of cargo at every stage of transport.

Convenient Services through the Cargo Webpage
- Korean Air introduced the online claim service at our cargo website in order to allow air cargo customers a simplified claim process. Rather than the existing means of claim such as personal visit, fax, letter or email, customers are encouraged to use the online claim service menu to type in basic information according to the directions on the webpage. With this system, a claim document can be prepared online whenever a customer wants, and the document is automatically delivered to the correct person at the relevant branch office. In addition, Korean Air began a cargo delivery reservation service for freight arriving at the Incheon International Airport. This differentiated service found on the Korean Air cargo website enables customers to reserve in advance a pick-up time for their cargo, and eliminates customer waiting time.

Customer Safety
Since 2000, Korean Air has posted no accidents, thanks to our emphasis on customer safety. Korean Air is recognized as one of the safest airlines in the world. Korean Air adopted the highest level of safety standards, management processes and IT systems through the early establishment of the Safety Management System, which in 2009 became the international standard as set by the ICAO. In October 2009, we again improved our aviation safety management by introducing SafeNet, which allows for IT-based, company-wide safety management. With SafeNet, we are able to conduct a scientific analysis and risk assessment on all types of safety events and problems identified during safety audits, and are then able to take comprehensive measures to prevent accidents.

Flight and Ground Safety Management System
- To enhance flight safety, Korean Air aggressively embraced our new safety management system. We analyze and evaluate the database made from past operational irregularities, identify reasons behind problems, and review the actions taken in order to prevent recurrence and improve efficiency. Through this process, Korean Air now has additional prevention actions and measures against possible operational problems. We also introduced the Human Factors Analysis & Classification System (HFACS), developed by US experts in 2000, to efficiently manage human-incurred errors that cause 70% of flight safety issues. Korean Air will expand the use of the HFACS to ground operation management and in training and education of ground operators. Through this effort, Korean Air will endeavor to build a system and create an environment in which flight accidents are easily prevented.

Conducting & Receiving Safety Audits
- By participating in ISAGO (IATA Safety Audit for Ground Operations), a program newly developed by IATA in an effort to improve ground safety and operations, Korean Air became a full member of ISAGO in April 2008. By implementing more effective and efficient supervision based on sharing of audit reports on ground operation services, Korean Air has successfully prevented incidents and industrial accidents on the ground
and ensured safe and quality operations. In addition, Korean Air undergoes inspection by the
U.S. Department of Defense (DOD) every two years as a DOD-approved carrier.

Activities to Prevent Security Incidents Korean Air is equipped with a system that prevents
security incidents by analyzing on a monthly basis information of cities on Korean Air flight
routes, and by exchanging such information with national security agencies in the event of in-
cidents. Furthermore, Korean Air focuses on improving its crisis readiness by conducting simu-
lated drills such as “drills to prevent and respond to hijacking” in conjunction with government
authorities in preparation for terrorist attacks, and “drills to respond to security risks,” designed
to ensure prompt and appropriate responses to security threats. Korean Air is also working to
ensure safe flight operations, including strengthening security training of cabin crew members
and equipping aircraft with security devices for an effective response to possible security risks
on flight.

Customer Health
Transfer of Passengers with Reduced Mobility To provide safe and comfortable air travel
for passengers with reduced mobility and to prevent abnormal operations including returns of
flights, reroutes, and in-flight fatalities, Korean Air makes sure that unwell passengers are evalu-
at ed for risks of air travel before flying. For those who are medically cleared for air travel, we offer
medical services for safe travel.

In-flight First Aid Korean Air’s aircraft carry in-flight medicine and medical equipment, and
all cabin crew members are given first-aid training including CPR as well as safety training to re-
inforce their emergency response capabilities. In addition, Korean Air’s Emergency Medical Call
System, consisting of medical professionals such as emergency medicine specialists and nurses,
ensures that medical advice is provided in the event of in-flight emergencies so that appropriate
measures can be taken.

Management of Contagious Diseases To prevent the spread of epidemics via air travel,
Korean Air equipped its aircraft with preventative kit for infectious diseases. In the event of out-
brakes, Korean Air has collaborated with the related agencies at home and abroad, and maint-
ained communication channels to prevent the spread of diseases. For example, during the
H1N1 influenza outbreak in 2009, Korean Air paid keen attention to in-flight hygiene and safety
by disinfecting aircraft returning from H1N1-infected countries. Thanks to these efforts, not a
single confirmed case of secondary infection in-flight was found at Korean Air.

Fair Trade Korean Air maintains mutually-beneficial, cooperative relations with its suppliers in
sectors related to the aviation industry, such as manufacturing and services. The most important
factors in these relationships are a commitment to quality, and transparency and fairness in
trading. To ensure mutual growth with our partners based on transparent and fair trade, Korean
Air has disclosed its purchasing process & policy to suppliers, established a strict code of ethics,
abided by the rules, and applied the same regulations to all partners, thereby contributing to
spread of fair trade culture.

Partnership & Win-win Management By opening ISP (Internet Supplier Portal), a website for
suppliers, in addition to the introduction of ERP (Enterprise Resource Planning) system in Janu-
dary 2009, Korean Air has strengthened its relations with suppliers. The ISP system has enabled
suppliers to check the status of orders, deliveries and payments more quickly, and to address
problems through the Q&A bulletin board. Furthermore, managers from all departments make
regular visits to suppliers to carefully listen to and address their concerns in order to reinforce
mutual trust. Korean Air also conducts supplier satisfaction surveys on a regular basis in order to
identify room for improvement in its policies and support measures for partners and to reflect
the results in actual policies. As for financial support, Korean Air contributes to the stable man-
agement of its suppliers by making all transactions in cash.

Green Purchasing Korean Air supports green purchasing, which is the practice of buying en-
vironmentally-friendly products and services. Such practices include the purchasing of cutting-
edge aircraft and engines with high fuel efficiency and new lightweight products with reduced
fuel consumption. As a responsible corporate consumer, Korean Air will continue to participate
in green purchasing to promote a sustainable consumption culture.
Employee

Employee Status

Currently, Korean Air employs 15,734 people in Korea. The number of female employees is 5,464, which is one third of the total workforce. Korean Air also employs 1,661 local workers overseas in the Americas, China, Japan, Europe, and Southeast Asia. Having set a goal of becoming a global leading airline, Korean Air has been focusing on nurturing specialized human resources and securing talented employees, as well as hiring female and disabled workers. Furthermore, Korean Air has been contributing to job security at home and abroad by continuously creating good jobs year after year.

Employee Status (Persons)

<table>
<thead>
<tr>
<th>Category</th>
<th>Office</th>
<th>Flight Operations</th>
<th>Engineering</th>
<th>Etc.</th>
<th>Total</th>
<th>Average Service Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>2,461</td>
<td>2,486</td>
<td>3,122</td>
<td>357</td>
<td>10,138</td>
<td>10.24</td>
</tr>
<tr>
<td>Female</td>
<td>1,918</td>
<td>5,370</td>
<td>47</td>
<td>51</td>
<td>5,496</td>
<td>9.72</td>
</tr>
<tr>
<td>Total</td>
<td>4,379</td>
<td>7,856</td>
<td>3,169</td>
<td>408</td>
<td>15,734</td>
<td>13.95</td>
</tr>
</tbody>
</table>

*Excluding 1,661 overseas employees

Expanding Female Workforce

Korean Air has continuously increased the employment of female workers, and as of the end of 2009, women accounted for 34% of the total workforce. To create a women-friendly working environment where women are encouraged to retain their careers, Korean Air offers support above and beyond that mandated by labor laws. For example, Korean Air’s female cabin crew are allowed to take maternity leave upon learning of pregnancy, and those who are diagnosed as infertile by specialists and wish to seek artificial insemination or in-vitro fertilization can take a leave of absence for up to one year. In recognition of these efforts to expand and retain the employment of female workers, in December 2008 Korean Air became the first Korean company to enter into a “Women-friendly Company” agreement with the Ministry of Gender Equality (MOGE).

Expanding Disabled Workforce

Korean Air’s efforts to increase the employment of disabled persons date back to 2000. In 2005, Korean Air augmented these efforts by signing an agreement with the Korean Employment Promotion Agency for the Disabled (KEPAD) to promote the hiring of disabled persons. Since then, Korean Air has not only raised the percentage of disabled persons on its staff, but has also expanded the scope of positions for the disabled from flight booking, ticketing, transportation, and computer-related work to general administration in order to accommodate an increasing number of disabled job seekers including the severely disabled.

Expanding Foreign Workforce

As a globally competitive airline company, Korean Air has expanded its overseas operations, and accordingly has recruited highly talented local workers without any discrimination against an individual’s nationality, culture, or religion, thereby contributing to job creation in the regions in which the company operates. Furthermore, Korean Air applies standardized human resource management criteria to both domestic and foreign staff equally in order to eliminate discrimination, and we have a zero tolerance policy on child labor and forced labor in full compliance with local labor laws.

HR Philosophy & HR System

**HR Philosophy**

“A company is the sum of its people.” This has been Korean Air’s corporate philosophy from the very beginning. Late founder Cho Choong hoon, said “it is people that make a company and it is the sum of such people that enables the growth and development of a company.” This philosophy is the basis of Korean Air’s HR management. In addition, by facilitating communication with employees and providing employees with a physically and psychologically sound working environment, Korean Air strives to improve employees’ quality of life and to support employees in both their personal and professional development.

**HR System and Evaluation & Compensation**

Korean Air’s HR system is called Total System, in which cultivation, evaluation and compensation of human resources are closely connected. In a bid to achieve the goal of becoming a global leading carrier of the 21st century, Korean Air runs a multi-faceted HR cultivation, evaluation and compensation system tailored to individual jobs and positions, giving employees a sense of achievement, satisfaction and motivation. Korean Air’s evaluation system is based on individual competencies shown in job performance and the level of contribution to the organization. Our evaluation system is not just a performance review tool, but a fair, objective and transparent system designed to promote personal growth of employees. At Korean Air, all employees are encouraged to enhance their competen-
Social Responsibility

Employee

### HR Philosophy & HR System

- **Korean Air’s HR Philosophy**
  - People are the most valuable resources that a company has.
  - It is people that enable the development of a company.
  - Growth of a company and its people go hand in hand.

### HR Management System

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance individual value and worth</td>
<td>Offering opportunities</td>
</tr>
<tr>
<td>Enhance individual contribution to company</td>
<td>Performance</td>
</tr>
<tr>
<td>Enhance personal growth</td>
<td>Evaluation</td>
</tr>
<tr>
<td>Improve quality of life</td>
<td>Competency</td>
</tr>
</tbody>
</table>

#### Evaluation System

- **Evaluation Philosophy**
  - Openness, cultivation and development
- **Evaluation Principles**
  - Objectiveness and fairness
- **Evaluation Method**
  - Interactive communication between supervisors and staff

### Human Resources Development

#### Educational Programs & Educational System

Korean Air has developed various educational programs to meet employees’ needs for education, and offers the best learning environment to cultivate globally competent people. The Human Resources Department and Human Resource Development Centers at Korean Air set basic education plans and implement integrated educational programs. In addition, to maximize expertise in educational programs, Korean Air has training departments specializing in flight operation, maintenance, and cabin services. Korean Air’s basic education system is divided into a number of levels depending on roles and responsibilities required by one’s position. Educational programs are also categorized into the following: business management, specialized training according to position, service training, and foreign language training.

#### Basic Education System

<table>
<thead>
<tr>
<th>Business management</th>
<th>Specialized training according to positions</th>
<th>Service training</th>
<th>Foreign language training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>KEDP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Manager</td>
<td>Course for improving management skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant GM</td>
<td>Course for improving basic competency (mandatory)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Course for improving leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>Course for improving basic competency (mandatory)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entry-level Employees</td>
<td>Course for new employee training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Manager</td>
<td>Course for managing in a group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant GM</td>
<td>Course for managing in a group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Course for hands on training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>Course for hands on training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entry-level Employees</td>
<td>Course for beginners</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Protecting Human Rights

Korean Air’s human resources management policies and practices, ranging from hiring, positioning, evaluation, and compensation to promotion, are carried out fairly based on the company’s HR philosophy that “a company is the sum of its people” and on a code of ethics that all employees should respect one another and make efforts to improve quality of life.

### Addressing Employees’ Concerns

By establishing an Employee Counseling Center to address concerns and suggestions from employees, Korean Air aims to improve relationships with employees and to boost staff morale. All personal information received during counseling sessions is kept strictly confidential, and professional counselors follow strict guidelines to treat patients respectfully and create an environment where patients feel safe and protected during counseling sessions.

### Preventing Sexual Harassment at Work

To create a sound working environment where everyone respects and values each other, Korean Air has set guidelines to prevent and handle sexual harassment cases at work and has established online/offline education programs for all staff. All employees are required to complete the programs once a year.

### Zero Tolerance against Child & Forced Labor

Korean Air has zero tolerance policy against child and forced labor in full compliance with local labor laws in regions where it operates.

---

60

---

61

---

2010 Korean Air Sustainability Report
Unity among All Positions  Korean Air runs a wide range of educational programs to cultivate globally competent workforce and ensure that all employees are united to share core values. For example, Korean Air holds an annual Communication Excellence School, where employees from all divisions including general administration, engineering, flight operation, and cabin services gather together to share the company’s vision and core values and recognize newly assigned roles and responsibilities, contributing to corporate culture driven by mutual trust and unity. In particular, with 2009 marking the 40th anniversary of its foundation, Korean Air held a quiz contest to select employees with the best knowledge of aviation operations. The contest, designed to create an exciting working environment and facilitate harmony and communication among all employees, was participated in by 1,000 employees including 300 contestants and 700 cheering audience members. The event served as a good opportunity to boost staff morale and to broaden employees’ knowledge in areas outside of their own positions.

Global Online Education  To ensure that all employees continue their learning anytime anywhere, Korean Air offers over 500 educational contents including foreign language courses and IT education in addition to work-related contents such as flight operation expertise or work competency development programs, which are mandatory for all employees. With overseas employees in mind, Korean Air developed 38 new English courses in 2009 and another 190 kinds of foreign language programs in order to upgrade capabilities of overseas employees and make online education more globalized.

Strengthening Capabilities of Local Employees Overseas  Through year-round courses for local managers and programs for hands-on training, Korean Air aims to provide more educational opportunities for overseas employees. Korean Air’s new employee training and service training for overseas staff have proven effective in raising employees’ competencies and commitment to the company. To ensure that overseas employees receive good education from the best instructors, Korean Air runs courses for instructor training and instructors are selected only from those who have completed the courses.

Leading Service Industry in Korea  As a role model in the services sector, Korean Air strives to provide the same quality of service for all customers across the globe, by standardizing service education and providing service training for both domestic and overseas employees on a regular basis. Front office employees and those in managerial positions are given the same service training, as they have similar direct contact with customers. Korean Air also provides service-related consulting and training to a wide range of outside institutions including government agencies, educational institutes and private companies, contributing to upgrading service quality in Korea.

Establishing Korea’s First Technical Institute, Jeongseok Institute of Technology  In 2000, Korean Air established the Jeongseok Institute of Technology, an in-company technical institute, in an effort to provide employees with lifelong education opportunities. Formerly known as Hanjin Institute of Technology, which was founded in 1988, Jeongseok College is Korea’s first technical institute to be officially authorized by the Ministry of Education to grant a degree to graduates. All students of the College are provided with the registration fee as well as full tuition support from Hanjin Group. By reflecting on-site experience in the academic curriculum, the College has played a pivotal role in cultivating an excellent workforce and strengthening Korea’s aviation and logistics industries. As a shining example of industry-academic cooperation, the College is making a significant contribution to establishing a lifelong education system in Korea.

Cooperative Labor-Management Relations  Korean Air has two labor unions: the Korean Air Labor Union, consisting of workers in positions such as cabin service, maintenance and general administration, and the Korean Air Pilots Labor Union. Korean Air’s Labor Union has remained dispute-free during collective bargaining for 41 consecutive years. In 2009 amid global economic crisis, Korean Air and the Labor Union made a joint announcement to build harmonious relations. Korean Air’s Pilots Labor Union, too, has maintained cooperative relations with the company in an effort to weather the economic crisis and raise corporate competitiveness.

Education Performance (person-hours)

- Total education performance
- Online education performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Performance</th>
<th>Online Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,763,101</td>
<td>583,546</td>
</tr>
<tr>
<td>2008</td>
<td>1,798,526</td>
<td>592,427</td>
</tr>
<tr>
<td>2009</td>
<td>1,803,884</td>
<td>578,629</td>
</tr>
</tbody>
</table>

Korean Air’s Union Membership Rates (%)

- Korean Air Labor Union:
  - 2007: 70%
  - 2008: 68%
  - 2009: 60%

- Korean Air Pilots Labor Union:
  - 2007: 70%
  - 2008: 65%
  - 2009: 60%
Information Sharing & Mutual Cooperation. Korean Air shares major management-related information with employees, and immediately posts information regarding revised corporate rules, organizational restructuring, hiring, promotion, personnel reshuffle, and retirement on its in-house website. As stated in the collective bargaining agreement, open management is one of Korean Air’s management principles which are designed to be transparent and reasonable to achieve sustainable management. Other than regular labor-management councils (4 times a year), wage negotiation (once a year), and collective bargaining (every 2 years), Korean Air holds additional collective bargaining or labor-management councils if necessary. To promote mutual cooperation between labor and management, Korean Air also runs labor-management task force teams when making changes in major policies.

Labor-Management Communication through the Company Intranet. All employees of Korean Air can have real-time access to corporate information such as company news, daily sales, major economic indicators, and corporate policies and regulations through company intranets such as the Employee Information System (KALMAN), the Work Management System, and the HANWAY System. KALMAN is a comprehensive website where employees can check their personnel or income information or apply for benefits including airline tickets. KALMAN also serves as an online communication channel aimed at creating a participation-based corporate culture by allowing members to freely express their opinions and pose questions on bulletin boards.

Labor-Management Culture that Unites Employees, Family, and the Company. Every year Korean Air holds special events to facilitate unity between labor and management by inviting employees’ families. In 2009, in celebration of the 40th anniversary of its foundation, Korean Air held “Family Walk” and “Table Tennis Tournament” in order to enhance employees’ commitment to the company, include their families in their work lives, and promote cooperation and unity among employees.

Wage and Employee Welfare. Korean Air has adopted the Total Compensation System, which combines performance-based wages with benefits that are closely related to employees’ livelihood.

Wage and Incentives. As for wages and incentives, Korean Air tops the list in the aviation sector, motivating employees to reach their full potential. For example, new employees with a bachelor’s degree are paid about 100% higher wages than the legal minimum level of Korea, with no wage gap between men and women. Korean Air offers every employee an equal opportunity based on individual capabilities and performance, prohibiting any form of discrimination arising from one’s religion, age, gender, or academic background. In addition, Korean Air provides incentives based not just on that year’s business performance but also on safety-related performance, in order to encourage employees to continue to pay attention to safety issues.

Retirement Allowance System. The Retirement Allowance System under which retirees receive average wages for 30 days per one year of consecutive work.

Employee Benefits. To help employees enjoy their leisure time and broaden their global leadership, Korean Air provides employees with 25-35 free or discounted airline tickets annually. In addition, Korean Air offers a wide range of employee benefits including providing company-owned housing, tuition support for employees’ children, health care subsidies, support for leisure activities and support for post-retirement in an effort to improve employees’ quality of life and help them balance work and life.

Wage & Incentives

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Pension Scheme</td>
<td>252</td>
<td>294</td>
<td>296</td>
</tr>
<tr>
<td>Individual Pension Plan</td>
<td>95</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Equity Participation in Credit Union</td>
<td>87</td>
<td>89</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>477</td>
<td>475</td>
<td>483</td>
</tr>
</tbody>
</table>

---

**Pension & Equity Participation**

<table>
<thead>
<tr>
<th>Types</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Pension Scheme</td>
<td>252</td>
<td>294</td>
<td>296</td>
</tr>
<tr>
<td>Individual Pension Plan</td>
<td>95</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Equity Participation in Credit Union</td>
<td>87</td>
<td>89</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>477</td>
<td>475</td>
<td>483</td>
</tr>
</tbody>
</table>
Employee Health

To ensure the good health of all employees and the safety of passengers, Korean Air runs an Aviation Medical Center at its headquarters, providing a wide range of medical services. The 2,145m² medical center is equipped with cutting-edge medical equipment, including devices approved by US FAA (Federal Aviation Administration), and is staffed by about 70 medical professionals including aviation medical examiners, nurses and certified industrial hygienists.

Medical Check-ups All employees of Korean Air undergo annual medical check-ups for early detection and treatment of health problems, and follow-up care is provided for those found to have health issues. To protect employees’ health, Korean Air conducts special, temporary, and pre-placement medical examinations in compliance with Korea’s Industrial Health and Safety Laws.

Health Care Services (persons)

<table>
<thead>
<tr>
<th>Category</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Medical Check-ups</td>
<td>8,499</td>
<td>11,562</td>
<td>9,532</td>
</tr>
<tr>
<td>Avianion Physical Examination</td>
<td>3,269</td>
<td>2,389</td>
<td>3,294</td>
</tr>
<tr>
<td>Physical Fitness for Cabin Crews</td>
<td>5,887</td>
<td>4,174</td>
<td>4,669</td>
</tr>
<tr>
<td>Primary Health Care (Outpatient care)</td>
<td>7,054</td>
<td>11,562</td>
<td>9,997</td>
</tr>
<tr>
<td>Transfer of Passengers with Reduced Mobility</td>
<td>2,012</td>
<td>2,018</td>
<td>2,409</td>
</tr>
</tbody>
</table>

Aviation Physical Examinations To make sure that cockpit crews, who are at the forefront of aviation safety, keep their health at an optimal level, Korean Air comprehensively evaluates and manages the health of cockpit crews, issues and manages a domestic/international certificate for aviation physical exams, and engages in preventive health care activities to ensure safe flight operations.

Primary Medical Care Korean Air provides employees with extensive medical services, including medication based on diagnoses from doctors and physical therapy for those who suffer from musculoskeletal disorders. In addition, Korean Air engages in health care projects such as vaccinations against contagious respiratory diseases and hand-washing campaigns.

Prevention of Musculoskeletal Disorders To protect cabin crew members from musculoskeletal disorders, Korean Air regularly conducts physical fitness tests on cabin crew and offers health management programs depending on test results.

Health Promotion & Health Education Korean Air’s Health Promotion Center has state-of-the-art equipment and health professionals including nutritionists, certified fitness trainers, anti-smoking counselors, and therapists, who offer personalized health improvement programs tailored to each employee’s position or assignments. In addition, Korean Air provides online health education programs and quarterly health information so that employees are well-informed about health issues.

Industrial Health & Workplace Management Korean Air strives to provide a safe and pleasant working environment for employees by measuring harmful factors in the workplace on a regular basis and taking improvement measures. By having doctors, nurses and certified industrial hygienists make joint visits to workplaces, Korean Air aims to offer field-based health care services such as counseling, education, prevention of work-related health problems, and improvement in work environment.

Employee Safety Korean Air has made significant progress in reducing cases of occupational injury, by conducting incentive-based campaigns to eliminate occupational injuries and by promoting competition between divisions and departments to achieve zero incidents, which led to voluntary accident-prevention activities among employees. Korean Air has raised employee awareness about safety targets and encouraged injury-prevention activities by providing differentiated financial rewards to high achievers depending on their performance. In addition, Korean Air has reinforced injury-prevention activities by introducing Job Hazards Analysis, a system to encourage workers to voluntarily identify and address risk factors in the workplace. Korean Air’s occupational injury rate for 2009 was 0.07%, continuing a downward trend of rates, which have hovered around 0.1% for five consecutive years. Supported by the active participation of employees, Korean Air will continue to minimize potential risk factors in the workplace to create a safe working environment and make the airline injury-free.

Occupational Injuries per 100 Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupational Injuries Rates of Korea</th>
<th>Occupational Injuries Rates of Korean Air</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0.72</td>
<td>0.71</td>
</tr>
<tr>
<td>2008</td>
<td>0.70</td>
<td>0.71</td>
</tr>
<tr>
<td>2009</td>
<td>0.70</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Financial Rewards for Achieving Safety Targets

<table>
<thead>
<tr>
<th>Year</th>
<th>Reward for Achievement of Safety Target</th>
<th>Reward for Non-Achievement of Safety Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>191</td>
<td>156</td>
</tr>
<tr>
<td>2008</td>
<td>191</td>
<td>156</td>
</tr>
<tr>
<td>2009</td>
<td>237</td>
<td>237</td>
</tr>
</tbody>
</table>
Social Contribution

Arts & Culture Support

Korean Language Service in Major Museums

Korean Air offers the Korean language multimedia guide service for the British Museum in London, the Hermitage Museum in Saint Petersburg, and the Louvre Museum in Paris. As the Korean language is added to the official languages used at three of the most popular museums in the world, Korean Air contributes to elevating the image of Korea and the Korean language on the global stage. Korean Air is the first company in Korea to sponsor this type of language service as part of its support for the cultural sector. We plan to expand this service to additional museums, thereby promoting the Korean language around the world while raising national pride.

Flying Art Ambassador

Korean Air launched an in-flight professional arts & culture guide service named the “Flying Art Ambassador,” which enables passengers to be given information regarding artwork at galleries and museums. Starting with the flight to Paris in March 2008, the Flying Art Ambassador service has been provided for flights to London, Madrid, Amsterdam, Rome, Vienna, and Saint Petersburg. In addition, Korean Air invited 50 customers to a special art exhibition at the Seoul Museum of Art in March 2009 and offered them a professional explanation of the artwork on display from the Pompidou Center.

Ilwoo Photo Competition

As part of its support for arts & culture, Korean Air started the Ilwoo Photo Competition in October 2009. Through this competition, young and talented photographers in the areas of art, advertisement and documentary photography can be given the opportunity to reach their full potential. The judging staff of the First Ilwoo Photo Competition included Stephan Shore, an American photographer well known for his pioneering use of color in art photography, and Jeff Rosenheim, curator of the Department of Photography at the Metropolitan Museum of Art in New York. Korean Air will continue to sponsor this photo competition, as well as related exhibitions and publications.

Signed an MOU with the National Center for Korean Traditional Performing Arts

In November 2008, Korean Air signed an MOU with the National Center for Korean Traditional Performing Arts, for the promotion of Korea’s beautiful traditional music. Under the MOU, passenger planes of Korean Air provide a number of Korean music tracks and videos about Korean music through the Audio/Video On Demand system.

Cultural Asset Conservation Effort

Korean Air made an agreement with Woljeongsa, in April 2009, to protect cultural assets of the temple. These assets include national treasure No. 48, the Octagonal Nine-storied Stone Pagoda, and treasure No.139, the Seated Buddha Goddess Stone Statue. Korean Air’s commitment to the conservation of cultural artifacts is well recognized by local communities.

Korean Air strives to promote Korea worldwide by sponsoring a variety of initiatives in the areas of education, arts & culture, sporting events such as the Olympic Games (particularly Pyeongchang’s bid to host the 2018 Winter Olympics), and global relief efforts.
Korean On-Air Program  Korean Air supports talented young people by offering free airline tickets and other benefits. In March 2009, to introduce our Korean On-Air Program, we sponsored the "Sunflower" team. This team consisted of two young Korean students who made and distributed a Korean guidebook detailing famous tourist destinations found in east France. In May, we supported a Korean back-pack traveler named Eunbi Go, who wrote a story about her visit to 14 U.S. cities in 46 days. Korean Air also provided free Incheon – London round-trip tickets for the "Yabi Kibi" team of Keimyung University, who performed a traditional Korean dance at the Edinburgh Fringe Festival in August. Korean Air will continue its support for young Koreans who use their talents to promote Korean culture around the world.

Global reforestation effort

Planting trees in Mongolia  Since 2004, Korean Air has been building a vast forest in the deserts of Baganuur in Mongolia. This area was devastated by global deforestation and thus is one of the main origins of the yellow dust storms that come to the Korean peninsula every spring. Staff and employees of Korean Air, along with university students, joined the reforestation effort to create a park with 36,000 trees on the 50,000m² site. In addition, Korean Air contributes to the local economy by hiring local residents to manage the park.

Korean Air Botanical Garden in China  The Kubuchi Desert in China is the origin of 40% of the yellow dust storms that blow across Korea every spring. This has become the site of the "Korean Air Botanical Garden," where employees from Korean Air’s upper managerial levels have been planting trees annually each autumn since 2007. The goal is to plant a total of 1.8 million trees on the six million m² site by the year 2011. Once completed, the project is expected to stop desertification of a site that covers an area of nine million m², ultimately improving the local weather and reducing yellow dust storms in the region.

Tree Planting Campaign in LA  Korean Air plans to donate US$160,000 to the Million Trees Los Angeles (MTLA) by 2012, sponsoring a tree planting campaign in Los Angeles as part of our global reforestation project.

Support for Sports Events

Sponsoring Pyeongchang’s Bid for the 2018 Winter Olympic Games  Korean Air strongly supports Pyeongchang’s bid for the 2018 Winter Olympic Games. Through our parent company, Hanjin Group, we sponsored KRW 3 billion in contributions to the Pyeongchang Olympic Bid Committee. Korean Air also provides support through its global network as a cargo carrier and its SkyTeam network member such as Delta Airlines and Air France. The funds raised by Korean Air were used for the Committee’s participation in various international events for the Olympic Games, including the Observer Program at the Vancouver Winter Olympic Games and other campaigns to enhance public awareness of the Olympic bid.

Supporting Sports Stars  Korean Air operates the “Excellence Program,” providing airline tickets to star Korean sports figures. Currently, Yuna Kim (figure skater) and Ji-ae Shin (golfer) have been provided with an unlimited number of first-class tickets for two years in a row. We will continue our support for Korean sports stars so that they can reach their full potential on a global stage, thus elevating the national image of Korea around the world.

Korean Air Volleyball and Table Tennis Team  To contribute to the development of table tennis and volleyball in Korea, Korean Air established the Korean Air Table Tennis Team and Men’s Volleyball Team in 1973 and 1986 respectively.

Educational Business

Korean Air has been providing educational scholarships to outstanding students since 1990 and also selecting talented students in Mongolia, Cambodia and Uzbekistan to provide them with opportunities to study at Korean universities.

Relief Efforts  Korean Air operates special cargo planes to transport relief items to places that have been devastated by disasters. These events include: a flood in the Hubei Province of China; an explosion in Yongcheon, North Korea; an earthquake in Nagoya, Japan; a tsunami in South-east Asia; and an earthquake in the Sichuan Province of China.
Community Service

In Korea, we delivered bottled water and other relief items to residents in Moonsan and Paju, which were devastated by floods in 1999. Korean Air’s relief efforts have also involved providing donations and bottled water to disaster-affected areas such as Gangneung in 2006, Gyeongnam Province in 2003, and Yangyang and Inje in 2006. In 2009, we scheduled a special flight to deliver 5000 boxes of bottled water to Gangwon Province, which suffered from a terrible drought.

Habitat for Humanity  Korean Air has participated in the “Habitat for Humanity” campaign since 2001. To date, about 225 employees have participated in the service. The airline has supported the charity with 42 international airline tickets as well as KRW 610 million in donations for the building of nine houses in Asan and Daejun in Korea.

Donations Made Through Employee Wages  Since 2003, Korean Air staff and employees have, on a monthly basis, voluntarily donated amounts below KRW 1,000 from their wages, to be given to charities. The company matches the amount of employee donations, and this is added to the fund for social contribution. The money raised from this campaign has been used for sponsoring in-house volunteer groups.

Pink Ribbon Campaign  Korean Air’s female cabin crew members and ground workers wear pink ribbons, the symbol of the anti-breast cancer campaign, in order to raise public awareness of breast cancer. In 2009, funds raised by company employees were donated to the Korean Cancer Society to help women suffering from breast cancer.

Sky Love Bazaar  Korean Air’s flight attendant volunteer groups, Goniho (female) and Seungwoohoe (male), hold the “Sky Love Bazaar” every year. Items donated by Korean Air employees and souvenirs collected while traveling around the world are sold at the Bazaar, and the money raised is used to help neighbors in need. In 2009, when the company marked its 40th anniversary, all staff and employees joined the Bazaar and 20,000 items were donated. Korean Air donated the proceeds from this Bazaar to the Gangneung Office to help underprivileged people.

Social Services Office  Since 2004, Korean Air has participated in social contribution activities by creating a Social Services Office under the General Affairs Department. This office provides systematic help to volunteer groups in the company and joins the groups’ annual activities. In addition, the office manages funds raised from those activities and promotes new volunteer groups. Currently, a total of 23 groups in Korean Air have participated in various programs, including helping teenaged heads of households, providing free meals for the elderly living alone, and a visit-the-company day for children from lower income families.
Staff and employees of Korean Air regularly join local community volunteer services. In 2009 alone, a total of 6,000 employees in 23 volunteer groups participated in a wide variety of activities, including providing English classes and engineering classes to children, offering rice to lower income families, and providing medical services and other assistance to local communities.

Dream Travel with Korean Air
Korean Air hosts the annual Dream Travel with Korean Air event for underprivileged children. In 2009, we offered free airline tickets to 40 teenagers and children from lower income families, so that they could travel to Jeju Island and have a relaxed and happy experience. In addition, Korean Air invited 15 children from Yunnan, China, which was devastated by a terrible earthquake, on a three-day trip to Jeju Island.

Medical Services for the Marginalized Populations of Society
Korean Air’s Aviation Medical Center was established in 1969. The Center has five doctors and 60 nurses and staff members, and provides medical help for society’s marginalized populations. Each year, the Center invites children from the “SOS Children’s Village” in Sinwool-dong to give them a free medical check and an education session on first aid. The Center also offered free medical services for foreign workers, multicultural families, and residents in Uijeongbu.

Free airline tickets to the Child Fund
To help children from underprivileged families, Korean Air annually donates free tickets to the Child Fund Korea. In 2009, a total of 58 tickets were donated to the Fund.
Appendix
GRI(G3) Guideline

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>Description of key impacts, risks, and opportunities.</td>
<td>20-27</td>
<td></td>
</tr>
</tbody>
</table>

### ORGANIZATIONAL PROFILE

| 2.1 | Name of the organization. | 10 |
| 2.2 | Primary brands, products, and/or services. | 16-19 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | 16-19 |
| 2.4 | Location of organizations’ headquarters. | 10-10 |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | 10-11 |
| 2.6 | Nature of ownership and legal form. | 24-25 |
| 2.7 | Markets served (including geographic breakdown; sector served; and types of customers/beneficiaries). | 10-11 |
| 2.8 | Scale of the reporting organization. | 10-11 |
| 2.10 | Awards received in the reporting period. | 16-19 |

### REPORT PARAMETERS

| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | Front cover, 31 |
| 3.2 | Date of most recent previous report (if any). | Front cover |
| 3.3 | Reporting cycle (i.e., biannual, once etc.) | Front cover |
| 3.4 | Contact point for questions regarding the report or its contents. | Front cover |
| 3.5 | Process for defining report content. | Front cover |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). | Front cover |
| 3.7 | Scope of the report or the boundary of the report (see completeness principle for explanation of scope). | Front cover |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that are not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Front cover |
| 3.9 | Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the computation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Front cover |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base year/period, nature of business, measurement methods). | Front cover |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or ownership. | Front cover |
| 3.12 | Indexes identifying the location of the Standard Disclosures in the report. | Front cover |
| 3.13 | Policy on internal controls with regards to seeking internal assurance for the report. | 76-79 |

### STRATEGY AND ANALYSIS

| 4.1 | Governance structure of the organization, including committees under the highest governance body, responsible for specific tasks, such as strategy and organizational oversight. | Front cover |
| 4.2 | Indicate whether the Chair of the highest governance body is an executive officer. | 24-25 |
| 4.3 | For organizations that have a board of structure, state the number of members of the highest governance body that are independent and/or non-executive members. | 24-25 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Front cover |

### ECONOMIC

| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 20-21 |
| EC2 | Financial implications and other risks and opportunities for the organization’s activities due to climate change. | 25-40 |
| EC3 | Coverage of the organization’s deferred tax benefit plans. | 60 |
| EC4 | Significant financial assistance received from government. | Front cover |
| EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. | 64 |
| EC6 | Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. | Front cover |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | Front cover |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement. | 20-25 |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | 25 |

### ENVIRONMENTAL

| EN1 | Materials used by weight or volume. | Front cover |
| EN2 | Percentage of materials used that are recycled input materials. | 44 |
| EN3 | Direct energy consumption by primary energy source. | Front cover |
| EN4 | Indirect energy consumption by primary source. | Front cover |
| EN5 | Energy saved due to conservation and efficiency improvements. | 38-44 |
| EN6 | Initiation to provide energy efficient or renewable energy based products and services, and reductions in energy. | 35-67 |
**Product Responsibility**

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR01</td>
<td>Life cycle stage in which health and safety impacts of products and services are assessed for improvement, and percentage of significant product and services subject to such procedures</td>
<td>[ ]</td>
<td>55-56</td>
</tr>
<tr>
<td>PR02</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of customer</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR03</td>
<td>Type of product and service information required by parent company, and percentage of significant products and services subject to such information requirements</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR04</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of customer</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR05</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR06</td>
<td>Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR07</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of customer</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR08</td>
<td>Total number of customer complaints regarding breaches of customer privacy and/or breaches of customer data</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR09</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
</tbody>
</table>

**Index No. GRI Accomplishment Page**

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region</td>
<td>[ ]</td>
<td>58-59</td>
</tr>
<tr>
<td>LA2</td>
<td>Total number and/or of employees turnover by age group, gender, and region</td>
<td>[ ]</td>
<td>58-59</td>
</tr>
<tr>
<td>LA3</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by age group, and region</td>
<td>[ ]</td>
<td>65</td>
</tr>
<tr>
<td>LA4</td>
<td>Percentage of employees covered by collective bargaining agreements</td>
<td>[ ]</td>
<td>63</td>
</tr>
<tr>
<td>LA5</td>
<td>Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements</td>
<td>[ ]</td>
<td>66</td>
</tr>
<tr>
<td>LA6</td>
<td>Percentage of total workforce representation on formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs</td>
<td>[ ]</td>
<td>66</td>
</tr>
<tr>
<td>LA7</td>
<td>Rates of injury, occupational diseases, lost days, and disabiliites, and number of work related fatalities by region</td>
<td>[ ]</td>
<td>67</td>
</tr>
<tr>
<td>LA8</td>
<td>Education, training, counseling, prevention, and risk control programs in place to assist workforce members, their families, or community members regarding serious diseases</td>
<td>[ ]</td>
<td>66</td>
</tr>
<tr>
<td>LA9</td>
<td>Health and safety topics covered in formal agreements with trade unions</td>
<td>[ ]</td>
<td>68-67</td>
</tr>
<tr>
<td>LA10</td>
<td>Average hours of training per year per employee by employee category</td>
<td>[ ]</td>
<td>62</td>
</tr>
<tr>
<td>LA11</td>
<td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</td>
<td>[ ]</td>
<td>61-62</td>
</tr>
<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>[ ]</td>
<td>61-62</td>
</tr>
</tbody>
</table>

---

**Labor Practices and Disciplinary Action**

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA13</td>
<td>Composition of governance and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity</td>
<td>[ ]</td>
<td>26, 58-59</td>
</tr>
<tr>
<td>LA14</td>
<td>Ratios of basic salary of men to women by employee category</td>
<td>[ ]</td>
<td>65</td>
</tr>
</tbody>
</table>

---

**Human Rights**

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR01</td>
<td>Percentage and total number of significant investment agreements that include human rights clauses that have undergone human rights screening</td>
<td>[ ]</td>
<td>63-64</td>
</tr>
<tr>
<td>HR02</td>
<td>Percentage of significant suppliers and contracts that have undergone human rights screening</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR03</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning human rights, by type of violation</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR04</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning human rights, by type of violation</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR05</td>
<td>Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR06</td>
<td>Operations identified as having significant risk for incidents of forced labor, and measures taken to contribute to the elimination of forced labor</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR07</td>
<td>Operations identified as having significant risk for incidents of bonded labor, and measures taken to contribute to the elimination of bonded labor</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR08</td>
<td>Percentage of security personnel placed in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations</td>
<td>[ ]</td>
<td>60</td>
</tr>
<tr>
<td>HR09</td>
<td>Total number of incidents involving rights of indigenous people and actions taken</td>
<td>[ ]</td>
<td>60</td>
</tr>
</tbody>
</table>

---

**Society**

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1</td>
<td>Nature, scope, and effectiveness of any programs and policies that assess and manage the impacts of operations on communities, including retaining, operating, and exiting</td>
<td>[ ]</td>
<td>69-76</td>
</tr>
<tr>
<td>SO2</td>
<td>Percentage and total number of farms or facilities that are subject to such information requirements</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
<tr>
<td>SO3</td>
<td>Percentage of employees trained in organization’s anti-corruption policies and procedures</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
<tr>
<td>SO5</td>
<td>Public policy positions and participation in public policy development and lobbying</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
<tr>
<td>SO6</td>
<td>Total value of financial and in-kind contributions to political parties, political organizations, and related institutions by country</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
<tr>
<td>SO7</td>
<td>Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices, and the outcomes</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
<tr>
<td>SO8</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</td>
<td>[ ]</td>
<td>28-29</td>
</tr>
</tbody>
</table>

---

**Product Responsibility**

<table>
<thead>
<tr>
<th>Index No.</th>
<th>GRI</th>
<th>Accomplishment</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR1</td>
<td>Life cycle stage in which health and safety impacts of products and services are assessed for improvement, and percentage of significant product and services subject to such procedures</td>
<td>[ ]</td>
<td>55-56</td>
</tr>
<tr>
<td>PR2</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of customer</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR3</td>
<td>Type of product and service information required by parent company, and percentage of significant products and services subject to such information requirements</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of customer</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR5</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR6</td>
<td>Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR7</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of customer</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR8</td>
<td>Total number of customer complaints regarding breaches of customer privacy and/or breaches of customer data</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
<tr>
<td>PR9</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</td>
<td>[ ]</td>
<td>53-55</td>
</tr>
</tbody>
</table>
Awards in 2009

<table>
<thead>
<tr>
<th>Date</th>
<th>Award name</th>
<th>Awarding institution</th>
<th>Recognized for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb. 12</td>
<td>Gold Award</td>
<td>BPW (Business &amp; Professional Women) Korea</td>
<td>Leading role is promoting women and family-oriented corporate culture, women's empowerment, and gender equality, by producing the first female captain</td>
</tr>
<tr>
<td>Feb. 18</td>
<td>Grand Prize in Human Resource Development Award</td>
<td>Korean HRD Association</td>
<td>Excellence in staff education</td>
</tr>
<tr>
<td>Feb. 27</td>
<td>Best In-flight Travel / Inside of the Year 2009 - DFNI Global Awards</td>
<td>DFNI (Duty Free News International)</td>
<td>Globally renowned magazine dealing with duty-free business</td>
</tr>
<tr>
<td>Mar. 4</td>
<td>Best on Delivery Award</td>
<td>Airbus Sogerma</td>
<td>Excellence in meeting delivery dates among suppliers of EADS Sogerma in 2008</td>
</tr>
<tr>
<td>Mar. 9</td>
<td>Grand Prize in Korea Marketing Frontier</td>
<td>Korea Marketing Association</td>
<td>Promoting Korean culture around the world</td>
</tr>
<tr>
<td>Apr. 02</td>
<td>Korea’s Best Airline</td>
<td>National Geographic Traveler</td>
<td></td>
</tr>
<tr>
<td>Apr. 14</td>
<td>Brand Star Award Korea (1st in the Airline Category)</td>
<td>Dongia / Korea Economic / Doddy/ Brondick</td>
<td>Sealing best brand after consumer trend analysis</td>
</tr>
<tr>
<td>Apr. 23</td>
<td>Grand Prize in 2009 Best Brand Award (airport category)</td>
<td>Dongia / Hanbyang.com / idc</td>
<td>Brand competitiveness according to brand awareness, purchases, preference (named 3 years in a row)</td>
</tr>
<tr>
<td>May. 12</td>
<td>Best In-flight Travel / Inside of the Year 2009 - DFNI Awards in Asia Pacific</td>
<td>DFNI (Duty Free News International)</td>
<td>Globally renowned magazine dealing with duty-free business</td>
</tr>
<tr>
<td>May. 14</td>
<td>Grand Prize in Best Reliable Brand of Customers’ Choice</td>
<td>Joulescom</td>
<td>Consumer oriented mindset, constant effort to realize customer satisfaction to create customer value</td>
</tr>
<tr>
<td>May. 26</td>
<td>Top 10 Cargo Airline</td>
<td>COKA (Civil Aviation Authority of Singapore)</td>
<td>Top 10 airlines based on freight results at Changi Airport (5 years in a row)</td>
</tr>
<tr>
<td>June. 4</td>
<td>Grand Prize in 2009 Korea Management Innovation Award</td>
<td>Korea Management Institute</td>
<td>Forward-thinking changes and visions through innovation</td>
</tr>
<tr>
<td>June. 16</td>
<td>The Company of Korea 2009 (in the category of respected company)</td>
<td>Dongia Daily / Fido Korea / Korea Commerical Forum</td>
<td>Excellence in management practices, commitment to fulfilling social responsibilities, creation of common values to lead changes and innovation</td>
</tr>
<tr>
<td>June. 27</td>
<td>Best Airline of the Year (in the category of foreign cargo carrier)</td>
<td>Malaysia’s Airports Authority</td>
<td>Best airline among airlines in service to and from Kuala Lumpur International Airport, in freight category (5 years in a row)</td>
</tr>
<tr>
<td>June. 27</td>
<td>Best Airline of the Year (in the category of foreign cargo carrier)</td>
<td>Malaysia’s Airports Authority</td>
<td>Best airline among airlines in service to and from Kuala Lumpur International Airport, in freight category (5 years in a row)</td>
</tr>
<tr>
<td>June. 27</td>
<td>Named as Men’s Brand of Choice</td>
<td>Lady Magazine / Consumer Media / Forum</td>
<td>Brand that meets the needs of men and that communicates with consumers</td>
</tr>
<tr>
<td>July. 17</td>
<td>No. 1 in the Global Customer Satisfaction Index</td>
<td>Japan Management Association</td>
<td>Excellence in service quality, evaluated by Japan management association conducting (5 years in a row)</td>
</tr>
<tr>
<td>Oct. 08</td>
<td>Best North Asian Airline of the Year at TGI Travel Award</td>
<td>TTG (Travel Trade Gazette) Asia Media</td>
<td>Excellent company in the category of travel service in the Asia Pacific region</td>
</tr>
<tr>
<td>Oct. 19</td>
<td>No. 1 in K-SQI in the Airline Category</td>
<td>Korea Standards Association</td>
<td>Excellence in customer satisfaction survey in service quality</td>
</tr>
<tr>
<td>Oct. 21</td>
<td>The 25th Frontier Awards Best Partnership Initiative of the Year</td>
<td>Frontier</td>
<td>Globally renowned magazine dealing with duty-free business</td>
</tr>
<tr>
<td>Oct. 30</td>
<td>Best In-flight Service</td>
<td>Travel + Leisure</td>
<td>Excellence in flight service</td>
</tr>
<tr>
<td>Nov. 17</td>
<td>FAX Readership Awards 2009 Global Award (Starred Prize) and “The Best In-flight Meal Service”</td>
<td>FAX International</td>
<td>Globally renowned magazine published by the International Travel Catering Association</td>
</tr>
<tr>
<td>Nov. 24</td>
<td>2009 Green Management Award</td>
<td>Sogar Daily</td>
<td>Contribution to green growth by implementing green management practices</td>
</tr>
<tr>
<td>Dec. 01</td>
<td>Best Business Class Seat Design, Best Ground Staff / Gate Agent</td>
<td>Global Traveler</td>
<td>Excellence in newly-launched service (New Seat) and in ground operation, selected by online voting of magazine readers</td>
</tr>
<tr>
<td>Dec. 03</td>
<td>Best Foreign Airline Flavored by Chinese Consumers</td>
<td>World Traveler</td>
<td></td>
</tr>
<tr>
<td>Dec. 10</td>
<td>Best Airline in Asia / Best Transpacific Business Class / Best Airline Advertising Campaign</td>
<td>Business Traveller (US)</td>
<td>Best airline, selected by online voting of magazine readers, named in each category for 3/4/2 consecutive years respectively</td>
</tr>
<tr>
<td>Dec. 11</td>
<td>First prize at Web Awards Korea in corporate promotion category</td>
<td>Web Award Association</td>
<td>New Seat, selected as an innovative and excellent website</td>
</tr>
<tr>
<td>Dec. 14</td>
<td>Best Foreign Airline Flavored by Chinese Consumers</td>
<td>Global Times</td>
<td></td>
</tr>
</tbody>
</table>

Stakeholder Communication

Korean Air’s annual sustainability report serves as an important channel of communication between the company and its stakeholders. We will continue to expand this communication channel and garner encouragement and advice regarding the sustainable development of the company. In addition, Korean Air will welcome active participation by its stakeholders in the composition of the report.
Contact Information

For questions or comments on this report, please contact below.

Address: Environment Team, Facilities & Environment Department, Korean Air 1370, Gonghang-dong, Gangseo-gu, Seoul, Korea 157-712

E-mail: baejunghwan@koreanair.com
        kimmsun@koreanair.com

Tel: +82-2-2656-7461
Fax: +82-2-2656-7447

For more details, you can reach the departments through the numbers below:

Management information  dhyukchoi@koreanair.com
Ethical management  jyun@koreanair.com
Governing structure  dhyuk@koreanair.com
Financial information  jyulim@koreanair.com
Customer satisfaction  jyun@koreanair.com
Social responsibility  jyun@koreanair.com
Climate change  baejunghwan@koreanair.com
Environmental management  yooscho@koreanair.com
Korean Air has remained accident-free for 10 consecutive years, beginning in 2000.

A safe flight is the most important product that Korean Air can promise to its customers.

By providing excellent service throughout the entire air travel process, we continue to pursue our goal of becoming the safest airline in the world.