



HANJIN KAL ESG REPORT 2024



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About this report

This is the second ESG report of HANJIN KAL Corporation, encompassing the comprehensive ESG management structure, strategies, activities, and performance of Hanjin KAL and its major affiliates within the Hanjin Group. Hanjin KAL will continue to actively communicate with stakeholders about the ESG management of Hanjin KAL and the Hanjin Group through the annual publication of the ESG report.

2024 HANJIN KAL ESG REPORT

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Inquiries | Hanjin KAL Management Team
TEL: +82-2-726-6166
Email: esg@hanjinkal.com

Reporting Period

This Report focuses on the performance of KOREAN AIR LINES and HANJIN Logistics Corporation, the major listed companies representing the aviation and logistics sectors of HANJIN KAL Corporation and the HANJIN Group, from January 1, 2023, to December 31, 2023. Some information includes results from the first half of 2024.

Reporting Scope

Financial information is based on the consolidated financial statements according to the Korean International Financial Reporting Standards (K-IFRS). Non-financial information is prepared based on the domestic business sites of HANJIN KAL Corporation, KOREAN AIR LINES, and HANJIN Logistics Corporation. Any deviations from the stated reporting scope are separately noted in the footnotes.

Reporting Standards

This Report is prepared with reference to the reporting principles of the Global Reporting Initiative (GRI) Standards. Additionally, this Report incorporates the industry standards of the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Assurance of the Report

This Report has undergone third-party assurance by BSI Korea, an independent assurance agency, to ensure the reliability and completeness of the preparation process and data. Details of the assurance and the assurance statement can be found on pages 96 to 97.

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CEO Message



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CEO Message

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Dear Respected Shareholders and All Stakeholders,

I sincerely thank you for your continuous encouragement and support for Hanjin KAL and the Hanjin Group.

This year, after completing a lengthy preparation process, we are ready to embark on a new chapter as an integrated airline, amidst much interest and anticipation from many. We will carry forward the encouragement and support from our customers, shareholders, and stakeholders, and strive toward a better future.

First, we must create sustainable growth drivers for survival in a new market environment filled with uncertainties.

Issues such as population decline, environmental degradation, and climate inflation are becoming realities, while instability factors like wars and geopolitical conflicts are fragmenting the global economy.

There is no quick and easy path to evade these epochal trends and structural changes.

We need fundamental improvements and long-term efforts to enhance corporate value. Last year, we initiated this process by establishing the Group's ESG management system and disclosing it through our ESG report, aiming to position ESG as a core value of our management.

Simultaneously, Hanjin KAL and our major affiliates have set up ESG committees and established ESG management systems at the board level.

Building on this structural foundation, our affiliates recognize key ESG values such as climate and safety, and are developing ESG management policies tailored to their respective business areas.

For us, ESG serves as both a "mirror" to reflect on our fundamentals and a "compass" to prepare for the future, and it will be integrated into all our work environments.

Reflecting on the founding philosophy of "Patriotism through Transportation," which led to the inception of our group, we will strive to build a sustainable Hanjin Group by embracing the core ESG values as we move forward to create a new history together.

Thank you.

July 2024
Chairman & CEO Walter Cho

Handwritten signature of Walter Cho in black ink.

HANJIN Group History

The **Hanjin Group** began as Hanjin Transportation in November 1945, embodying the mission of “Advancing the Korean people.” With a history spanning over 70 years, the group is committed to becoming a sustainable organization that progresses alongside Korea, serving as a global leader in aviation and a world-class integrated logistics group responsible for Korea’s air routes.

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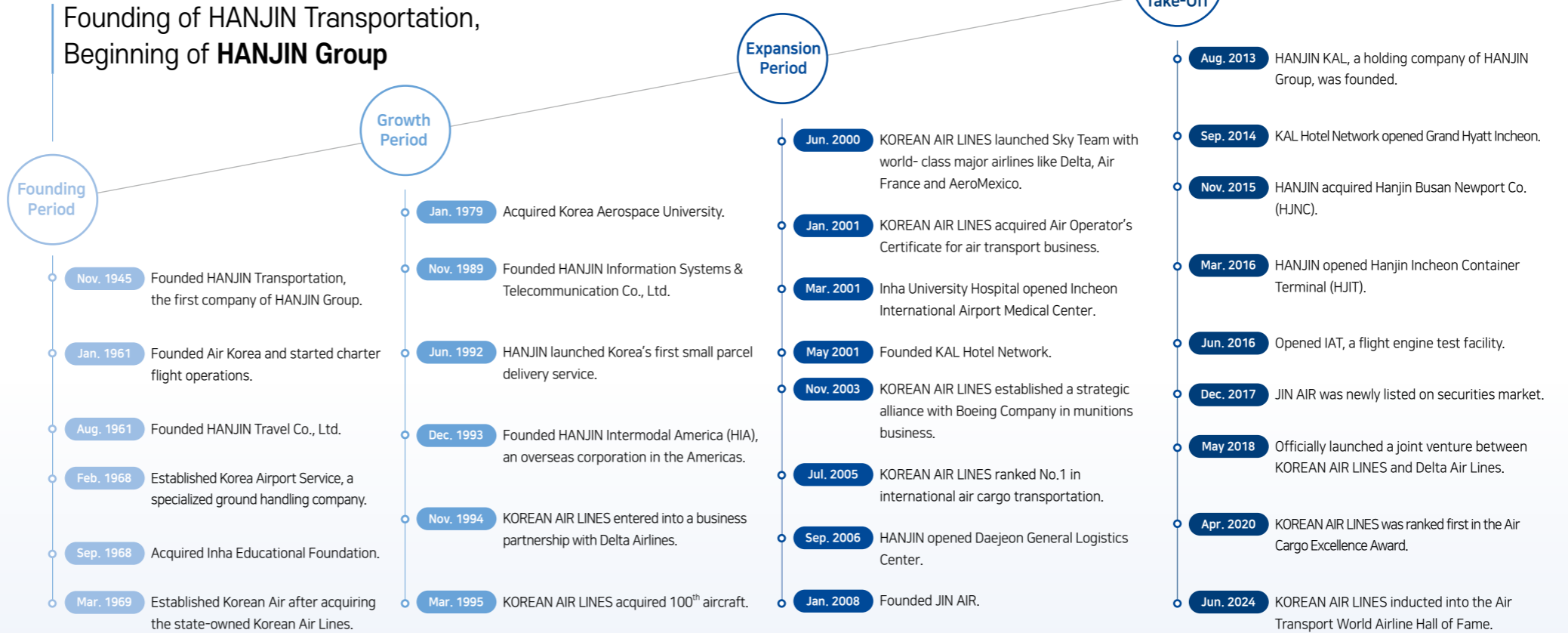
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New Start of HANJIN Group



About the Company

About HANJIN KAL Corporation

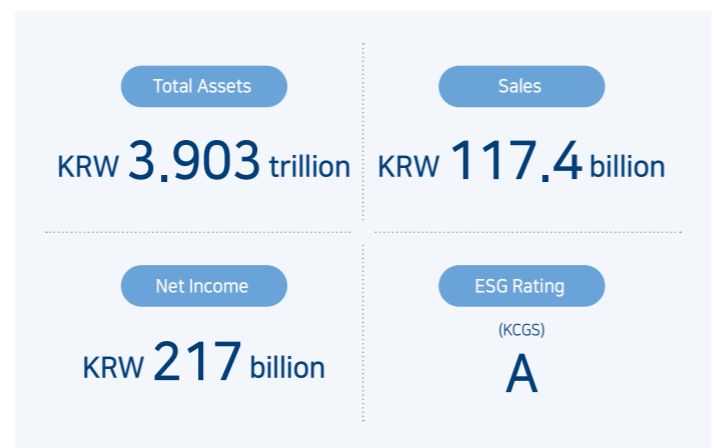
Established by the Hanjin Group in August 2013, HANJIN KAL Corporation transitioned the group to a holding company structure. As the holding company, Hanjin KAL is dedicated to fostering co-prosperity and enhancing the overall competitiveness of Hanjin Group.

Hanjin KAL focuses on improving profitability across the group's diverse sectors, including air transportation, comprehensive logistics, hotels, and leisure. By diversifying its business portfolio, Hanjin KAL aims to lay a strong foundation for the group's sustainable growth. Moreover, Hanjin KAL is committed to leading the group's ESG management, positioning Hanjin Group as a global leader in ESG practices.

Company Overview and Major Financial Performance

Company Name	HANJIN KAL Corp.
Date Established	August 1, 2013
CEO	Walter Cho, Kyeong-Pyo Ryu
Headquarters Location	117 Seosomun-ro, Jung-gu, Seoul
Business Area	Holding Company

(As of the end of 2023, on a separate basis)

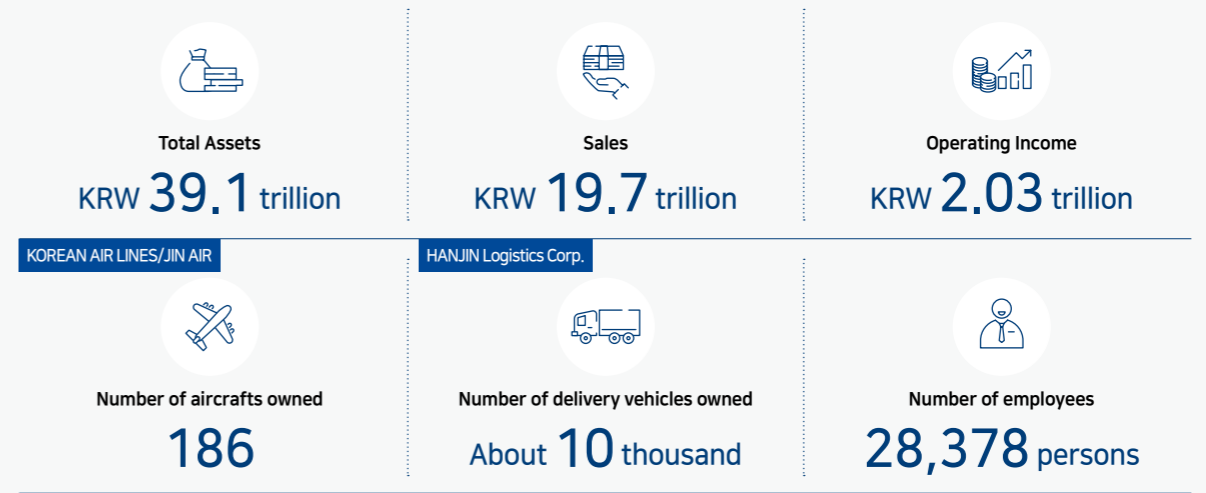


About HANJIN Group

As of the end of 2023, the Hanjin Group comprises 34 affiliates, including 5 listed companies and 29 unlisted companies, with HANJIN KAL Corp. serving as the holding company.



Highlights of HANJIN Group in 2023



※ Based on the 2023 separate financial statements of domestic affiliates / Fair Trade Commission data.

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HANJIN Group Business Value Chain

The Hanjin Group, as a comprehensive logistics organization, boasts a diverse business network encompassing aviation, land transportation, travel, and hotel operations. By leveraging synergies across these sectors, we strive to enhance our competitiveness and deliver superior service to our customers.

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Aviation

Provides air transportation services for passengers and cargo.

KOREAN AIR LINES / JIN AIR / KOREA AIRPORT SERVICE



Hotel / Travel Service / Real Estate

Delivers comfort and diverse experiences to our customers through hotel and travel services.

KAL Hotel Network / HANJIN TRAVEL SERVICE / JUNGSEOK ENTERPRISE



Ground Transportation

Provides comprehensive logistics services, including courier delivery, domestic and international cargo shipping, and storage solutions.

HANJIN Logistics Corp. / HJNC / HJIT

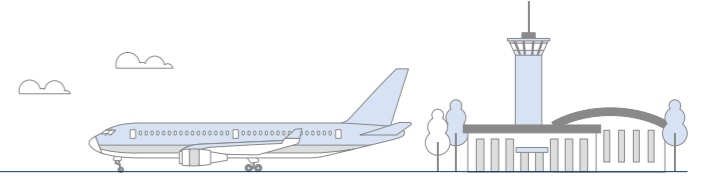


Information Service Sector / Others

Provides optimal IT solutions as a trusted partner to our customers.

HANJIN Information Systems & Telecommunication / TOPAS

Key Business Areas of HANJIN Group



Aviation

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KOREAN AIR LINES

With over half a century of history, Korean Air is on its way to becoming a century-old company. As a respected leader in the global airline community, Korean Air is preparing for a better future. By continuously expanding its global network, Korean Air strives to enhance customer convenience and elevate Korea's national prestige worldwide.



Asset	Revenue
KRW 29.2271 trillion	KRW 14.5751 trillion

KOREA AIRPORT SERVICE

Since its establishment in 1968, Korea Airport Service has grown alongside the development of Korea's aviation industry. It offers a world-class Ground Operation Total Solution, which includes aircraft ground handling services at major domestic airports such as Incheon International Airport.



Asset	Revenue
KRW 466.5 billion	KRW 502.4 billion

JIN AIR

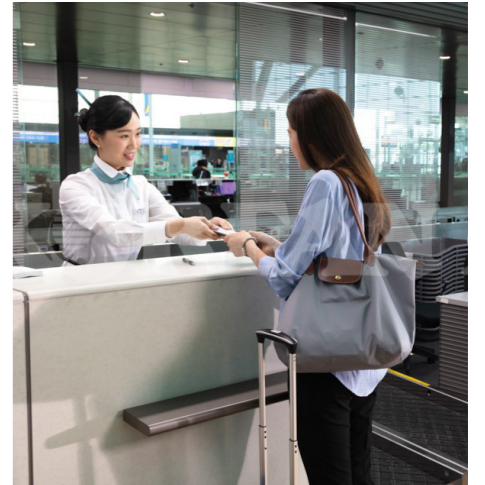
Established in January 2008, Jin Air is a leading domestic low-cost carrier (LCC) that has been expanding its presence in Japan, China, and Southeast Asia. As the only domestic low-cost carrier to introduce large aircraft (B777-200ER), Jin Air is pioneering new long-haul markets and solidifying its position as a leading practical airline in Asia.



Asset	Revenue
KRW 952.3 billion	KRW 1.2772 trillion

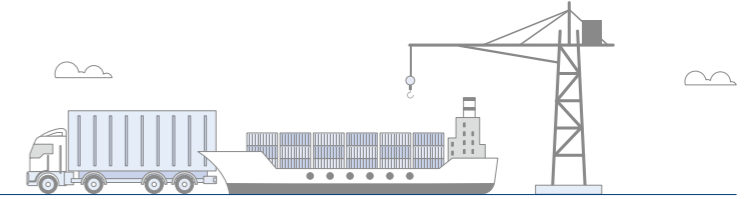
AIR KOREA

Established in May 2008, Air Korea specializes in airline passenger transportation and handling services. It manages passenger handling, operations management, and support services for Korean Air at all domestic private airports, including Incheon International Airport and Gimpo International Airport.



Asset	Revenue
KRW 12.9 billion	KRW 47.1 billion

Key Business Areas of HANJIN Group



Ground Transportation

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HANJIN Logistics Corporation

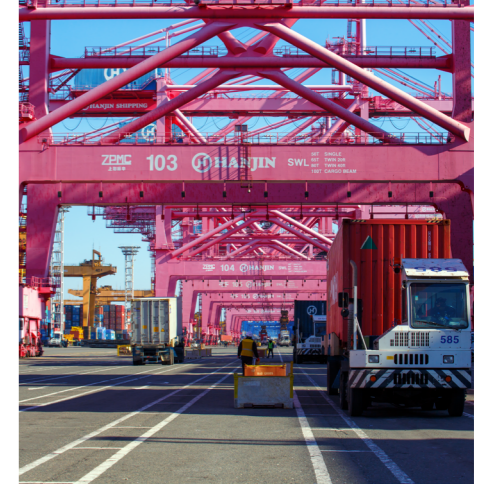
Since its establishment in 1945, Hanjin Logistics has grown into a leading comprehensive logistics company representing South Korea, with a philosophy of "Patriotism through Transportation." It continues to seek new growth drivers to become a leading logistics solution company in Asia, shaping the future logistics market.



Asset	Revenue
KRW 3.1378 trillion	KRW 2.3997 trillion

HANJIN BUSAN NEWPORT

Hanjin Busan Newport is a container terminal with increasing annual cargo volume, providing integrated logistics services related to stevedoring. It is a dedicated container terminal capable of handling more than 3 million TEUs per year.



Asset	Revenue
KRW 215.0 billion	KRW 174.0 billion

HANJIN INCHEON CONTAINER TERMINAL

Since its opening in 2016, Hanjin Incheon Container Terminal has served as a bridge connecting the capital region of South Korea and China and has played a crucial role as a key gateway for overseas exports.



Asset	Revenue
KRW 243.6 billion	KRW 69.1 billion

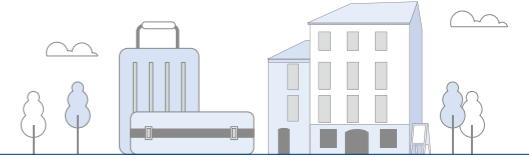
Seoul Integrated Freight Terminal

Opened in 2015 in Jangji-dong, Songpa-gu, Seoul, the Seoul Integrated Freight Terminal consists of two basement floors and four above-ground floors, with a total floor area of 400,000 square meters. It is the largest domestic distribution and logistics cluster.



Asset	Revenue
KRW 320.4 billion	KRW 59.3 billion

Key Business Areas of HANJIN Group



Hotel / Travel Service / Real Estate

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KAL Hotel Network

KAL Hotel Network is dedicated to the hotel industry, currently operating two five-star hotels in Korea. Grand Hyatt Incheon has received high praise, earning awards such as "Best MICE Hotel" and "Best Airport Hotel." Seogwipo KAL Hotel is committed to providing high-quality service to our customers.



Asset	Revenue
KRW 520.5 billion	KRW 99.1 billion

HANJIN TRAVEL SERVICE

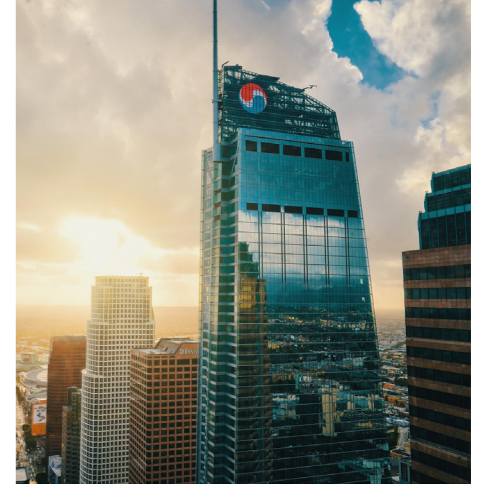
Hanjin Travel Service has grown into a leading travel company shaping domestic travel culture. In 1983, it launched Korea's first-ever overseas travel package (KAL WORLD TOUR). It offers differentiated travel products through the top-quality domestic brand KALPAK.



Asset	Revenue
KRW 32.9 billion	KRW 41.9 billion

Hanjin International Corporation

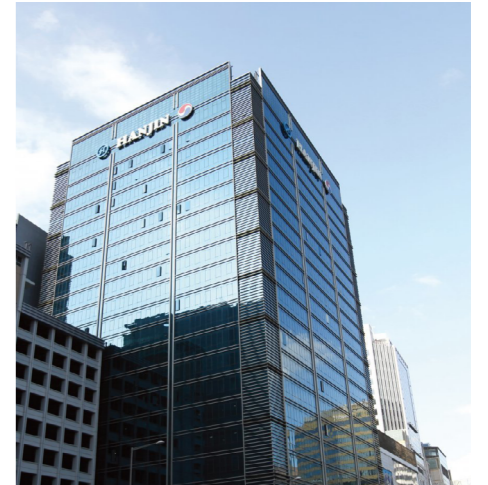
HIC owns and operates the 73-story Wilshire Grand Center, the tallest building in Los Angeles and a landmark in the American West. The center features 890 high-quality hotel rooms, 37,025 square meters (11,200 pyeong) of office space, and a variety of restaurants.



Asset	Revenue
KRW 1.4968 trillion	KRW 160.9 billion

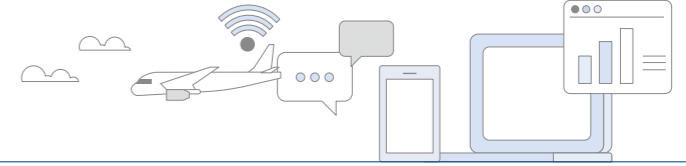
JUNGSEOK ENTERPRISE CO., LTD.

Jungseok Enterprise, Korea's first specialized building management company, oversees lease administration for the Hanjin Building in Seoul and the Jungseok Building in Incheon. The company strives to be a leader in building management and real estate development by enhancing comprehensive services for tenants and elevating the corporate image.



Asset	Revenue
KRW 275.3 billion	KRW 41.3 billion

Key Business Areas of HANJIN Group



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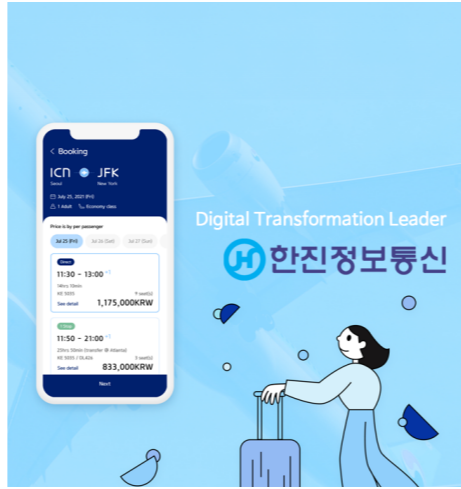
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Information Service

Hanjin Information Systems & Telecommunication

Hanjin Information Systems & Telecommunication is a comprehensive ICT service company offering optimal total solutions to customers, leveraging extensive development experience and know-how as a smart IT partner. By utilizing the development experience and technology of Hanjin Group affiliates, it has successfully digitalized the comprehensive logistics field and is expanding its scope to the network outsourcing sector.

Asset	Revenue
KRW 108.3 billion	KRW 147.5 billion



TOPAS

TOPAS is the leading Global Distribution System (GDS) company in Korea, jointly established by Korean Air and Amadeus. Since introducing the first airline reservation system in Korea in 1988, TOPAS has provided airline reservation/issuance systems, internet reservation systems, travel agency back-office systems, and travel information and content to the travel industry.

Asset	Revenue
KRW 15.1 billion	KRW 27.9 billion



Cybersky

Established in June 2000, Cybersky aims to provide a new travel shopping culture. It operates e-SKYSHOP, an internet shopping mall selling Korean Air's logo products; Hanjin Mall, a comprehensive shopping mall utilizing Hanjin Group's fast logistics service network; and SKY SHOP Wine Club, where various types of wine can be purchased at affordable prices.

Asset	Revenue
KRW 13.9 billion	KRW 19.8 billion



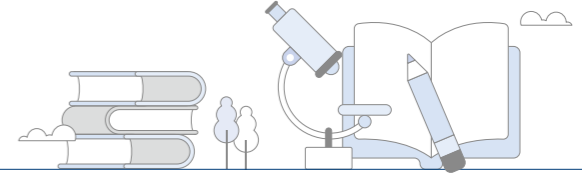
Global Logistics System Korea

Global Logistics System Korea, the world's largest air cargo information network, was established in 1991 by major airlines. It began as the Korea branch of TRAXON Asia in 1995, became an independent corporation in 1999, and currently provides air cargo information services to about 100 airlines and 8,000 forwarders.

Asset	Revenue
KRW 3.9 billion	KRW 2.3 billion



Key Business Areas of HANJIN Group



Nonprofit Corporations

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정석인하학원

The Jungseok-Inha Educational Foundation comprises six educational institutions: Inha University, Inha Technical College, Korea Aerospace University, Inha University High School, Inha University Middle School, and Jungseok Aviation Science High School. In partnership with the Hanjin Group, it is dedicated to nurturing talent and contributing to the local community's development.



인하대학교 INHA UNIVERSITY

Inha University began as Inha Institute of Technology, inspired by a group of Korean immigrants in Hawaii 100 years ago who aspired to modernize their homeland and establish a world-class technical institute. The university has produced talented individuals in science and technology, driving industrial development and contributing significantly to the local community through research, knowledge dissemination, and social service.



인하공업전문대학 INHA TECHNICAL COLLEGE

Since its founding in 1958, Inha Technical College has been dedicated to educating specialized technical professionals, meeting societal needs and contributing to national development. With over half a century of history, it is a leading technical college in South Korea, renowned for its high-quality education. It currently operates 24 departments in key modern industrial fields.



인하대병원

Inha University Hospital, opened in 1996 as the first university hospital in Incheon, embodies the vision of Cho Choong-Hoon, the founding CEO of the Hanjin Group, to return corporate profits to society and benefit the local community. Committed to working with the local community and prioritizing patient safety, the hospital received reaccreditation from the Joint Commission International (JCI) in 2013, following its initial certification in 2010, establishing it as one of the safest hospitals globally.



한국항공대학교 KOREA AEROSPACE UNIVERSITY

Specialized in aerospace, Korea Aerospace University is designated as an institution focused on future-oriented industries such as aviation engineering and aviation service, aiming to cultivate talent to lead the global aerospace industry. Striving to become a world-leading institution in aerospace education, it fosters challenges and innovations in aviation and space.



JUNGSEOK LOGISTICS FOUNDATION 정석물류학술재단

Established in 2004, the Jungseok Logistics Foundation continues the legacy of Jung-Seok Cho Choong-Hoon's management philosophy, "Patriotism through Transportation." The foundation supports research projects to serve as a stepping stone for intellectuals to lead the future of logistics, aiming to elevate the country to a global logistics powerhouse.



일우재단 ilwoo foundation

Established by the Hanjin Group in February 1991, the Ilwoo Foundation aims to foster talented individuals and contribute to national development through cultural projects. By promoting cultural and artistic activities and providing scholarships, the foundation fulfills corporate social responsibility and supports the development of the domestic cultural industry.

Global Network

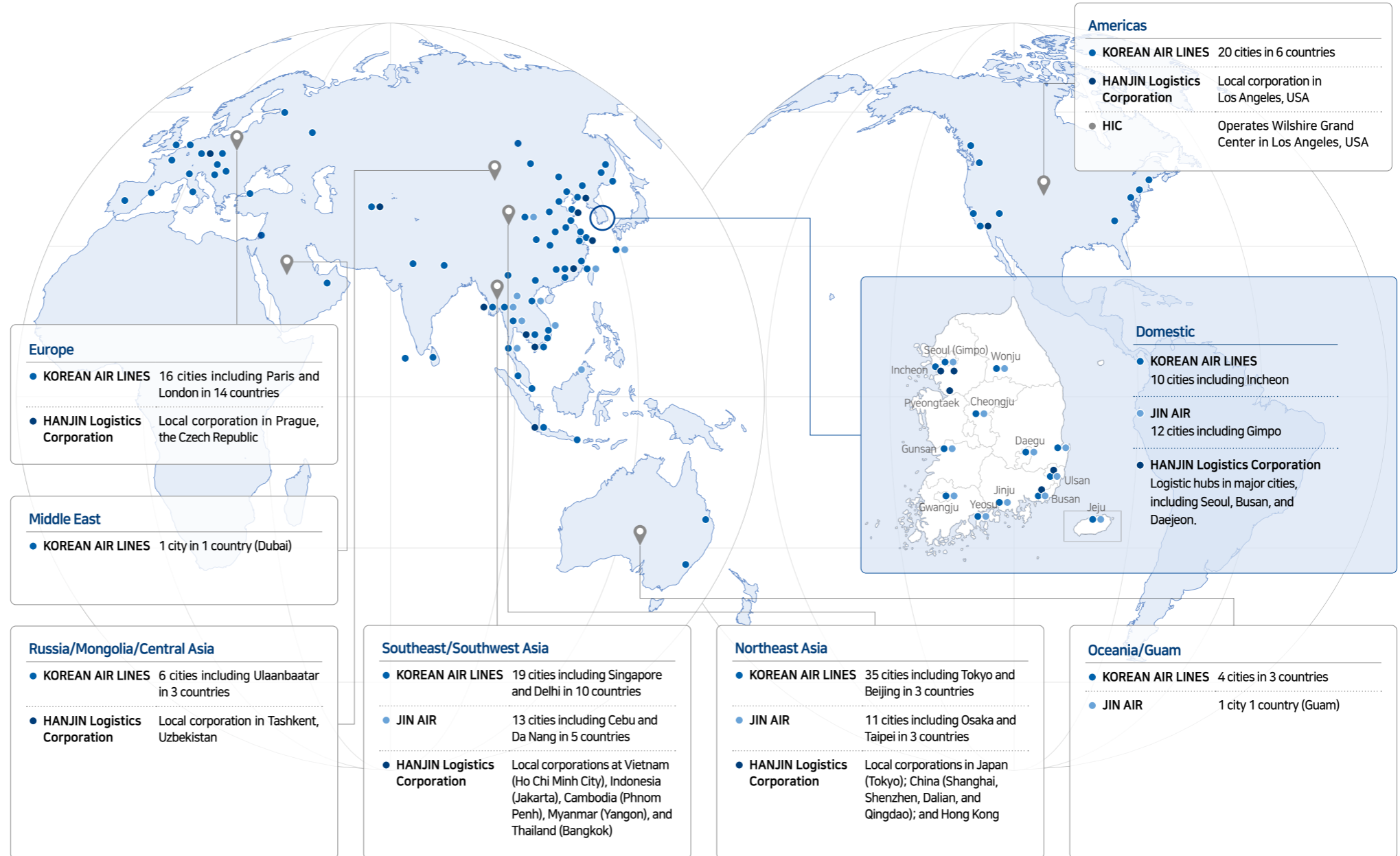
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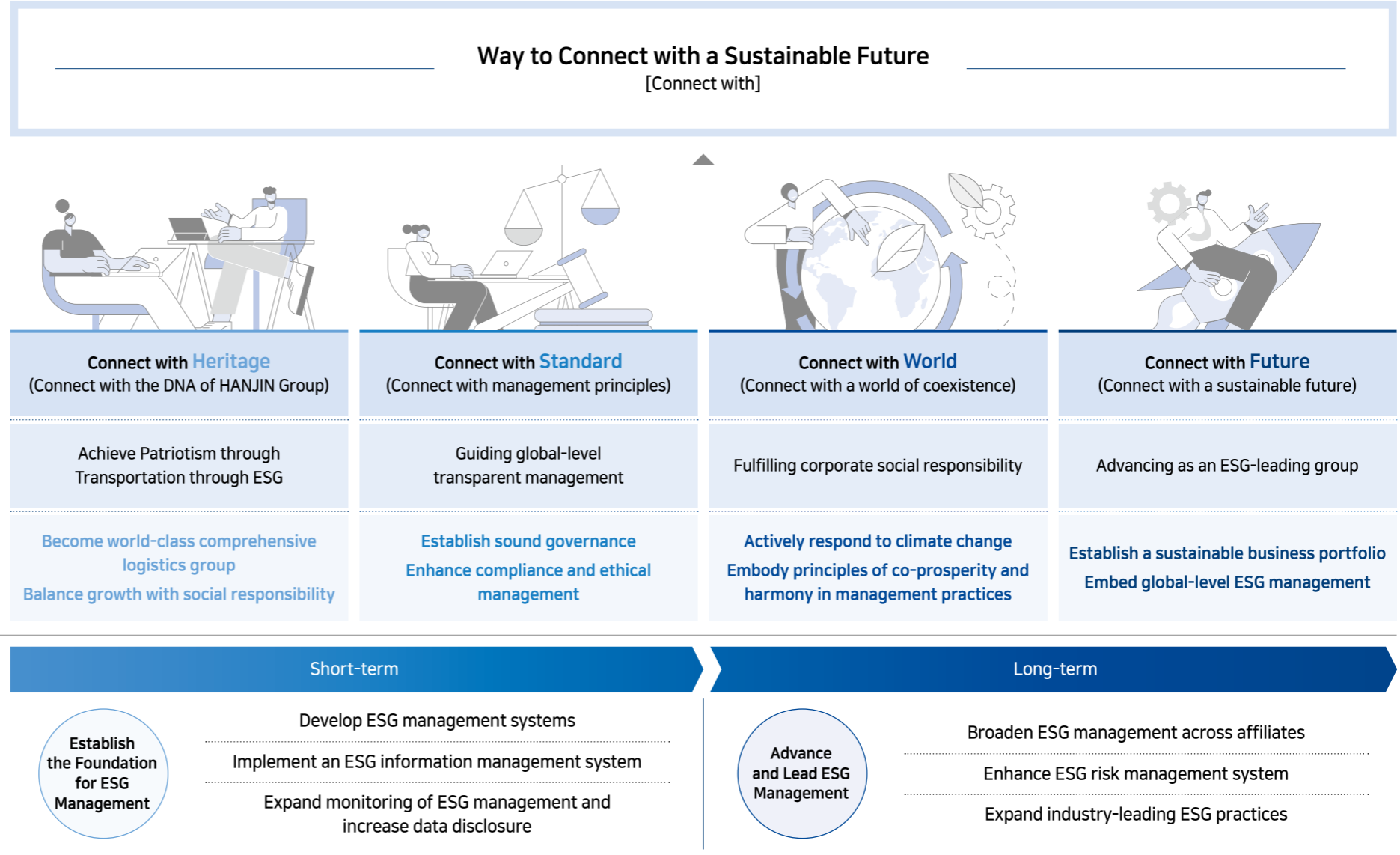
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ESG Management System

ESG Vision Framework of HANJIN Group



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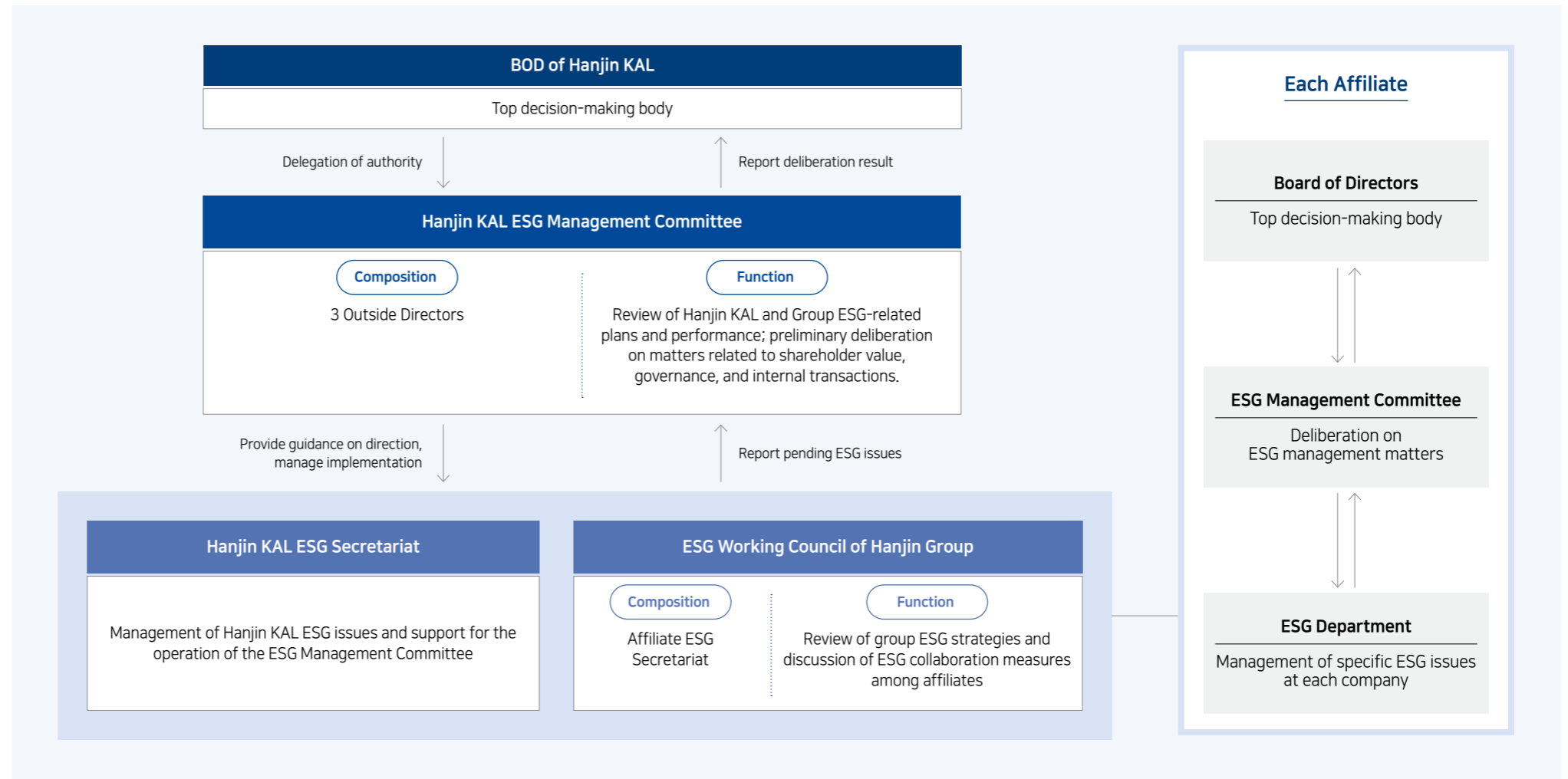
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ESG Management System

ESG Governance of Hanjin KAL

Hanjin KAL is committed to establishing systematic ESG governance to achieve the group's ESG vision. To this end, the Hanjin KAL Board of Directors has established an ESG Management Committee, delegating authority to this committee to review ESG policies and issues at the board level. The company supports the Board of Directors and committees by ensuring timely identification and decision-making on key ESG issues, facilitated by the Management Team, a dedicated organization. Moreover, the group promotes collective consideration of ESG issues within each affiliate by operating the ESG Working Council of Hanjin Group, composed of major listed affiliates.



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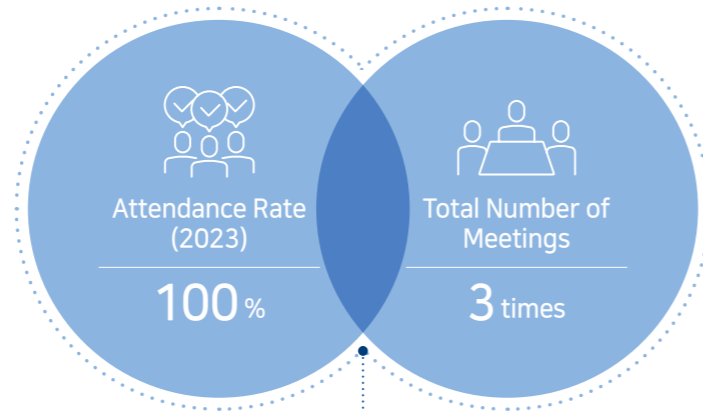
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ESG Management System

ESG Management Committee

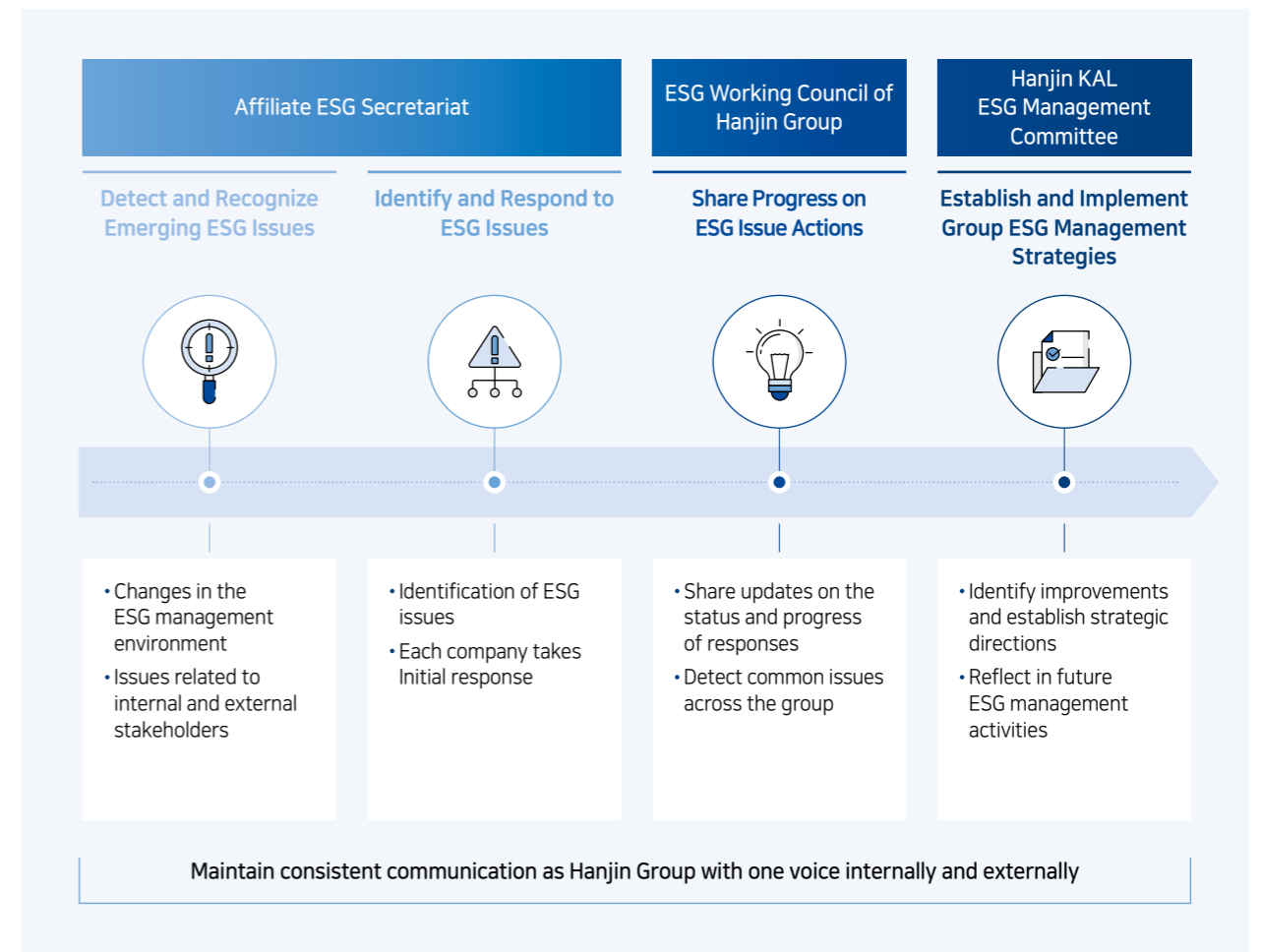
As of the end of December 2023, Hanjin KAL's ESG Management Committee is composed of three out directors. The committee reviews the ESG management plans and performance of Hanjin KAL and the Hanjin Group, functioning as the highest decision-making body for ESG management. In 2023, the ESG Committee held a total of three meetings to review the group's ESG implementation plans, responses to ESG evaluations, and performance.



- Key Roles**
- Review and deliberation on ESG-related management matters
 - Preliminary review of matters affecting shareholder value among board resolutions (e.g., company mergers and splits, significant asset and business transfers)
 - Deliberation and resolution on internal transactions

[Committee Meeting Details](#)

Process for reflecting ESG issues into management activities



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Hanjin KAL

Initial Publication of ESG Report and Board Review of Materiality Assessment Results



Hanjin KAL

Selected as an Excellent Workplace for Risk Assessment

(Korea Occupational Safety and Health Agency)



Hanjin KAL

Preliminary Review/Deliberation Rate of Shareholder Value Related Matters

(ESG Management Committee)

100%



Korean Air

First Operation with Sustainable Aviation Fuel as Korean Company

(Incheon to LA)



Korean Air

Establishment of Human Rights Policy



Hanjin KAL, Korean Air, Hanjin Logistics

Number of Personal Data Breaches

0



Hanjin Logistics

Award-Winning Eco-Friendly Packaging Green Waffle

- 17th Korea Packaging Awards, Prime Minister's Award
- Eco Package Category at the Asia Star Awards hosted by the Asia Packaging Federation (APF)



Hanjin Logistics

10th CSV Porter Award Process Category

Three consecutive years



Hanjin KAL, Korean Air, Hanjin Logistics

Establishment of Compliance Management System (ISO 37301)



Activities Related to UN SDGs

The Sustainable Development Goals (SDGs) outline 17 objectives that the global community aims to achieve by 2030, focusing on five core areas: improving human lives, protecting the planet, fostering economic prosperity, promoting peace, and strengthening global partnerships. As part of this global effort, Hanjin KAL actively supports the SDGs and acknowledges its corporate responsibility toward them. Hanjin KAL continuously analyzes and manages the impact of its business activities on the SDGs, striving to maximize positive impacts and minimize negative ones.

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Environment

Goal 6 Clean Water and Sanitation

- Water recycle and reuse (p.39)
- Beach cleanup activities (p.37)



Goal 7 Energy

- Energy transition and fuel efficiency improvement (p.32)
- Expansion of eco-friendly transportation (p.32)
- Energy and greenhouse gas reduction (p.31~34, 37)



Goal 12 Responsible Consumption and Production

- Green purchasing (p.36)
- Waste reduction activities (p.38)
- Recycled uniforms and upcycled products (p.38)



Goal 13 Climate Action

- Climate change response (p.29~34)



Goal 15 Life on Land

- Establishment of biodiversity protection policies (p.40)



Social

Goal 3 Good Health and Well-Being

- Safety inspection and safety management (p.43~47)



Goal 4 Quality Education

- Educational projects by public interest foundations (p.50~51)
- Human rights respect education (p.59)
- Global talent development (p.61)



Goal 8 Decent Work and Economic Growth

- Creation of fair and stable job opportunities (p.60)



Goal 9 Industry, Innovation, and Infrastructure

- Community contributions leveraging business characteristics (p.49)
- Educational and medical projects (p.50~51)



Goal 10 Reduced Inequalities

- Respect for human rights and diversity (p.58~59)
- Fair personnel system (p.60)



Governance


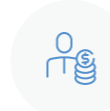



Goal 16 Peace, Justice, and Strong Institutions

- Strengthening the ethical management system (p.71~72)
- Establishment of a compliance management system (p.72)
- Internal corruption reporting system (p.73)



Stakeholder Engagement and Communication

Stakeholder Engagement Details

	 Customers	 Shareholders/Investors	 Employees	 Partner Companies	 Local Communities	 Government/ Related Organizations
Key Areas of Interest	<ul style="list-style-type: none"> • Safety and timeliness • New services • Service quality • Diverse routes • Accurate information provision • Prompt handling of customer complaints/inquiries 	<ul style="list-style-type: none"> • Sales and financial performance • Business prospect • Risk management • Governance • Shareholder communication and value enhancement (e.g. dividends) • ESG issues 	<ul style="list-style-type: none"> • Welfare and benefits • Grievance handling • Fair evaluation and compensation • Non-discriminatory personnel policies • Education and career development • Workplace safety and health 	<ul style="list-style-type: none"> • Partnership and fair trade • Increasing production efficiency • Enhancing technology, quality, and human capabilities • Information sharing and communication • Improving welfare and benefits 	<ul style="list-style-type: none"> • Communication with local communities • Promoting shared growth in management • Disaster relief activities • Supporting vulnerable groups 	<ul style="list-style-type: none"> • Improving aircraft fuel efficiency • Responding to climate change • Domestic and international aviation policies • Aviation safety/security
Stakeholder Communication Channels	<ul style="list-style-type: none"> • Website • KOREAN AIR Newsroom • Newsletter • SNS channel • Service center • Voice of Customer • ChatBot • Net Promoter Score (NPS) survey 	<ul style="list-style-type: none"> • General shareholders' meeting (once a year) • Company presentation, IR meeting • Website (disclosures) • Operation of IR communication channel (dedicated email and phone number for IR) 	<ul style="list-style-type: none"> • Labor-management small group meeting • Site visit by HR management • Intranet (communication plaza/employee information system) • Newsletter • KAL Daily Newsbytes • Internal corruption reporting system • Grievance handling system 	<ul style="list-style-type: none"> • Partner's portal (intranet) • Production and management council • Partner workshop and meeting • Eco-friendly platform (Green On Hanjin) 	<ul style="list-style-type: none"> • Website • SNS channel 	<ul style="list-style-type: none"> • Meetings and policy discussions with government departments • Technical council and technical advisory meetings • Attending international organization meetings • Attending association and economic group meetings
Response Efforts	<ul style="list-style-type: none"> • Active customer communication through various channels • Resolving customer complaints and inquiries • Promoting service improvements through customer feedback analysis 	<ul style="list-style-type: none"> • Generating stable revenue • Establishing and improving committees within the Board of Directors • Enhancing communication with shareholders/investors • Expanding corporate information disclosure (website) 	<ul style="list-style-type: none"> • Engaging in employee communication activities through labor-management consultation channels (quarterly) • Listening to workplace grievances and improving work environments • Operating tailored education programs • Implementing a career development program 	<ul style="list-style-type: none"> • Promoting mutual growth and operating a dedicated organization • Paying all purchase costs in cash • Creating a win-win cooperation fund • Providing technical support and jointly developing localized products • Supporting exchanges among partners • Operating welfare support programs 	<ul style="list-style-type: none"> • Transporting relief goods for disasters • Providing medical services to local communities • Offering domestic and international scholarship programs • Operating an employee volunteer group 	<ul style="list-style-type: none"> • Introducing high-efficiency aircraft and expanding the use of sustainable aviation fuel • Expanding eco-friendly transportation • Implementing environment/sustainability-related systems (CORSIA, Emissions Trading Scheme) • Operating a cybersecurity center

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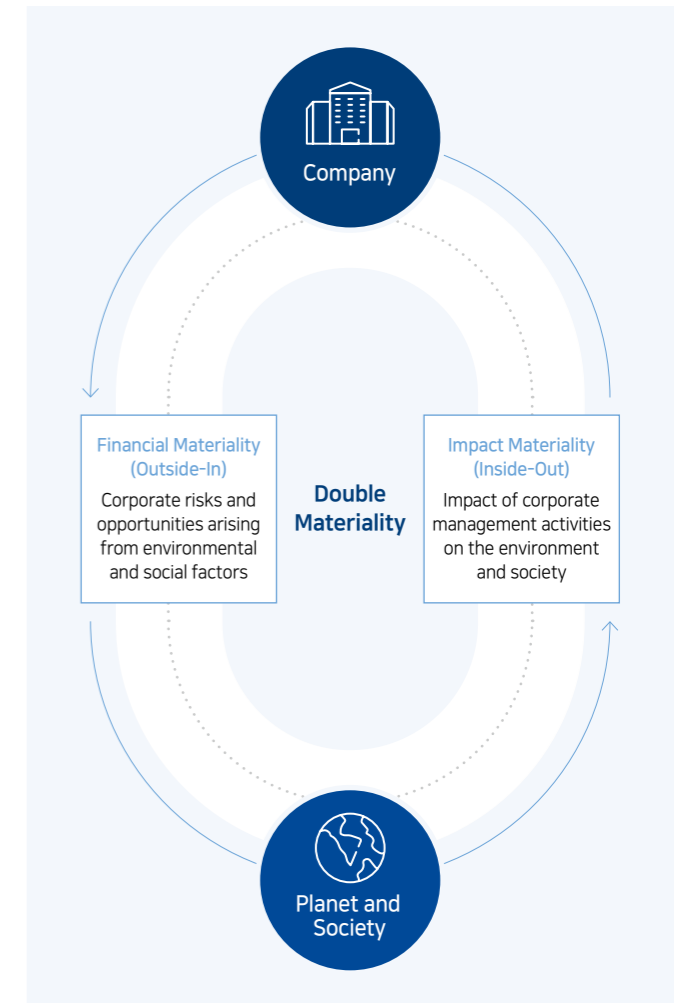
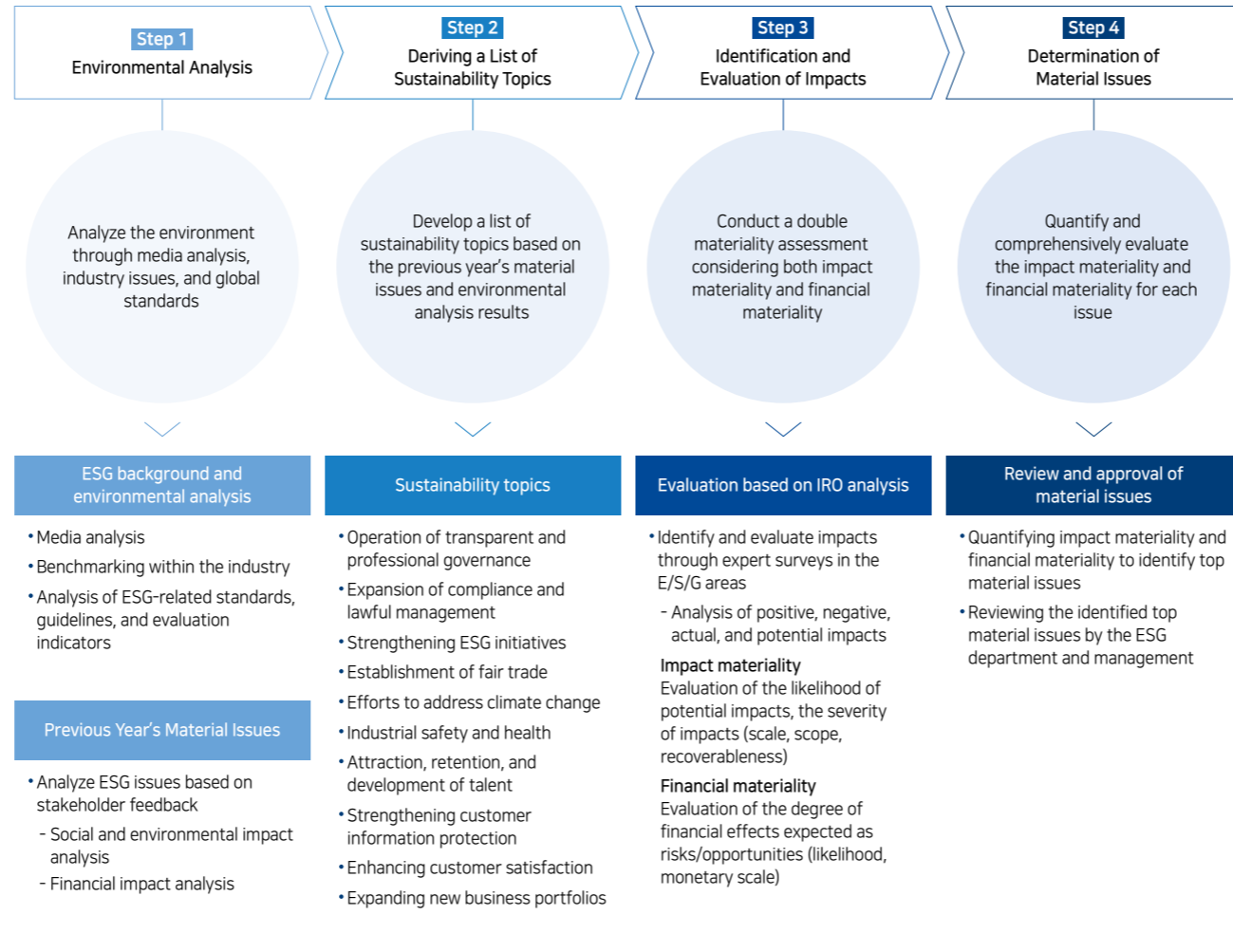
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Double Materiality Assessment

Hanjin KAL conducted a double materiality assessment to identify stakeholders' sustainability requirements and to select key issues impacting the company's sustainable development. Using issues identified from the previous year's stakeholder feedback, specialized teams with expertise in each area were formed to conduct Focus Group Interviews (FGI). This assessment evaluated both the significance of each issue's impact and its financial materiality. Through a comprehensive analysis of the positive and negative impacts, risks, and opportunities from social, environmental, and financial perspectives, top material issues were identified.

Double Materiality Assessment Process



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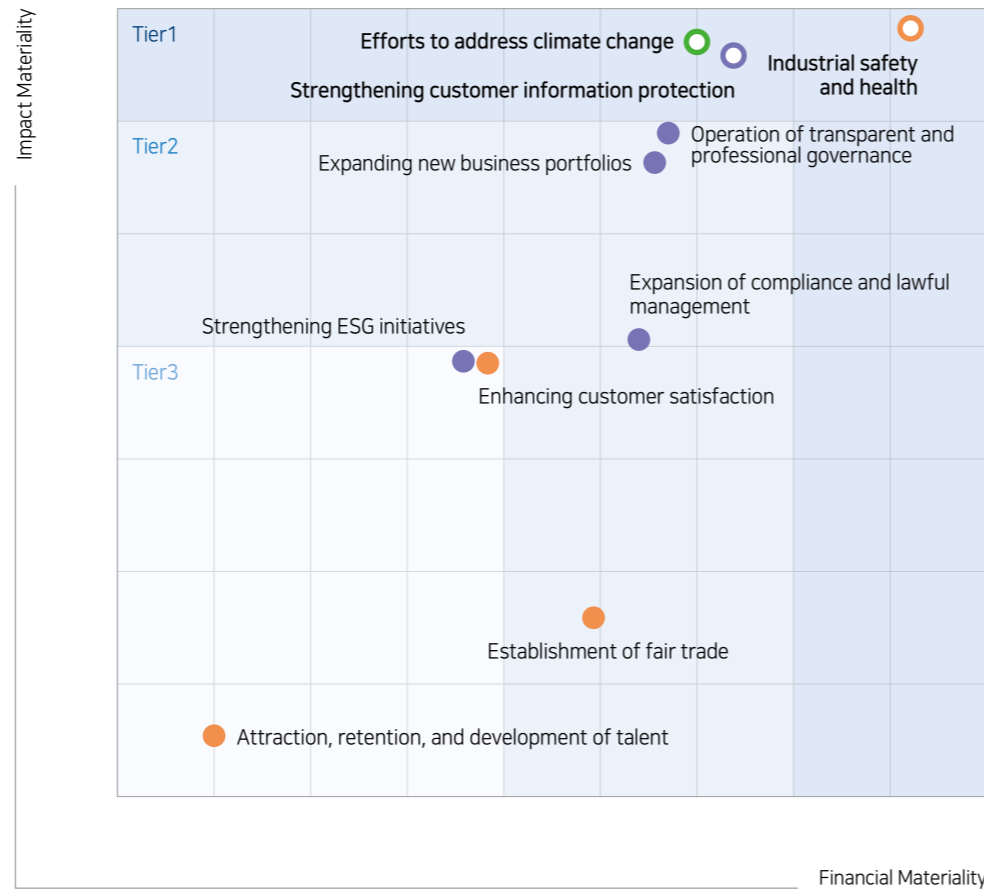
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Double Materiality Assessment

Considering Hanjin KAL's role as the holding company of the group, the process of selecting top material issues comprehensively reflects the industries in which Hanjin Group operates and the current state of ESG management. Based on the IRO¹⁾ analysis results from experts for each of the 10 sustainability topics, the ESG Management Committee under the Board of Directors conducted a review, and the final three tier 1 issues were selected as the top material issues.

Double Materiality Assessment Results



Sustainability topics	GRI Topic Standards	Report Page(s)	Remarks
Tier1			
S Industrial safety and health Material Issue	GRI 403	p.43~48	
G Strengthening customer information protection Material Issue	GRI 418	p.75~78	
E Efforts to address climate change Material Issue	GRI 305	p.29~34	
Tier2			
G Operation of transparent and professional governance	-	p.65~70	
G Expanding new business portfolios	-	p.9~14	New
G Expansion of compliance and lawful management	-	p.71~74	
S Establishment of fair trade	GRI 206	p.54	
Tier3			
S Enhancing customer satisfaction	-	p.55~57	New
G Strengthening ESG initiatives	-	p.16~19	
S Attraction, retention, and development of talent	GRI 401, 404	p.60~63	New

1) IRO : Impact, Risk & Opportunity

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Hanjin KAL analyzed the 10 sustainability topics from both the impact materiality and financial materiality perspectives, evaluating factors such as the scale, scope, resilience, likelihood, and monetary impacts. The company selected three top material issues and reported on the strategies, key activities, performance, and future plans for each issue.

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● Critical ● Significant ● Important ● Informative ○ Minimal

Sustainability Topics	Outcomes of Key Activities	Impact Materiality			Financial Materiality			
		Impact Characteristics			Level of Impact	Risk/Opportunity Characteristics		Level of Impact
		Positive/Negative	Actual/Potential	Likelihood		Risk/Opportunity	Financial Impact	
<p>Top Material Issue</p> <p>Industrial safety and health</p> 	<ul style="list-style-type: none"> - Accidents caused by inadequate inspection and investment to prevent equipment failures, resulting in social anxiety and financial loss due to damage to property and human life. - Decreased productivity and loss of talent due to poor working conditions that affect workers' health and cause safety incidents. 	Negative	Actual impact	-	●	Risk	(-)	●
	<ul style="list-style-type: none"> - Identification and mitigation of safety and health risks through enhanced company-wide safety and health strategies and management systems. - Strengthened risk control capabilities and prevention of accidents through mandatory safety assessments for aviation service and vehicle operation workers. 	Positive	Potential impact	Likely	●	Opportunity	(+)	●
<p>Top Material Issue</p> <p>Strengthening customer information protection</p> 	<ul style="list-style-type: none"> - Cyber incidents resulting from inadequate efforts to stabilize systems and insufficient capabilities to respond to cyber attacks, leading to restricted customer services and financial losses. - Diminished customer trust and increased financial risks due to poor post-incident handling or compensation for data breaches. 	Negative	Actual/potential impact	Highly unlikely	●	Risk	(-)	●
	<ul style="list-style-type: none"> - Enhanced customer personal data management and related capabilities through the establishment of information protection governance and management systems. - Reduced likelihood of data breaches through improved employee awareness of information protection via regular checks and training. 	Positive	Actual impact	-	●	Opportunity	(+)	●
<p>Top Material Issue</p> <p>Efforts to address climate change</p> 	<ul style="list-style-type: none"> - Increased carbon emissions from higher passenger and logistics transport, leading to environmental externalities and increased carbon regulation risks. - Increased purchase costs and supply stability risks from the use of eco-friendly fuels. 	Negative	Actual/potential impact	Highly likely	●	Risk	(-)	●
	<ul style="list-style-type: none"> - Reduced carbon regulation risks and secured revenue from carbon credits through the introduction of low-carbon transport methods and modernization of old transport equipment. - Increased market share and revenue by attracting environmentally conscious customers through low-carbon logistics achieved by lightening aircraft components and logistics containers. 	Positive	Potential Impacts	Highly likely	●	Opportunity	(+)	●

Double Materiality Assessment

Sustainability Topics	Outcomes of Key Activities	Impact Materiality			Financial Materiality			
		Impact Characteristics			Level of Impact	Risk/Opportunity Characteristics		Level of Impact
		Positive/Negative	Actual/Potential	Likelihood		Risk/Opportunity	Financial Impact	
Operation of transparent and professional governance 	<ul style="list-style-type: none"> - Weakening of the board's supervisory function due to the continuous reappointment and extended tenure of outside directors, leading to decreased transparency and efficiency in management activities. - Lack of diversity among board members resulting in weakened ability to respond flexibly to changes in the business environment and market. 	Negative	Potential Impacts	Likely		Risk	(-)	
	<ul style="list-style-type: none"> - Increased corporate investment value through transparent shareholder disclosures, adherence to shareholder dividend policy, and expanded shareholder participation and interests. - Enhanced transparency and efficiency in decision-making by separating the roles of CEO and Board Chair, and strengthening the board's independence and supervisory function through committees led by outside directors. 	Positive	Actual/potential impact	Likely		Opportunity	(+)	
Expanding new business portfolios 	<ul style="list-style-type: none"> - Potential financial risk from large-scale investments in new digital technology businesses if monetization of new ventures fails. - Increased logistics safety risks when expanding services to high-value transportation sectors such as hazardous chemicals and special materials. 	Negative	Potential Impacts	Likely		Opportunity	(-)	
	<ul style="list-style-type: none"> - Improved business stability and efficiency by expanding the vertical business scope across the value chain, such as entering upstream and downstream segments of aviation and logistics. - Strengthened market position and realization of economies of scale through horizontal business expansion, including space launch technology development, expansion of overseas logistics hubs, and mergers and acquisitions. 	Positive	Actual/potential impact	Likely		Opportunity	(+)	
Expansion of compliance and lawful management 	<ul style="list-style-type: none"> - Financial losses (fines, legal costs) and damage to external reputation due to violations of ethical regulations and laws. - Weakened internal control function and decreased stakeholder trust due to ineffective investigation and disciplinary actions on internal and external corruption reports. 	Negative	Actual impact	-		Risk	(-)	
	<ul style="list-style-type: none"> - Reduced risk of legal violations through the establishment of ethical management policies and compliance governance. - Decreased risk of unethical behavior among employees through the development of compliance personnel capabilities and company-wide ethical behavior initiatives. 	Positive	Potential Impacts	Likely		Opportunity	(+)	
Establishment of fair trade 	<ul style="list-style-type: none"> - Fines and legal costs, and damage to social reputation due to violations of the Subcontracting Act. - Bid restrictions and order sanctions due to unethical cooperations such as bid collusion and improper information exchange. 	Negative	Actual impact	-		Risk	(-)	
	<ul style="list-style-type: none"> - Preemptive prevention of legal sanctions for unfair subcontract transactions through legal reviews of contracts and business activities. - Increased employee awareness of fair trade and prevention of unfair trade practices through fair trade education implemented across all affiliates. 	Positive	Potential Impacts	Likely		Opportunity	(+)	

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Sustainability Topics	Outcomes of Key Activities	Impact Materiality			Financial Materiality			
		Impact Characteristics			Level of Impact	Risk/Opportunity Characteristics		Level of Impact
		Positive/Negative	Actual/Potential	Likelihood		Risk/Opportunity	Financial Impact	
Enhancing customer satisfaction 	<ul style="list-style-type: none"> - Weakened business competitiveness and diminished customer trust due to the inadequate operation of VOC channels and the lack of reflection of service improvement suggestions. - Customer complaints and damages arising from inadequate implementation of consumer compensation procedures or failure to provide reasonable compensation. 	Negative	Actual impact	-	High	Risk	(-)	High
	<ul style="list-style-type: none"> - Increased corporate recognition and revenue through rapport building with customers via various communication channels. - Improved employee motivation and effective service improvement strategies through customer satisfaction evaluations. 	Positive	Actual impact	-	Low	Risk	(-)	Low
Strengthening ESG initiatives 	<ul style="list-style-type: none"> - Increased infrastructure investment for ESG initiatives, such as eco-friendly facilities. - Short-term financial profit decrease due to investment and increased risk of asset loss due to changes in related regulations. 	Negative	Actual/potential impact	Likely	High	Opportunity	(+)	High
	<ul style="list-style-type: none"> - Enhanced regulatory response capability and increased corporate value through systematic ESG activities driven by establishing ESG governance. - Improved resilience by setting ESG direction and identifying and managing key ESG issues through stakeholder engagement. 	Positive	Potential Impacts	Likely	Low	Opportunity	(+)	Low
Attraction, retention, and development of talent 	<ul style="list-style-type: none"> - Loss of opportunities to hire top talent and chronic employee turnover due to unfair hiring practices and non-transparent performance evaluations and compensation systems. - Decreased organizational integration efficiency due to increased employment of local staff in overseas operations. 	Negative	Actual/potential impact	Likely	High	Risk	(-)	High
	<ul style="list-style-type: none"> - Improved employee productivity and strengthened core business competitiveness through the activation of self-directed job training and competency development programs. - Enhanced physical and mental health of employees and strengthened corporate human competitiveness through work-life balance programs and welfare systems. 	Positive	Actual impact	-	Low	Opportunity	(+)	Low

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Climate Change Response

Climate Change Response Initiatives

Hanjin Group is committed to identifying and responding flexibly to climate change-related opportunities and risks. To ensure transparency with stakeholders, the group follows the TCFD (Task Force on Climate-Related Financial Disclosures) framework for information disclosure. The TCFD, recommended by the Financial Stability Board (FSB), calls for proactive participation from both companies and countries in addressing the climate crisis through comprehensive climate-related information disclosure. To enhance its overall climate change response, Hanjin Group is expanding collaboration with stakeholders and actively implementing climate change initiatives tailored to the specific business characteristics of each affiliate.

TCFD Framework



TCFD Implementation Efforts

Category	Implementation Details	Aviation	Logistics
Governance	<ul style="list-style-type: none"> - Defining roles and responsibilities of the BOD and management regarding climate-related risks and opportunities. - Regular monitoring of climate-related issues by the BOD. - Planning and implementing strategies to identify climate-related risks and opportunities. 	ESG Committee oversight and management of climate-related issues. Management of issues by business division.	ESG Committee oversight and management of climate-related issues and operation of dedicated management organization.
Strategy	<ul style="list-style-type: none"> - Assessing the potential effects of climate change and developing response strategies. - Analyzing climate-related risks and opportunities and integrating this analysis into business strategy and goals. - Expanding the use of eco-friendly aviation fuel and improving energy efficiency as a strategy for responding to climate change and enhancing competitiveness. 	Identification of climate change-related risks and opportunities in the aviation sector and conducting impact analysis	Identification of climate change-related risks and opportunities in the logistics sector and conducting impact analysis
Risk Management	<ul style="list-style-type: none"> - Establishing processes for monitoring climate-related risks. - Planning methods to assess and respond to climate-related risks. - Monitoring climate-related risks and consistently managing assessments. 	Climate risk management through the introduction of alternative fuels and improvement of operational efficiency.	Climate risk management through the transition to green vehicles and the use of renewable energy.
Metrics and Targets	<ul style="list-style-type: none"> - Setting climate-related goals, estimating performance, and managing each affiliate. - Disclosing environmental metrics, including GHG emissions and energy usage. - Setting GHG reduction targets considering each affiliate's business characteristics, such as the ratio of sustainable aviation fuel (SAF) usage and eco-friendly vehicles for transportation. 	Management of GHG emissions including Scope 3 emissions.	Implementation of initiatives according to the GHG reduction roadmap and vehicle transition plan.

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Climate Response Governance

Hanjin Group recognizes climate change as both a significant risk and a strategic opportunity and is actively addressing climate change issues. Each affiliate is aware of climate-related issues and is making various efforts to integrate these into their management activities. Notably, through each affiliate's ESG Management Committee and ESG Working Council, the major climate change agendas of each group company are shared and communicated, and the progress of their implementation is regularly reported to the management.

Climate Response Governance of Hanjin Affiliates

As of May 2024

Company Name	Committee name	Composition	Key Agenda Details
HANJIN KAL CORP.	ESG Management Committee	3 Outside Directors	<ul style="list-style-type: none"> - Report on the Group's ESG initiatives plan for 2023 - Report on the publication of the 2023 ESG report (review of ESG materiality) - Report on the 2023 ESG evaluation results and progress of initiatives
KOREAN AIR LINES	ESG Committee	3 Outside Directors	<ul style="list-style-type: none"> - Report on ESG Progress in 2023 and Plans for 2024 - Review of SAF Policy Trends and Progress of Domestic Pilot Projects - 2023 ESG Materiality Assessment and Publication of ESG Report
HANJIN Logistics Corp.	ESG Committee	3 Outside Directors	<ul style="list-style-type: none"> - Plan for the publication of the 2023 ESG report and review of ESG materiality (draft) - Report on the 2023 ESG evaluation results and improvement plans - Report on Hanjin Logistics' climate change response initiatives and plans - Report on the 2023 Q3 greenhouse gas emissions and environmental KPI assessment results
JIN AIR	ESG Committee	4 Outside Directors	<ul style="list-style-type: none"> - Report on the 2023 environmental management performance and future tasks
KOREA AIRPORT SERVICE	ESG Management Committee	2 Outside Directors, 1 Inside Director	<ul style="list-style-type: none"> - Approval of the 2023 ESG management activity plan (draft) - Report plans on carbon reduction and environmental cleanup activities

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Climate Change Response Strategy

Hanjin Group is committed to analyzing climate change risks and opportunities and developing strategies to minimize their impact. In the aviation sector, the group supports the 2050 Carbon Neutrality Goal set by the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO) and has introduced various reduction measures to achieve this goal. In the logistics sector, Hanjin Group is working towards carbon neutrality by following a comprehensive greenhouse gas reduction roadmap. Hanjin Group will continue to integrate climate-related risks and opportunities into its business strategies and objectives. By actively implementing detailed action plans, the group aims to continuously enhance its competitiveness in responding to climate change.

Climate Change Risks and Strategies

Category	Key Issues	Risk Factors	Response Strategies		
			Aviation	Logistics	
Transitional	Regulatory	Carbon reduction	Strengthened emissions reporting obligations and rising carbon credit cost	Manage and disclose GHG emissions, and promote emission reduction activities to minimize carbon credit purchase costs.	Perform phased reduction activities according to mid- to long-term GHG management goals, and conduct timely trading by monitoring carbon credit prices.
	Technology	Development of green technologies	Increased development time and investment costs resulting from the expansion of green facilities	Improve long-term operational efficiency by introducing eco-friendly facilities, and secure future growth drivers and create new value by developing eco-friendly aviation technologies.	Install solar power facilities and build electric vehicle charging stations within terminals to reduce long-term energy costs and regulatory compliance expenses.
	Market	Changes in consumer behavior	Rising costs of service improvements driven by the demand for eco-friendly passenger and logistics services	Enhance consumer preference by providing eco-friendly in-flight service options.	Expand market share by meeting the demand for eco-friendly logistics from primary contractors.
	Reputation	Strengthening stakeholder demands	Growing demands and evaluations from stakeholders, including investors, for environmental management implementation	Operate a systematic environmental management system and expand communication channels with relevant stakeholders; respond to ESG evaluations.	Continuously identify ESG improvements from stakeholders' perspectives and respond to ESG evaluations.
Physical	Increase in extreme weather events and natural disasters	Increased business uncertainty and revenue impact due to flight cancellations and delays caused by natural disasters such as heatwaves, heavy snow, typhoons, and floods	Manage risks and optimize operations by collecting and analyzing abnormal flight data through a group of aviation meteorology experts.	Assess the potential and level of business impacts from climate factors, and strengthen preventive efforts through emergency and disaster response drills.	

Climate Change Opportunities and Strategies

Category	Key Issues	Opportunity Factors	Response Strategies	
			Aviation	Logistics
Resource Efficiency	Improving fuel and resource efficiency	Reducing service costs through improvements in energy and resource efficiency.	Optimize fuel efficiency by operating a fuel management organization and replacing old aircraft with high-efficiency models.	Introduce lightweight cargo containers for trucks, distribute high-efficiency engine oil, and promote fuel efficiency improvement activities such as the eco-drive campaign.
Energy	Energy transition	Strengthening competitiveness in the face of escalating environmental regulations by expanding the adoption of sustainable renewable energy.	Expand the use of Sustainable Aviation Fuel (SAF) to establish a foundation for using eco-friendly energy.	Install electric vehicle charging stations, expand the use of renewable energy, and continuously increase solar power installations.
Products and Services	Eco-friendly products and services	Decreasing waste disposal costs while enhancing consumer reputation.	Design and manufacture eco-friendly aircraft structures and introduce eco-friendly in-flight service items.	Develop uniforms from recycled PET bottles and eco-friendly shipping labels.
Market	Responding to low-carbon service demand in the market	Gaining a competitive edge in the market and creating new business opportunities.	Develop urban air mobility (UAM) technology to alleviate ground traffic congestion and reduce carbon emissions.	Manage supply chain emissions to meet global customer demands for carbon reduction and strengthen business partnerships.
Resilience	Climate scenario analysis	Enhancing business stability by developing and implementing response strategies for various risk scenarios.	Make financial decisions by incorporating carbon cost prediction scenarios based on various domestic and international carbon regulations.	Identify various climate risks and develop eco-friendly transition plans; establish and implement a GHG reduction roadmap

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Climate Change Risk Management

Hanjin Group has established a system for identifying and managing climate change-related risk factors. The group is implementing various efforts within its key business areas to prevent and mitigate these risks.

Climate Change Risk Management

Aviation

- Korean Air has established an Environmental Management System (EMS) organization and framework, and it identifies climate change risks periodically, at least once a year.
- Korean Air conducts analysis, evaluation, and improvement activities related to these risks, and any risks deemed to impact management and financial conditions are reported and managed separately.



Logistics

- Hanjin Logistics identifies and evaluates major climate change-related issues, risks, and opportunities in the logistics sector, analyzing their impact on business operations to develop response strategies.
- When investing in new facilities and equipment, Hanjin Logistics reviews and evaluates potential environmental impacts and climate change risks, incorporating these considerations into management and investment decision-making.

Group Highlights

Carbon Regulation Responses and Analysis of Carbon Scenarios

Korean Air is subject to the International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation (ICAO CORSIA), as well as the European and domestic emissions trading systems (EU ETS and K-ETS). The company complies with legal requirements for emissions reporting and carbon credit settlement. Additionally, Korean Air uses various carbon cost prediction scenarios based on carbon credit types, trading markets, and regulatory trends. These scenarios are integrated into the company's decision-making and financial management processes related to climate change.

Korean Air's Response to Carbon Regulations

ICAO CORSIA	EU-ETS	UK-ETS	K-ETS
- Scheme: Carbon offsetting system	- Scheme: Carbon credit quota	- Scheme: Carbon credit quota	- Scheme: Carbon credit quota
- Authority: UN ICAO	- Authority: EU	- Authority: Environment Agency	- Authority: Ministry of Environment
- Scope: International flights	- Scope: Flights within EU	- Scope: Flights from the UK to EEA countries	- Scope: Domestic flights and domestic ground facilities

Energy transition and fuel efficiency improvement

Korean Air is actively promoting energy-saving activities through facility management and equipment replacement. In particular, energy audits are conducted at the head office and tech center, which are high-energy-consuming buildings, to identify and manage improvement items annually. Since December 2020, the company has transitioned to lightweight cargo containers, which are approximately 60kg lighter than the previous ones, reducing fuel costs and carbon emissions. In December 2023, Hanjin Logistics installed power-saving equipment at its metropolitan area delivery terminal, which is currently in a trial operation. Additionally, by leveraging nationwide logistics infrastructure, Hanjin Logistics has established solar power generation facilities and used the generated renewable energy to reduce approximately 30tCO₂eq in 2023. The company plans to expand solar power facilities to eight locations nationwide by 2028.

Expanding eco-friendly transportation

KOREAN AIR LINES

The most effective way to reduce GHG emissions in the aviation sector is currently by improving fuel efficiency through the introduction of high-efficiency aircraft. Korean Air maintains the lowest average fleet age among domestic full-service carriers (FSC) at 11.7 years by strategically introducing new, high-efficiency aircraft. Recently, it has added aircraft capable of reducing per-seat carbon emissions by 20-25% compared to similar models. Additionally, Korean Air is advancing in the development and production of high-efficiency aircraft structures and has successfully developed a prototype wing structure using integrated composite technology. Sustainable aviation fuel (SAF), made from eco-friendly raw materials, can reduce carbon emissions by up to 80% compared to conventional aviation fuel, making it a key solution for reducing the aviation industry's carbon footprint. In 2023, Korean Air completed operation of the first domestic flight using SAF. Since 2004, Korean Air has operated a fuel management organization dedicated to reducing fuel consumption and carbon emissions. In April 2023, the company introduced an advanced fuel management system, optimizing fuel loading for safety and cost-effectiveness, which resulted in a reduction of approximately 257,000 tons of emissions within the year.

HANJIN Logistics Corp.

Hanjin Logistics has crafted a phased plan to transition to eco-friendly vehicles, focusing on the vehicle sector, which is the largest contributor to its greenhouse gas emissions. This plan includes the gradual replacement of delivery vehicles at courier service centers with eco-friendly alternatives. As of the end of 2023, the company operates 332 electric cargo vehicles and is also dedicated to promoting the use of high-efficiency engine oil. To accelerate the transition to electric vehicles, Hanjin Logistics is enhancing essential infrastructure by installing electric vehicle charging stations. In 2023, nine fast electric vehicle chargers have been installed at logistics centers nationwide. In 2024, Hanjin Logistics plans to convert existing self-service fueling stations to electric vehicle charging stations and continue expanding charging facilities at each business site through partnerships with specialized companies.

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Climate Change Response

Metrics and Targets

Hanjin Group is committed to achieving carbon neutrality across all its affiliates through diverse climate response initiatives and strategies. Realistic carbon neutrality goals are being established for each business by considering factors such as carbon reduction infrastructure technology, regulatory environment, and market conditions. Continuous improvement and monitoring efforts are being maintained to ensure progress in carbon reduction.

Category	Aviation	Logistics										
Reduction Measures	<ul style="list-style-type: none"> According to the IATA, the aviation industry needs to reduce its cumulative carbon emissions by approximately 21.2Gt by 2050. The primary reduction measures include use of sustainable aviation fuel (SAF), introduction of new aircraft, and improvements in infrastructure and operational efficiency. From a long-term perspective, the most critical reduction measure is use and development of sustainable aviation fuel (SAF). Considering the lack of a robust SAF infrastructure in Korea, KOREAN AIR is actively pursuing stakeholder cooperation to establish a foundation for SAF use. 	<ul style="list-style-type: none"> To enhance its ability to respond to domestic and international carbon regulations and carbon neutrality goals and to strengthen business competitiveness in a changing environment, a mid- to long-term GHG reduction roadmap with the goal of achieving carbon neutrality by 2050 has been established, along with a target of 100% green vehicle transition by 2050. Plans are in place to continuously expand the adoption of renewable energy in the building sector. By discovering new reduction measures and actively adopting future reduction technologies, efforts to achieve carbon neutrality will be accelerated. 										
Indicator	<p>Contribution to achieving Net Zero Carbon Emissions by 2050 (Source: IATA)</p> <p>Carbon Reduction Effect by New Aircraft Model</p> <table border="1"> <thead> <tr> <th>Number of aircraft owned by KOREAN AIR LINES</th> <th>Reduction of carbon emissions per seat compared to Equivalent models</th> </tr> </thead> <tbody> <tr> <td>A220-300 (10)</td> <td>25% ▼</td> </tr> <tr> <td>A321-NEO (9)</td> <td>20% ▼</td> </tr> <tr> <td>B787-9 (12)</td> <td>25% ▼</td> </tr> <tr> <td>B737-8 (5)</td> <td>20% ▼</td> </tr> </tbody> </table>	Number of aircraft owned by KOREAN AIR LINES	Reduction of carbon emissions per seat compared to Equivalent models	A220-300 (10)	25% ▼	A321-NEO (9)	20% ▼	B787-9 (12)	25% ▼	B737-8 (5)	20% ▼	<p>Greenhouse Gas Reduction Roadmap</p> <p>Eco-Friendly Vehicle Transition Roadmap * Eco-friendly vehicles : Electric, hydrogen vehicles</p>
Number of aircraft owned by KOREAN AIR LINES	Reduction of carbon emissions per seat compared to Equivalent models											
A220-300 (10)	25% ▼											
A321-NEO (9)	20% ▼											
B787-9 (12)	25% ▼											
B737-8 (5)	20% ▼											
Target	Improving operational efficiency through the introduction of new aircraft and advanced technologies, and establishing a foundation for the use of SAF.	Gradual transition to 100% eco-friendly vehicles, such as electric and hydrogen vehicles, by 2050; carbon neutrality by 2050.										

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Greenhouse Gas Emissions Management Including Supply Chain

Korean Air identifies and reports GHG emissions through its internal environmental management system and strives to improve emissions intensity. The company strengthens the management of Scope 3 emissions, which include upstream and downstream activities, in addition to Scope 1 and 2 emissions from its own operations. Through Partner Code of Conduct and environmental management policy, Korean Air recommends that partner companies and the supply chain monitor, measure, and reduce GHG emissions.

Hanjin Logistics is establishing a foundation for managing supply chain emissions by developing plans to calculate Scope 3 emissions and improving related systems to manage upstream and downstream GHG emissions. Starting with the measurement, calculation, verification, and management of Scope 3 emissions, Hanjin Logistics plans to continuously support the enhancement of partners' capabilities to reduce GHG, aiming to build an eco-friendly supply chain in the future.

Climate Change Response

Group Highlights

First Domestic Operation Using Sustainable Aviation Fuel

In 2023, Korean Air promoted the use and activation of sustainable aviation fuel (SAF) domestically. SAF is made from eco-friendly raw materials such as waste cooking oil and agricultural by-products and can reduce carbon emissions by up to 80% when mixed with conventional aviation fuel. Currently, only 0.1% of aviation fuel used globally is SAF. In June 2021, Korean Air signed an MOU with Hyundai Oilbank to cooperate on research and development and establish a domestic production base for SAF. Additionally, since January 2022, Korean Air has been the first national airline to operate the regular Paris-Incheon route using SAF. In 2023, Korean Air achieved a milestone by completing the first domestic flight powered by sustainable aviation fuel. These activities are expected to contribute significantly to achieving carbon neutrality goals.



Establishing Efficient Operation Infrastructure

Jin Air plans to gradually introduce the B737-8, which offers approximately 15% better fuel efficiency and over 1,000 km more range than the B737-800, the primary aircraft model for most LCCs. Additionally, the company will introduce the B737-Max, a low-carbon, high-efficiency aircraft. This initiative aims to reduce operating costs and carbon emissions while also contributing to the exploration of new routes. Additionally, Jin Air is enhancing operational efficiency by shortening flight times through the use of shorter flight routes and selecting nearby alternative airports. These measures help save fuel and promote efficient aircraft operations. The company further improves fuel efficiency by cleaning engines twice a year.

Introduction of Lightweight Cargo Containers for Trucks

Hanjin Logistics signed an MOU with SK Geocentric to promote eco-friendly collaborative projects and conducted a pilot test by installing lightweight cargo containers produced by SK Geocentric on its own vehicles. The test results confirmed that using the lightweight containers improved fuel efficiency by approximately 4%. Consequently, in 2023, Hanjin Logistics installed these lightweight cargo containers on four newly purchased electric trucks, which are now in operation.

Promotion of Eco-Friendly Operation Equipment

Korea Airport Service is actively working towards realizing a clean airport by reducing carbon emissions in the ground handling sector through the introduction and operation of eco-friendly (electric) equipment. In 2023, the company replaced existing diesel forklifts and lead-acid battery electric forklifts with lithium iron phosphate electric forklifts as part of its efforts to introduce eco-friendly operation equipment. Additionally, the company is conducting a pilot operation of electric tug cars and is continuously reviewing their adoption. Korea Airport Service will continue to explore various methods to reduce carbon emissions during operations, and plans to establish and implement mid- to long-term strategies to expand the use of eco-friendly equipment.



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Expansion of Eco-Friendly Management

Establishment of Environment Management System

Hanjin Group acknowledges the importance of preventing environmental pollution and fostering a sustainable environment, making eco-friendly management a core value of its corporate operations. To implement this commitment, the group has established environmental management systems tailored to the specific characteristics of each affiliate's business and has created organizational structures to effectively operate these systems.

Environmental Management Governance

Hanjin Group is dedicated to minimizing the environmental impact of its business activities and systematically managing various environmental risks by establishing robust environmental management governance. By implementing and expanding eco-friendly logistics strategies, Hanjin Group aims to continuously operate responsible environmental management practices to effectively reduce environmental pollution.

Establishing Environmental Management System

Hanjin Group has established and implemented an environmental management system to fulfill its corporate environmental responsibilities and ensure sustainable business operations. Each affiliate formulates environmental policies and strategies, adheres to laws and regulations to manage environmental risks, and continuously improves by assessing and monitoring environmental impacts.

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KOREAN AIR LINES

The ESG Committee within the Board of Directors reviews and supervises key ESG strategies and risks. The dedicated ESG office, staffed by personnel from the company's environmental, social, HR, financial, and management departments, conducts comprehensive reviews of ESG risks, reports to the ESG Committee, sets ESG goals and strategies, and manages improvement tasks and KPIs. To establish robust environmental management governance, Korean Air has implemented an Environmental Management System (EMS). This framework, led by the Environmental Management Team, is divided into three divisions based on business characteristics: General Headquarters, Maintenance, and Aviation/Aerospace Business. Each division has its own managers and EMS departments. Competent internal environmental auditors inspect and evaluate the implementation of the EMS within each division. Identified issues are addressed through corrective and preventive action processes.

HANJIN Logistics Corporation

The ESG Committee within the Board of Directors reviews policies and performance related to environmental management. Hanjin Logistics has established seven environmental KPIs, including GHG emissions and waste generation, which are monitored quarterly. For any areas not meeting targets, improvement plans are developed and regularly reported to the ESG Committee.

The Green Environment Group, the dedicated environmental management team, is responsible for creating company-wide environmental management plans and providing detailed support to ensure effective environmental management activities at each business site.

Group Highlights

KOREAN AIR LINES

In 1996, Korean Air obtained ISO 14001 certification for all its domestic business divisions and sites. Since then, the company has established an Environmental Management System (EMS) that aligns with international standards, implementing environmental management across its business divisions. It assesses and identifies environmental risks, formulating action plans to manage these risks. In 2023, 279 environmental risks were identified and 258 were assessed across 23 business sites. Additionally, Korean Air operates an environmental management PDCA (Plan-Do-Check-Act) cycle to minimize environmental impacts. In addition to the previously established Green Management Policy, the company introduced new environmental policies, including Environmental Management Policy and Biodiversity Protection and Deforestation Prevention Policy in 2023 to address the latest environmental issues.

HANJIN Logistics Corporation

Hanjin Logistics has established an environmental management system that meets international standards and obtained ISO 14001 certification for all its domestic business sites in 2019. Based on this certification, the company sets environmental goals for each site, monitors implementation, and ensures continuous improvement. Additionally, employees who directly conduct business are trained on the ISO 14001 management system to understand and apply it in their work.

JIN AIR

To enhance sustainability and fulfill its corporate social responsibility, Jin Air has established a company-wide Green Management Policy. Aiming to achieve its vision of being a "global leader in low-carbon green growth," Jin Air practices sustainable, eco-friendly management by adhering to environmental regulations and fulfilling its conservation duties, thus recognizing the importance of environmental preservation and resource value.

Expansion of Eco-Friendly Management

Embedding Eco-Friendly Management

Hanjin Group is committed to genuinely promoting environmental activities and improvements by embedding eco-friendly goals and policies within the organization. To achieve this, the group conducts environmental management training for its members and enhances the scope and impact of its eco-friendly activities through internal and external agreements.

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Employee Environmental Training

Hanjin Group conducts various environmental training programs to raise awareness and enhance expertise among employees. These programs are tailored to the specific business characteristics of each affiliate and include basic environmental education, job-specific training, and practical courses. By offering both online and offline formats, the group ensures easy access to environmental education.

Korean Air operates a comprehensive environmental education system with a range of courses, including basic and practical training. Since 2021, the company has utilized an online learning platform to strengthen employee environmental education and awareness.

Hanjin Logistics invited the Secretary General of WWF Korea to educate employees on "Why the Transportation Industry Should Focus on the Climate Crisis" covering case studies and strategies for reducing GHG emissions in the transportation sector.

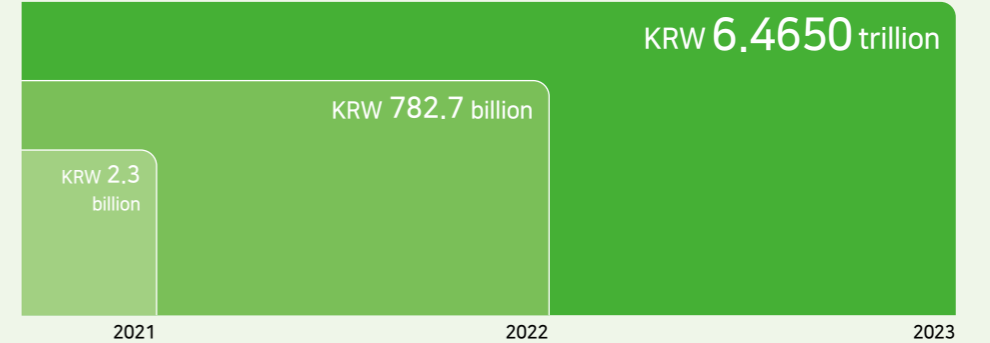
2023 Employee Environmental Training Status

	Category	Details	Participant
HANJIN KAL CORP.	Offline	Global ESG trends	Relevant personnel
	Online	Basic Environmental Knowledge	All employees
KOREAN AIR LINES	Offline	Enhancing job-specific environmental expertise	Environmental personnel
	Offline	Practical environmental training	Personnel in related roles
	Online	Mandatory environmental training	All employees
HANJIN Logistics Corp.	Offline	Hanjin Logistics' environmental management and ESG system	New employees
	Offline	Enhancing job-specific environmental expertise	Environmental personnel

Green Procurement

Korean Air, in its commitment to green procurement, actively purchases high-efficiency aircraft and engines, lightweight onboard supplies, and eco-friendly certified products. The airline has introduced eco-friendly in-flight service items such as paper straws and FSC (Forest Stewardship Council) certified paper cups, and has replaced plastic packaging for air cargo with eco-friendly alternatives. In 2023, Korean Air added 20 new high-efficiency A321Neo aircraft and two 787-9 aircraft to its fleet.

KOREAN AIR LINES Green Procurement Expenditure



Operation of Eco-Friendly Platform

Hanjin Logistics has launched and operates eco-friendly platforms to align with the global market trend of increasing demand for sustainable products. These platforms include "Slow Recipe," an international e-commerce site selling high-quality Korean eco-friendly and vegan products, and "Green on Hanjin," a platform where small business owners and solo entrepreneurs can purchase eco-friendly packaging materials and office supplies at reasonable prices. Hanjin Logistics plans to continuously expand the range of eco-friendly products available on these platforms, fostering mutual growth with leading domestic producers of sustainable products.

Expansion of Eco-Friendly Management

Green Campaign

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Participating in the "Zero Single-Use Plastic Challenge"

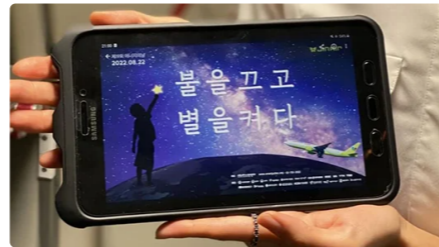
In 2023, Hanjin KAL President Ryu Kyeong-Pyo participated in the "Zero Single-Use Plastic (1 zer0) Challenge," aimed at reducing the use of disposable items and increasing the use of reusable ones. This challenge is a nationwide campaign promoted by the Ministry of Environment, highlighting the importance of societal consensus and voluntary participation to reduce single-use plastics. President Ryu emphasized the commitment of Hanjin Group, including Korean Air, Hanjin Logistics, Jin Air, and Korea Airport Service, to environmental management by establishing related systems and promoting resource circulation activities. He noted, "All employees of Hanjin KAL are adopting various practices to reduce disposable items in their daily lives, such as using personal reusable tumblers and hand dryers." He further emphasized that this challenge acts as a catalyst for Hanjin KAL to actively engage in small, daily efforts to contribute to a cleaner planet.



Energy Day Campaign: Turn Off the Lights, Turn On the Stars

To mark the 20th Energy Day, JIN AIR participated in the "Turn Off the Lights, Turn On the Stars" campaign by implementing energy-saving measures. From 2 PM to 3 PM, the office air conditioning temperature was raised by 2 degrees, and at 9 PM, outdoor billboard signs were turned off for five minutes. Additionally, to raise awareness and encourage participation, Jin Air informed passengers on all domestic flights about Energy Day and the campaign through in-flight announcements over a two-day period.

Jin Air shared that the Energy Day campaign served as a valuable reminder of the importance of energy conservation. The company committed to continuing its involvement in various activities aimed at addressing the critical challenges of climate change and achieving carbon neutrality.



Jeju Beach Cleanup Activity

The Jeju branch of Korea Airport Service Co., Ltd., in collaboration with ground handling companies at Jeju International Airport, conducted an ESG environmental cleanup event with the local community. More than 40 employees, including branch managers, participated in this activity. They walked from Jeju Yongdam Leisure Sports Park to the coast near Eoyeong Village, collecting approximately 0.5 tons of trash. Supplies needed for the cleanup were provided by the Yongdam 2-dong Community Center.

Furthermore, the Korea Airport Service in Jeju plans to partner with various organizations, including the Jeju Regional Coast Guard Aviation Unit, to carry out additional environmental cleanup activities and promote ESG values within the local community.



Eco-Drive Campaign

Hanjin Logistics frequently conducts Eco-Drive campaigns to improve fuel efficiency and reduce GHG emissions from its delivery and freight vehicles. Drivers are informed about the positive effects of improved driving habits and vehicle maintenance, such as fuel cost savings, reduced greenhouse gas emissions, and extended vehicle lifespan, to encourage their participation. Practicing Eco-Driving is expected to improve fuel efficiency by 10%, resulting in a reduction of 2.9tCO₂eq per vehicle. Hanjin Logistics plans to continue expanding the Eco-Drive campaign and various on-site training programs.



Environmental Impact Management

Waste Reduction and Resource Circulation

Hanjin Group is committed to protecting the global environment and ensuring sustainability by conserving and recycling limited resources. The goal is to actively reduce waste and expand recycling efforts to build a circular economy.

Waste Reduction Activities

Hanjin Group sets and manages waste reduction targets within the organization to decrease waste generation. Additionally, efforts are being made to increase the recycling rate by replacing disposable items used in services with eco-friendly and recycled materials.

Resource Circulation Practices

Hanjin Group practices resource circulation by upcycling various waste materials generated within the group, such as outdated materials from retired aircraft and discarded employee uniforms. These upcycled products are shared with various stakeholders.

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KOREAN AIR LINES

Korean Air is actively implementing measures to reduce waste and promote resource circulation in response to the increased waste generated by expanded passenger transport. These measures include a trial campaign for in-flight recycling, reducing plastic usage by changing the materials of in-flight service items, and recycling waste synthetic resins as fuel in cement kilns. The company also conducts practical waste management training for environmental personnel and establishes and manages waste reduction targets for each department to minimize waste generation across the entire organization.

Korea Airport Service

Hanjin Jeju Pure Water, Korean Air's in-flight water produced by Korea Airport Service, has been provided in label-free PET bottles since July 2021. This change is expected to reduce plastic waste and increase the recycling rate of PET bottles. Additionally, starting at the end of 2021, Korea Airport Service fully replaced the packaging plastic used for baggage and air cargo, amounting to approximately 350 tons annually, with recyclable plastic.



Label-Free PET Bottle



Recyclable Plastic for Baggage and Air Cargo

Group Highlights

HANJIN Logistics Corporation

Hanjin Logistics has made substantial strides in resource circulation by recycling approximately 340,000 1.5L PET bottles to produce around 38,000 eco-friendly uniforms for its employees. This effort has resulted in a reduction of approximately 16.4 tons of CO₂ compared to landfill or incineration of the bottles. To further reduce waste from courier labels, the company has decreased the weight of thermal and glassine paper, switching to thinner, FSC-certified materials. Additionally, in March 2024, Hanjin Logistics, the Ministry of Environment, major retail companies, and logistics firms signed an MOU to develop various resource circulation improvement plans to collaboratively reduce waste from courier packaging, committing to working together to monitor their implementation.

JIN AIR

Jin Air upcycled flight attendants' denim uniforms into pencil cases and used them for an in-flight event on Environment Day. Passengers who participated in the event received these upcycled pencil cases and pencils made from recycled newspapers as souvenirs. This activity helped reduce harmful emissions from discarded denim and promoted environmental awareness among passengers.



Eco-Friendly Uniforms



Upcycled Pencil Case

Environmental Impact Management

Reducing Environmental Impact

Hanjin Group meticulously manages its facilities and processes to minimize pollutants and environmental impact from business activities. Efforts are made to reduce negative impacts on the external environment and stakeholders while enhancing positive outcomes.

Reducing Water Usage and Managing Air Pollutants

Hanjin Group complies with legal standards for water and air pollutants and works to reduce pollutant generation and minimize environmental impact, considering the specific industrial characteristics of each affiliate.

Hazardous Chemical Management

Hanjin Group meticulously manages hazardous chemicals to ensure the safety of its worksites, employees, and surrounding communities. Affiliates in the aviation sector, which use chemicals for aircraft maintenance, adhere to systematic and stringent procedures to control these substances.

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KOREAN AIR LINES

Korean Air produces approximately 19,000 tons of heavy water annually, reusing over 16% of its water, which exceeds the legal requirement of 10%. The company operates six wastewater treatment facilities across five sites and has installed over 150 air pollution prevention facilities at four of these sites to manage water and air pollutants effectively. The concentration of major pollutants discharged after treatment remains well within permissible legal limits, with water pollutants at 9.1% and air pollutants at 10%. To further reduce nitrogen oxides (NOx), a primary cause of fine dust, Korean Air plans to maintain low-NOx burners, use clean fuel, and continue investing in pollutant reduction.

HANJIN Logistics Corporation

Hanjin Logistics has installed water recycling equipment at its company-operated gas station car washes to reduce water usage. The company's environmental management policy emphasizes expanding the use of eco-friendly energy and introducing zero-emission vehicles to reduce fine dust. Hanjin Logistics plans to gradually transition its internal combustion engine vehicles to eco-friendly alternatives to lower air pollutants. The company complies with the Ministry of Environment's seasonal fine dust management system and actively participates in government policies by signing an agreement with the Metropolitan Air Quality Management Office to implement low-emission measures for cargo trucks.



Group Highlights

KOREAN AIR LINES

During aircraft maintenance, Korean Air uses chemicals designated by the aircraft manufacturer. The company strives to improve the safety of these chemicals through continuous communication with the manufacturer. Korean Air manages Material Safety Data Sheets (MSDS) and chemical usage information for each site using an internal chemical management system and guidelines. The company follows environmental management system standards by establishing procedures for reviewing and implementing alternative substances, continually working to replace harmful chemicals with eco-friendly alternatives.

JIN AIR

Jin Air also uses chemicals in aircraft maintenance and complies with relevant laws and regulations, such as the Chemical Control Act and the Industrial Safety and Health Act. The company handles the entire process of chemical receipt, training, handling, and disposal according to internal maintenance procedures and industrial safety guidelines. Jin Air reviews the environmental characteristics outlined in the MSDS to find safer and more eco-friendly chemical alternatives.

Environmental Impact Management

Biodiversity Protection

Hanjin Group is dedicated to protecting biodiversity, a crucial component of the Earth's environment and natural capital. In line with global business trends, the group has established a biodiversity protection policy and collaborates with local communities to implement various species protection activities.

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JIN AIR Joins the BNPB Membership and Conducts Biodiversity Conservation Activities

Jin Air has joined the Business & Biodiversity Initiative of the UN Convention on Biological Diversity (CBD) through the Korean Business Partner, BNPB (Business and Biodiversity Platform), to reduce harmful impacts on biodiversity. The airline engages in several activities to fulfill its corporate responsibility for environmental conservation. To protect the ecological environment and conserve biodiversity, Jin Air removes invasive plant species from Jeju Cheongsu Gotjawal and participates in marine cleanup operations. As part of the SAVE the AIR campaign, the company has partnered with the UNEP Korea Committee to create the "Nabi Nuri" butterfly garden, protecting butterfly ecology and habitats. This activity also includes Arbor Day tree planting events.



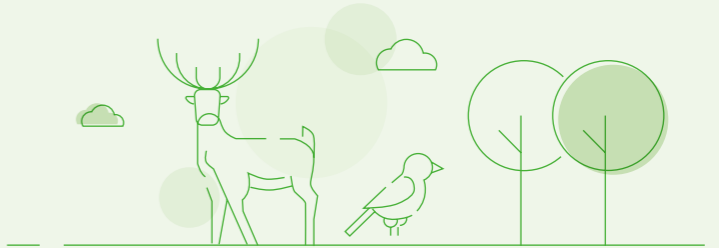
Nabi Nuri



Removal of Invasive Plant Species

KOREAN AIR LINES Signs the Buckingham Palace Declaration and Strengthening Biodiversity Protection

In 2016, Korean Air, along with 60 other airlines, signed the United for Wildlife Transport Taskforce Buckingham Palace Declaration through the International Air Transport Association (IATA), denouncing the illegal trade of wildlife and wildlife products and committing to combat the trade of protected species. As a result, Korean Air has incorporated regulations into its internal transportation policies to prohibit the air transport of protected plants and animals, rare species, primates, and endangered animals. In 2023, Korean Air further strengthened its biodiversity protection framework by establishing and publicly releasing the "Korean Air Biodiversity Protection and Deforestation Prevention Policy."



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Stakeholder

Interview

KOREAN AIR LINES Management Team Leader

Q

“Climate change response” has been selected as a key ESG material issue for Hanjin KAL. As a major affiliate of Hanjin KAL, what efforts did Korean Air make in 2023 to address climate change and what were the outcomes?

A

Korean Air has established and operates a systematic and professional environmental management governance centered on the Board of Directors. In 2023, the ESG Committee within the Board held four meetings, addressing three major agenda items, including sustainable aviation fuel (SAF), and continuously reviewed climate change response strategies at the highest decision-making level. Internally, the company has identified 279 environmental risks across 23 business sites through a dedicated environmental risk management team. These risks are assessed and prioritized based on their impact, with action plans being formulated and managed accordingly. To proactively meet the increasingly stringent global sustainability requirements, Korean Air revised its environmental management policy and introduced new policies for biodiversity protection and deforestation prevention, making these publicly available on the company’s website to clearly communicate its climate change response efforts both internally and externally.

Separate from this, the company has made significant investments in purchasing new, high-efficiency aircraft and engines such as the A321Neo and B787-9, which can reduce carbon emissions by 20% to 25% compared to similar models. Additionally, Korean Air has implemented eco-friendly service items such as paper straws, paper coffee stirrers, and FSC (Forest Stewardship Council) certified paper cups to reduce the carbon footprint of passengers’ journeys. The company also uses lightweight cargo containers and eco-friendly cargo packaging materials to manage indirect carbon emissions across the supply chain through green procurement. In the cargo sector, Korean Air launched the “Customer Participation SAF Cooperation Program,” the first of its kind in Korea, encouraging customers to participate in SAF purchases. This program not only involves Korean Air but also represents a collective effort by the global air cargo industry to combat climate change.

Q

What are the most noteworthy issues or trends in addressing climate change within the aviation industry for the future, and what are KOREAN AIR LINE’s strategies or plans to tackle these issues?

A

The most critical issue in the aviation industry, given the significant carbon emissions from aircraft operations, is achieving carbon neutrality. International Air Transport Association (IATA), of which Korean Air is a member, resolved to achieve ‘2050 Carbon Neutrality’ at its 2021 General Meeting. The International Civil Aviation Organization (ICAO) also agreed to this objective at its 2022 General Assembly.

According to IATA, achieving carbon neutrality by 2050 involves using sustainable aviation fuel (SAF) for 65% of reductions, carbon offsetting/capture technologies for 19%, and new aircraft technologies for 13%. Currently, SAF usage is only 0.1% of global aviation fuel due to limited production facilities, supply chain issues, and high costs. However, policy adoption and investment support are expected to increase this proportion. Europe and the United States have already implemented various policies to promote SAF, and South Korea is establishing relevant laws and standards. Korean Air is working closely with the government to promote the domestic commercialization of SAF. To comply with carbon regulations such as ICAO CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) and the EU Emissions Trading System (EU-ETS), airlines will need to increase SAF usage.

Korean Air is proactively addressing carbon regulations and committed to carbon reduction. Since 2021, for the first time in Korea, Korean Air has signed an MOU for bio-aviation fuel use and, in 2022, used bio-aviation fuel on the Paris-Incheon route. In 2023, Korean air conducted six trial flights using bio-aviation fuel, the first in South Korea. Additionally, this year, Korean Air plans to establish a detailed roadmap to achieve carbon neutrality by 2050 and will continue investing in high-efficiency, new-generation aircraft as a primary means of reducing carbon emissions.

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Safety and Health

Safety and Health Promotion System

Hanjin KAL, along with other major affiliates of the Hanjin Group, has established a Group Occupational Safety and Health Committee to manage safety and health effectively. This committee meets quarterly to share safety management support activities and plans across the group, with each affiliate presenting its major safety and health activities and future plans. In 2023, the committee shared various safety and health activities, including risk assessment performance and examples, safety awareness assessment consulting results, health promotion activities, and industrial safety and health inspections by partner companies. By operating the Affiliate Occupational Safety and Health Committee, the Hanjin Group continuously improves overall safety and health standards, ensuring the exchange of best practices and addressing various safety and health issues across the group.

Key Agendas for the 4th Quarter 2023 Affiliate Occupational Safety and Health Committee

<p>HANJIN KAL CORP.</p>	<ul style="list-style-type: none"> - Safety Management Activities for the 4th Quarter of 2023 - Results of Group Safety Management Support Activities in 2023 - Safety Management Support Plan for 2024
<p>KOREAN AIR LINES</p>	<ul style="list-style-type: none"> - Presentation of Best Practices in Risk Assessment - Safety and Health Stakeholder Workshop - Declaration of the 1st Safety Day Event
<p>HANJIN LOGISTICS Corp.</p>	<ul style="list-style-type: none"> - Compliance Inspection and Audit of Violations - Secondary Review of Compliance-Related Decisions for Each Group Affiliate - Operation of Compliance Status Surveys and Employee Feedback Programs for Each Group Affiliate

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Operation of Safety Meetings

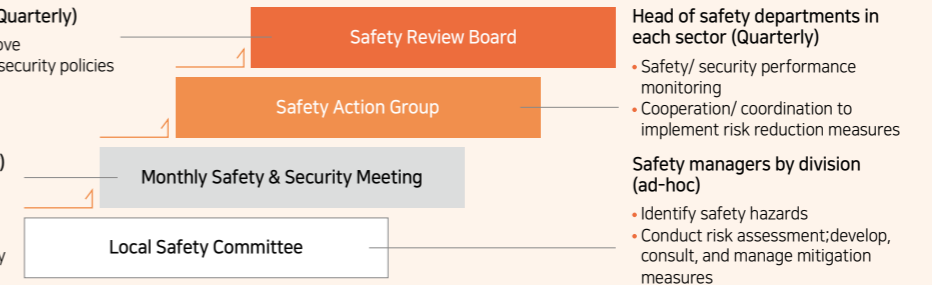
Korean Air operates various safety meetings to maintain an objective and transparent safety management system. In 2023, the airline introduced the Safety Action Group, chaired by the Director of Aviation Safety and Security, with the heads of safety departments from six operational divisions attending quarterly. Additionally, the Safety Review Board was held quarterly to strengthen the safety management system and communication between divisions. Since 2018, the Safety Committee within the BOD has been consistently monitoring safety activities and managing safety issues, ensuring the maintenance of the highest standards of safe operations.

Top-level safety Council (Quarterly)

- Establish, review, and approve comprehensive safety and security policies

Team leaders in charge of safety by division (Monthly)

- Analyze abnormal items and establish measures to prevent recurrence
- Share information on safety and security issues



Safety and Health Management Policy

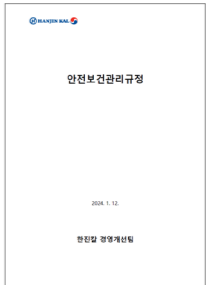
Hanjin KAL prioritizes safety and health as its utmost values and actively implements a safety and health management policy with the goal of achieving zero-accident workplaces.

Safety and Health Management Policy

- 1 We strictly adhere to relevant laws and regulations to prevent workplace injuries and accidents, ensuring a safe and pleasant work environment.
- 2 We foster a safety culture where employees can actively report hazards and continuously improve the work environment through proactive accident prevention activities.
- 3 We conduct regular drills in accordance with our disaster response system to prepare for natural disasters and fires, ensuring the safety of all employees and stakeholders.
- 4 We strengthen communication systems to gather and exchange opinions and information related to safety and health, ensuring transparency in all safety and health management activities.

Safety and Health Management Regulations

Hanjin KAL has established and manages safety and health management regulations applicable to all employees and subcontractor workers to create a safe and pleasant working environment and to promote the safety and health of its workers. Initially established in 2021, these regulations comply with the requirements of relevant laws, including the Industrial Safety and Health Act and the Serious Accidents Punishment Act. The regulations were revised on January 12, 2024, to include definitions of serious accidents and serious industrial accidents.



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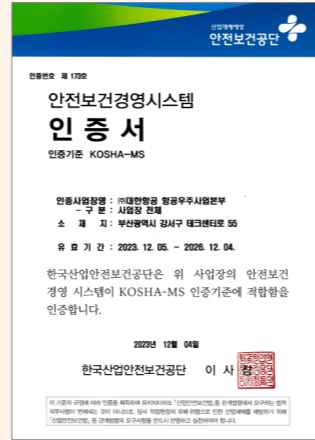
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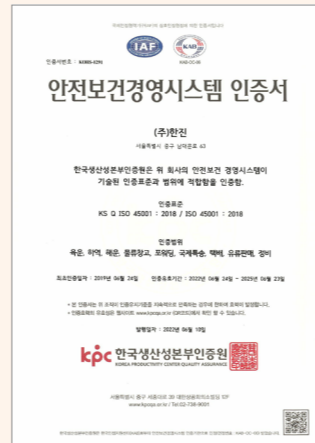
Group Highlights

Occupational Health and Safety Management System

Among Korean Air's nationwide facilities, the Bucheon Engine Maintenance Center and the Busan Aerospace Business Division, classified as manufacturing sites, have obtained KOSHA-MS certification. KOSHA-MS is a domestic standard that aligns with the ISO 45001 international standard, certifying businesses that maintain an occupational health and safety management system at a certain level or higher to promote autonomous activities and contribute to disaster prevention. Korean Air initially received a three-year certification for KOSHA-MS. The certification standards have been consistently maintained and managed through annual follow-up audits and triennial renewal audits.



Hanjin Logistics has increased investments to achieve its safety and health management vision, enhancing the safety and health management system to raise safety standards across all business sites. These efforts aim to strengthen safety awareness among all employees and prevent accidents through proactive, preventive measures. Additionally, since obtaining ISO 45001 certification, the international standard for occupational health and safety management systems, in 2019, Hanjin Logistics has consistently maintained and managed this certification.



Safety and Health Enhancement Activities

Risk Assessment

Hanjin KAL conducts comprehensive risk assessments at its headquarters to identify and evaluate potential hazards and enhance equipment and work methods. The findings from these assessments are reflected into safety and health objectives and action plans to prevent accidents. These risk assessments encompass all tasks with potential safety and health issues, identifying harmful and hazardous factors for each work process. Specific mitigation measures are then established and implemented for each identified risk. Following the implementation of risk reduction measures, Hanjin KAL regularly monitors and evaluates their impact on accident reduction and productivity improvement, ensuring continuous enhancement. As a result of these efforts, Hanjin KAL was recognized as an excellent workplace for risk assessment by the Korea Occupational Safety and Health Agency (KOSHA) in 2023.

Risk Assessment Process

Step 1	Preparation	Draft risk assessment regulations; determine the level of risk; and collect necessary data for the assessment.
Step 2	Identification of Hazardous Factors	Identify hazardous factors within the workplace through site inspections and feedback from employees.
Step 3	Risk Determination	Estimate the level of risk and compare it with the acceptable risk criteria established by the workplace to determine if the risk is allowable. ※ Simplified methods, such as the three-step assessment or checklist method, are utilized for small businesses.
Step 4	Development and Implementation of Risk Reduction Measures	If the risk is determined to be unacceptable, develop and implement measures to reduce it to the lowest practicable level.
Step 5	Documentation, Sharing, and Training	Document the identification of hazardous factors, risk determinations, and the corresponding measures taken; share the results of the risk assessment at the tool box meeting (TBM) and train the relevant workers on the findings.

Right to Suspend Work

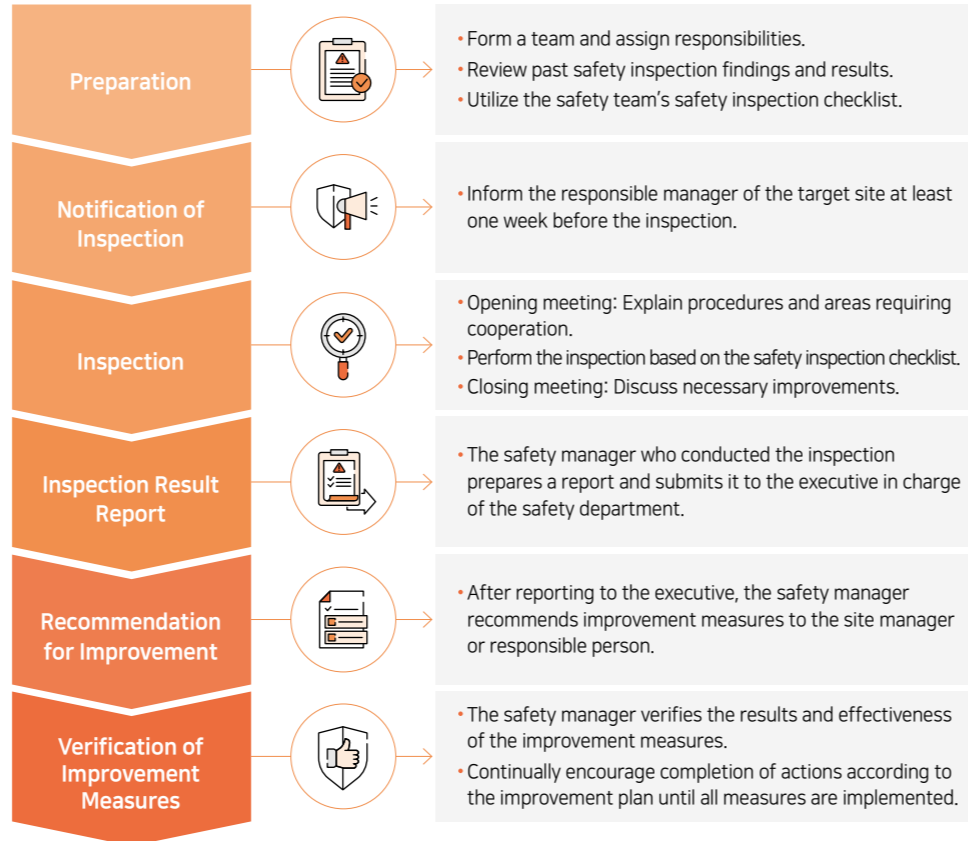
In situations where there is an imminent danger of an industrial accident, any worker or supervisor has the right to suspend work and evacuate the work site to a safe location. Employers are prohibited from dismissing or treating unfavorably any employee who exercises this right, provided there are reasonable grounds for the suspension and evacuation.

Safety and Health

Safety Inspection

Hanjin KAL conducts safety inspections based on safety and health guidelines to ensure a safe working environment at the headquarters and comply with obligations under the Occupational Safety and Health Act and related regulations. The purpose of these inspections is to identify and improve safety risk factors, such as potential hazards in the workplace, to prevent accidents before they occur.

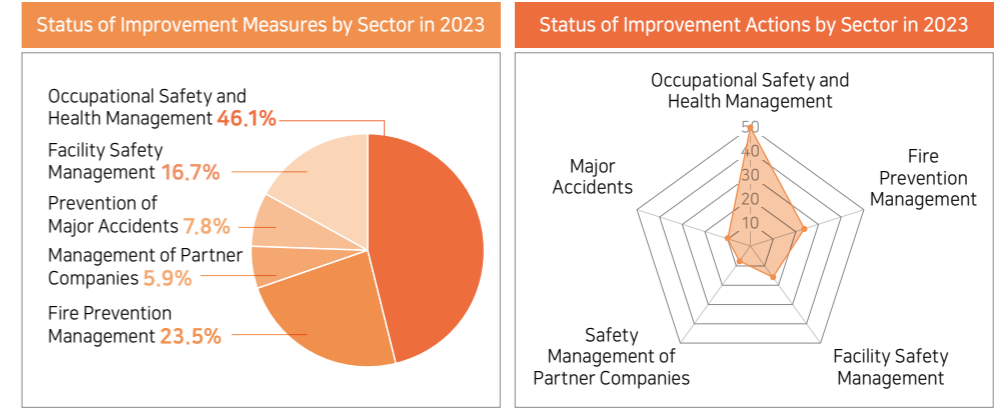
Safety Inspection Process



Safety Management Support Activities for Affiliates

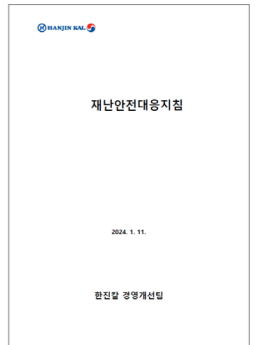
In 2023, Hanjin KAL visited 29 business sites across 8 affiliates, including Korean Air and Hanjin Logistics, identifying a total of 102 areas needing improvement (an average of 3.5 per site) and requiring corrective actions. Significant improvement needs were found in occupational safety and health management, fire prevention management, and facility safety management. In 2024, the company plans to continue site inspections based on the group safety checklist. Special focus will be given to supporting business sites with under 50 employees to enhance their safety and health management systems in preparation for the enforcement of the Serious Accidents Punishment Act.

Results of Affiliate Safety Management Support Activities in 2023



Disaster Response Guidelines and Training

In January 2024, Hanjin KAL updated its disaster safety response guidelines, which apply to all employees and visitors at its headquarters building. The goal is to minimize casualties and tangible and intangible company losses from disasters such as fires, typhoons, and floods by ensuring all staff are well-informed on appropriate response measures. The guidelines define the key responsibilities and roles of each department during a disaster, providing detailed scenarios and action protocols for various situations. To prevent disaster incidents, Hanjin KAL conducts regular safety inspections, maintenance, and safety training. The company also regularly performs disaster simulation drills at its worksites. In 2023, Hanjin KAL conducted two disaster response drills at its Seosomun office building.



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Health Promotion Programs

Most Hanjin KAL employees work long hours in sedentary office positions, making them susceptible to musculoskeletal disorders. To address this, in 2023, Hanjin KAL conducted a survey on the risk factors and symptoms associated with musculoskeletal disorders and developed improvement measures. The identified improvements include: recommended break times, stretching exercises, ergonomically designed office furniture and equipment, educational materials on proper posture, and creating a suitable work environment tailored to individual body types.

Group Highlights

Hanjin Logistics Employee Assistance Program

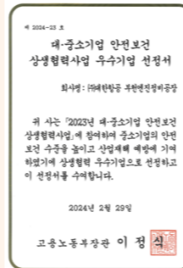
Hanjin Logistics is committed to fostering a healthy workplace through its Employee Assistance Program (EAP). This program aids employees in managing personal issues and stressors that may stem from their work or daily lives, promoting both physical and mental well-being.

Partner Safety and Health Management

Group Highlights

Korean Air's Participation in the Safety and Health Collaboration Program

Korean Air's Bucheon Engine Maintenance Facility and Busan Aerospace Business Headquarters participate in a collaborative program aimed at enhancing safety and health for partner companies. In 2023, these facilities established a foundation for partner companies to obtain risk assessment certifications. They increased awareness of risk assessments through external expert evaluations and provided safety training for subcontractors. Consequently, the Bucheon Engine Maintenance Facility was recognized as an outstanding enterprise in the 2023 Safety and Health Win-Win Cooperation Project by the Ministry of Employment and Labor.



Embedding Safety Culture

Group Highlights

Korean Air's Enhancing Safety Culture

Korean Air designated its first Safety Day to elevate safety awareness among employees and partner company workers. Various participatory activities were conducted, including the "Safety Together" campaign and the "Safe Daily Life with Family" campaign. To foster safety habits in daily life and the workplace, Korean Air organized a "Safety Family Photo Contest" and a "KALMAN Exercise Video Contest." These activities were captured in videos and shared company-wide through the OSH Newsletter and internal promotional channels, increasing employees' engagement with safety and health. Additionally, to raise awareness and promote health among outdoor workers, Korean Air held a declaration ceremony to implement three key measures for preventing heat-related illnesses during the summer. The "Heat-Related Illness Prevention Campaign" also provided 3,000 Korean Air and partner company employees with temperature-regulating functional products.



Safety and Health

Metrics and Targets

	Performance in 2023	Target for 2024	Long-Term Goals
HANJIN KAL CORP.	<ul style="list-style-type: none"> Recognized as an excellent business in risk assessment (KOSHA) Implemented safety management support activities for affiliates (29 business sites of 8 companies, including Korean Air and Hanjin Logistics) 	<ul style="list-style-type: none"> Continue safety management support activities for affiliates Continue holding Affiliate Occupational Safety and Health Committee meetings 	<ul style="list-style-type: none"> Achieve zero workplace accidents at Hanjin KAL sites Continue improving workplace safety management at Hanjin KAL and affiliate sites
KOREAN AIR LINES	<ul style="list-style-type: none"> Achieving zero critical accidents Receiving no corrective orders or fines from relevant authorities Inaugurating and institutionalizing companywide Safety Day 	<ul style="list-style-type: none"> Conduct company-wide safety and health management system assessment by an external expert organization Participating in government-sponsored subcontractor cooperation programs Conducting quarterly occupational safety and health committee meetings and labor-management joint inspections 	<ul style="list-style-type: none"> Identify and strengthen focused management of high-risk factors for potential industrial accidents Strengthen the subcontractor cooperation safety and health management system
HANJIN Logistics Corp.	<ul style="list-style-type: none"> Strengthened risk assessment inspections (increased frequency from annual to semi-annual) Established and distributed an emergency response guide for major accidents Established an electric vehicle charger safety management system 	<ul style="list-style-type: none"> Reduce industrial accidents compared to 2023 Achieve zero serious accidents in 2024 	<ul style="list-style-type: none"> Establish a safety culture <ul style="list-style-type: none"> - Enhance safety awareness through training and education - Strengthen safety communication Advance the autonomous safety management system <ul style="list-style-type: none"> - Strengthen on-site safety leadership - Operate an IT-based safety control room

	Metric	2021	2022	2023
HANJIN KAL CORP.	Accident rate	0%	0%	0%
	Number of Accidents	Number of Injuries	0	0
		Number of Fatalities	0	0
	LTIFR (Lost Time Injury Frequency Rate)	0	0	0
KOREAN AIR LINES	Accident Rate	0.09%	0.29%	0.74%
	Number of Accidents	Number of Injuries	14	51
		Number of Fatalities	2	1
	LTIFR (Lost Time Injury Frequency Rate)	0.42	1.52	3.83
HANJIN Logistics Corp.	Accident rate	0.07%	0.20%	0.43%
	Number of Accidents	Number of Injuries	1	3
		Number of Fatalities	0	0
	LTIFR (Lost Time Injury Frequency Rate)	0.32	0.84	1.85

* Accident Rate: (Number of Injuries + Number of Fatalities) / Total Number of Employees x 100

* LTIFR (Lost Time Injury Frequency Rate): (Number of Lost Time Injuries / Total Number of Worked Hours) x 1,000,000

* The number of incidents at Korean Air in 2022 was revised to a total of 52 cases, with 6 additional cases approved after the previous year's report was published.

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Stakeholder

Interview

Leader of Sustainability Team at HANJIN Logistics Corp.

Q

"Occupational safety and health" has been selected as a key ESG material issue for Hanjin KAL. As a major group affiliate of Hanjin KAL, what efforts did Hanjin Logistics make in 2023 to address occupational safety and health and what were the outcomes?

A

In 2023, Hanjin Logistics made various efforts under the vision of "Zero Defects Site Safety Management Challenge." These efforts included enhancing the frequency of risk assessments from annual basis to semiannual basis, ensuring continuous management and improvement through the identification and evaluation of workplace hazards. Hanjin Logistics participated in the Excellent Risk Assessment Certified Facility program by the Korea Occupational Safety and Health Agency, obtaining additional certifications for three new locations: Sinboryeong Logistics Center, Changwon Logistics Center, and Suwon Parcel Center, in addition to the existing Gyeongin Maintenance Team. Hanjin Logistics distributed emergency response guides for serious accident, clearly defining departmental roles and responsibilities during emergencies, and conducted semiannual emergency drills to enhance preparedness. At operational sites, efforts have been made to expand the installation of safety devices on forklifts (safety beams, voice warnings) and safety guardrails at vehicle docking docks within parcel terminals to prevent accidents. Additionally, Hanjin Logistics has established a safety management system for electric vehicle charging facilities as its major facilities expand, and conducted the HAN TEAM campaign with union leaders and management in Gwangyang, Boryeong, and Incheon regions to strengthen collaboration in accident prevention and safety management. Hanjin Logistics implemented an Employee Assistance Program (EAP) to support the physical and mental health of employees and developed and distributed a guide for handling customer complaints to further protect employees. In August, Hanjin launched the Hanjin Safety Management System (HSMS) to efficiently and standardized safety and health tasks across all operations, utilizing real-time data to ensure compliance with safety regulations. Hanjin Logistics remains committed to enhancing the physical and mental safety management of employees and all personnel working at its facilities. The company continues to strive for more efficient and standardized operations to maximize the effectiveness of these efforts.

Q

What direction do you think Hanjin Group should take to strengthen safety and health in the future?

A

Safety and health are crucial factors that significantly impact both the company and its employees. Ensuring workplace safety requires a robust management system at the headquarters, regular inspections, and strong support for on-site implementation. Most importantly, effective execution at the ground level is vital. With the increased safety-related tasks following the enactment of the Serious Accidents Punishment Act, and considering that on-site personnel cannot focus solely on safety duties, it is essential for the headquarters to provide support measures such as digitizing and automating safety tasks to facilitate easier operations at the sites. At the group level, it is vital to prioritize safety investments and expenditures, regardless of business performance. Fostering a culture that encourages safety improvement activities and creating opportunities for sharing and benchmarking various ideas implemented at different sites are also crucial. This includes understanding the unique characteristics of each business site, the types of accidents, and preventive measures.

Social Contribution and Management

Commitment to Philanthropy

Hanjin Group actively engages in various philanthropic activities to support vulnerable groups and address social issues. Leveraging its position as a global logistics group, Hanjin Group extends its support through donations and relief efforts. Hanjin Group remains committed to continuous and sincere efforts in providing the necessary support and sharing with neighboring communities.

Donating and Relief Efforts

Hope Sharing Campaign with Community Chest of Korea

In December 2023, Hanjin Group donated KRW 2 billion to the Community Chest of Korea as part of the Hope Sharing Campaign. Since 2001, Hanjin Group has participated in this campaign, contributing approximately KRW 53 billion up to 2023. The donated funds will be used to support people with disabilities, low-income households, and social welfare facilities.

Disaster Relief Donations

Hanjin Group donated \$500,000 to the Korean Red Cross in February 2023 to support recovery efforts in the earthquake-stricken region of Turkey. This donation was intended to aid recovery activities and assist those affected by the disaster. Additionally, in April 2023, the company contributed KRW 5 billion to assist victims of the wildfire in Gangneung and another KRW 5 billion in July for the flood victims following nationwide heavy rains. Hanjin Group is committed to continuing its philanthropic efforts as a global logistics company, consistently providing aid for disaster recovery and assisting those in need.

Hanjin Group Donations

Cash Donations and Community Investment in 2023

Total: KRW **28.2 billion**



Accumulated Donations to Community Chest of Korea

Total for 2023 KRW **2 billion**
Cumulative Total KRW **53 billion**



Group Highlights

Community Contributions Leveraging Business Characteristics

Transport of Relief Supplies to Turkey Earthquake Victims via Cargo Charter

On March 20, 2023, Korean Air deployed a B777F cargo aircraft from Incheon to Istanbul to transport relief supplies for the earthquake victims in Turkey at free of cost. The relief supplies, weighing approximately 45 tons and including tents, sleeping bags, and blankets, were delivered to the affected people through Turkey's Disaster and Emergency Management Authority (AFAD). This special cargo charter by Korean Air was made possible through close cooperation with the Ministry of Land, Infrastructure, and Transport and the Korea International Cooperation Agency (KOICA).

Leveraging its world-class air cargo transport expertise and global network, Korean Air has previously provided free transport of relief supplies to disaster sites, including the Laos dam collapse in 2018, the Peru floods in 2017, the Fiji cyclone in 2016, and the Nepal earthquake in 2015. Korean Air plans to continue playing a leading role as a global airline in international emergency relief efforts and actively participate in future humanitarian activities.

Hanjin Logistics' Love Connect Campaign

Since 2022, Hanjin Logistics has been spearheading the "Love Connect" campaign, integrating CSV (Creating Shared Value) activities with business operations to foster responsible consumption and address social and environmental challenges. This campaign engages both customers and employees.

In 2023, part of the sales from the "Gift in My Wallet" gift card was donated to the Beagle Rescue Network for stray dog rescues. Additionally, a portion of the revenue from the "One-Click Parcel Service" supported the "i-Leader Program," a talent development program with ChildFund Korea. Hanjin Logistics also partnered with World Vision, an international relief and development NGO, to donate a portion of the proceeds from "Hoot Town" to the Love Lunchbox Campaign, which provides dinner support for underprivileged children. Hanjin Logistics will continue to practice corporate social responsibility in various ways.



Social Contribution and Management

Education, Medical, and Cultural businesses

Hanjin Group aims to ensure that its public interest foundations have a lasting positive impact, contributing to societal and national development. By offering a variety of educational, medical, and cultural programs, Hanjin Group plans to increase investments and support to enrich society and provide citizens with a stable and fulfilling life.

Jungseok-Inha Educational Foundation

The Jungseok-Inha Educational Foundation, operated by Hanjin Group, is dedicated to nurturing future talents in South Korea. The foundation oversees six educational institutions: Inha University, Korea Aerospace University, Inha Technical College, Jungseok Aviation Science High School, Inha University High School, and Inha University Middle School.



Education Business

The Jungseok-Inha Educational Foundation has produced approximately 400,000 graduates from middle school to university. Up until 2023, Hanjin Group has provided KRW 25.3 billion in scholarships to around 12,000 students, supporting them in pursuing their dreams and growth. The foundation has also established aviation and logistics faculties to develop educational content that meets industry needs and strives to cultivate global experts in the aviation and logistics fields through continuous exchanges with prestigious overseas universities.

“The most meaningful thing in life is to develop talent,”

- quoted from “Business is Art,” the biography of Founding CEO Cho Choong-Hoon.

Hanjin Group Contributions

(Cumulative as of the end of 2023)

Cumulative Contributions	Scholarship Recipients	Scholarship Amount
Total KRW 571.9 billion	12,821 persons	KRW 25.3 billion

Medical Business

In line with founder Cho Choong-Hoon’s vision to contribute to society, the Jungseok-Inha Educational Foundation established Inha University Hospital in 1996, the first university hospital in Incheon. This institution is crucial to the local healthcare system and contributes to the advancement of medical services in South Korea.

Inha University Hospital has consistently maintained top-tier status, achieving the highest grade in the Ministry of Health and Welfare’s Healthcare Quality Assessment for four consecutive years. The hospital also received the highest grade in the emergency medical institution evaluation conducted by the National Medical Center, showcasing its exceptional medical system.

Medical Support for Disabled Students

Since 2018, Inha University Hospital has partnered with the Incheon Metropolitan Office of Education to provide medical support for students with severe and multiple disabilities. This program includes health check-ups, special education teacher training, and on-site nursing and rehabilitation services. It is tailored to address the diverse physical and intellectual challenges faced by these students, ensuring they receive customized special education support.

Community Medical Services

In April and September 2023, Inha University Hospital collaborated with the Incheon Metropolitan Government to launch the ‘One Island, One Hospital’ program as part of the “Make a humane Island” project. This project aims to improve healthcare accessibility for island residents, particularly the elderly with mobility issues, by providing free basic health check-ups, pain injections, and horticultural therapy.



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Ilwoo Foundation

Ilwoo Foundation was established by the Hanjin Group in February 1991 with the aim of fostering talented individuals and contributing to the development of the nation through cultural projects.

Ilwoo Foundation has opened Ilwoo Space in the lobby of the Korean Air building in Seosomun, providing a free cultural exhibition space for the public. Ilwoo Space hosts various exhibitions, showcasing innovative works by both established artists representing the South Korean art scene and promising new talents, creating a space for intergenerational dialog and engagement. Additionally, since 2009, the Ilwoo Foundation has been awarding the Ilwoo Art Prize annually, recognizing the Artist of the Year to support photographers with exceptional talent and passion in their journey to becoming world-renowned artists.

Furthermore, the foundation runs domestic and international scholarship programs. The domestic program provides scholarships to outstanding young heads of households to help them grow into responsible members of society. The international program selects students from countries like Mongolia, Cambodia, and Uzbekistan, offering scholarships and living expenses for studying at universities in South Korea.

[Ilwoo Art Prize Artist of the Year](#) →

“The transport of people and goods and cultural exchange are not separate but interconnected.”

- Cho Yang-ho, Former Chairman of Hanjin Group

Ilwoo Art Prize (since 2009)

Total Artists Discovered (Cumulative)	Total Funding Provided (Cumulative)	Number of Visitors in 2023	Total Funding Provided (Cumulative)
36	KRW 2.3 billion	3,046	KRW 3.3 billion

Ilwoo Space Exhibitions (since 2010)

Jungseok Logistics Foundation



Since 2006, the Jungseok Logistics Foundation has been supporting academic research for scholars who will lead the future of the logistics field, helping South Korea to become a global logistics powerhouse.

Additionally, since 2014, the foundation has regularly held academic conferences and policy forums to share research outcomes and strengthen the research base in the logistics field, further contributing to the advancement of national logistics.

Key Research Areas

Logistics	Travel/Tourism
<ul style="list-style-type: none"> • Social Overhead Capital, including third-party logistics, ports, and airports, and Supply Chain Management (SCM) in the logistics industry. • Logistics policy, international logistics, reverse logistics, logistics technology, and R&D. • Logistics management and economics, as well as interdisciplinary research topics. • Logistics security and other areas related to transportation logistics. 	<ul style="list-style-type: none"> • Research contributing to the academic knowledge of the tourism field. • Studies investigating travel, tourism, and leisure phenomena. • Support for research on tour management and economics, as well as interdisciplinary research topics.

Scholastic Research Support

<p>Research Support (Cumulative)</p> <p>119</p> 	<p>Total Funding Provided (Cumulative)</p> <p>KRW 3.8 billion</p> 
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Sustainable Supply Chain Management

Shared Growth Management

Hanjin Group is dedicated to achieving the highest service quality and building a sustainable supply chain through a philosophy of shared growth and harmony. To strengthen partnerships and enhance the capabilities and productivity of its partners, Hanjin Group fosters various forms of communication and support.

Partner Selection and Evaluation

Hanjin KAL maintains cooperative relationships with partners responsible for manufacturing, construction, repairs, services, and other tasks. The selection of new partners is based on rigorous criteria, including safety and health management systems, performance in safety and health, and level of disaster occurrence.

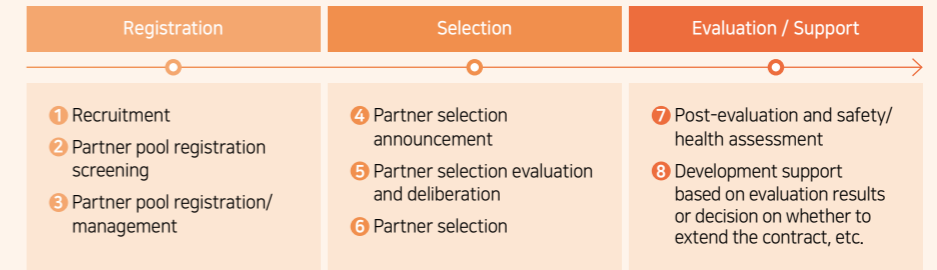
Partner Supplier Selection Evaluation Criteria

Category		Evaluation Items
Safety and Health Management System	1. General Principles	Alignment between the safety and health policies of the primary contractor and subcontractor
	2. Planning	Conformity of the subcontractor's implementation plan with the primary contractor's industrial accident prevention activities
	3. Structure and Responsibility	Role distribution among members for executing the implementation plan (headquarters and site)
Implementation Level	4. Risk Assessment	Understanding of risk assessment results for contracted work and the subcontractor's own evaluation of hazards and risks
	5. Safety Inspection	Conducting and monitoring safety inspections
	6. Checking Implementation	Confirming implementation of safety measures
	7. Education and Record Keeping	Management of safety and health education plans and records
	8. Safety Work Permits	Managing implementation level of safety work permits for hazardous and dangerous work
Operational Management	9. Signaling and Communication Systems	Signaling and communication systems between the primary contractor and subcontractor
	10. Hazardous Materials and Equipment	Verification of the safety of hazardous materials and handling machinery, tools, and equipment
	11. Emergency Measures	Evacuation and damage minimization measures in case of emergency
Accident Occurrence Level	12. Industrial Accident Status	Industrial accident occurrence status over the past three years

Group Highlights

Partner Registration and Evaluation Process

Hanjin Logistics established the Partner Recruitment, Registration, Operation, and Evaluation Guidelines in 2017 to ensure transparency in the selection and management of partners. Based on these guidelines, Hanjin Logistics has been expanding its pool of partners annually and identifying excellent partners to build a sustainable supply chain.



Selection, Evaluation, and Development of Partners Reflecting ESG Elements

To encourage the practice of ESG management, Hanjin Logistics has incorporated environmental management, social responsibility, ethical management, and safety and health management levels into its partner selection criteria since 2021. Additional points are awarded to companies that hold relevant certifications.

Partner Selection Evaluation: Additional Points for Certifications

Category	Certifications for Additional Points
Environmental Management	• ISO 14001 (Environmental Management System)
Ethical Management	• ISO 37301 (Compliance Management Systems)
	• ISO 37001 (Anti-Corruption Management System)
Safety and Health Management	• KOSHA-MS
	• ISO 45001 (Occupational Health and Safety Management System)

Hanjin Logistics conducts a comprehensive evaluation of its contracted partners, which includes quarterly service evaluations, biannual safety evaluations, and an annual overall assessment. The overall evaluation encompasses various criteria related to service quality and occupational health and safety. The results of these service evaluations are used to determine incentives and penalties for partners. Additionally, these outcomes influence decisions regarding contract extensions, adjustments in the scale of partner operations, and support for partner development.

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Sustainable Supply Chain Management

Partner Support Programs

Hanjin Group is committed to building a sustainable supply chain and enhancing the competitiveness of its partners through various support programs. These include productivity improvement, new technology development support, capacity building, financial support, risk management, and welfare benefits.

Group Highlights

Partner Support Programs for Shared Growth

The Aerospace Business Division of Korean Air collaborates with a global supply chain comprising 471 partners across 20 countries as of 2023. These partnerships are essential for sourcing diverse parts required for aircraft manufacturing. To ensure top-quality production and a sustainable supply chain while maintaining the stability of partner companies, Korean Air has implemented various collaborative support programs. These activities include discovering collaborative programs, conducting joint development, providing support for process improvement, assisting in government project acquisition, and conducting job skill enhancement training.

Improvement of partner companies' productivity and development of new technologies	<ul style="list-style-type: none"> • Providing support such as technical and quality assistance, process and equipment improvement, personnel dispatch, and joint execution of government projects • Enhancing productivity and reducing costs through Lean Workshops and the introduction of manufacturing robots
Strengthening partner companies' capabilities and enhancing communication	<ul style="list-style-type: none"> • Supporting maintenance of partner companies' production equipment to reduce costs and strengthen production capabilities • Sustaining collaborative efforts through functional qualifications, job training, and new technology seminars • Activating communication through regular meetings, quality symposiums, and new technology briefings
Training and education for partner companies	<ul style="list-style-type: none"> • Providing the same level of job and functional qualification training services to external partners and internal subcontractors • Offered 515 training sessions to 685 participants in 2023
Establishment of a code of conduct for partner companies	<ul style="list-style-type: none"> • Establishing and managing a code of conduct for partner companies • Describing the code of conduct in areas such as labor/human rights, safety/health, environment, ethics, and management systems • Distributing the code of conduct to 1,300 domestic and international companies and posting it on the website
Financial support for partner companies	<ul style="list-style-type: none"> • Paying 100% in cash to partner companies • Offered free tool rental support worth approximately KRW 1.9 billion to partner companies in 2023 • Provided about KRW 1.1 billion in other support such as calibration assistance, employee shuttle bus services, and outpatient care/influenza vaccination for partner company employees in 2023
Operation of a grievance handling process for partner companies	<ul style="list-style-type: none"> • Reporting and receiving complaints through the "Unfair Trade and Complaint Reporting Center" on the communication channel (partner.koreanair.com) for partner companies • Sharing the operation results on the website bulletin board semiannually • Zero complaints in the first and second halves of 2023
Regular assessment of supply chain sustainability risks	<ul style="list-style-type: none"> • Conducting biennial evaluations and monitoring of domestic supply chain sustainability risks through credit rating agencies • Performing annual evaluations and monitoring of international supply chain sustainability risks through regular AEO assessments

Enhancing Partner Capabilities and Providing Welfare Support

Hanjin Logistics actively supports its partners to promote ESG principles across the supply chain. Through the Hanjin Logistics electronic bidding system, the company automatically sends worksite safety rule video links to partners via email, encouraging their use in safety and health training. Additionally, privacy protection training is provided to manage safety, health, and privacy risks within the supply chain.

Hanjin Logistics also extends various welfare benefits to its partners. Directly contracted transport drivers and customer service center representatives receive supplies for significant life events. During extreme weather conditions, delivery drivers are provided with beverages and cold-weather gear. Annual health check-ups are conducted for delivery drivers, trunk line drivers, and delivery center managers to ensure their well-being. Furthermore, Hanjin Logistics operates a welfare mall for delivery drivers and freight operators, offering work supplies, office supplies, and various Hanjin Group products at discounted prices. In the summer, Hanjin buildings operate "Thank You Boxes" that provide water to all visiting delivery personnel, expressing appreciation for their hard work.



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Sustainable Supply Chain Management

Compliance with fair-trade

Hanjin Group enforces fair trade guidelines across all subsidiaries to promote a culture of fair trading and strictly prohibits employees from accepting undue compensation. The company provides continuous education on fair trade practices, anti-corruption measures, and relevant laws and regulations to all employees. Through the Hanjin KAL Ethics Management Committee, the company works to strengthen the group's fair trade capabilities.

Enhancing Fair Trade Capabilities

Hanjin Group is enhancing its fair trade capabilities through the Ethics Management Committee of Hanjin KAL. On February 17, 2023, the committee conducted a practical training session on the Fair Trade Act for personnel responsible for fair trade disclosures across the group. This training aimed to enhance their expertise in fair trade practices. The session focused on prohibiting private interests under Article 47 and unfair support under Article 45 of the Fair Trade Act. It also provided detailed instructions on the submission schedule for disclosure materials and key points regarding amendments to the Fair Trade Act related to the disclosure system.



Group Highlights

Conducting Regular Fair Trade Training

Korean Air provides legal education on the Improper Solicitation and Graft Act and the Fair Trade Act for expat employees and new employees. Regular online training is also offered to all employees on antitrust compliance, improper solicitation and bribery, market abuse, and unfair trade practices. To further enhance legal compliance, Korean Air publishes a quarterly Compliance Newsletter.

Hanjin Logistics conducts both online and offline training for all employees, emphasizing compliance with the Fair Trade Act and prohibiting unfair collective actions. Monthly guidelines are provided to departments involved in bidding processes, detailing prohibited actions such as bid collusion and information exchange, along with associated penalties to prevent legal violations.

Group Highlights

Operation of Compliance Program for Fair Trade

Korean Air and Hanjin Logistics operate compliance programs that include guidelines and action plans for fair trade regulations. These programs ensure all employees adhere to fair trade laws. Both companies have embraced and diligently applied the Fair Trade Commission's 4 Principles for Co-prosperity between Large and Small Enterprises. Each year, they uphold these principles by entering into and honoring fair trade agreements with their partners, thereby fostering mutual trust.



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Enhancing Customer Satisfaction

Customer-Centered Management

Hanjin Group is dedicated to maximizing customer satisfaction and enhancing enterprise value through a customer-centric management philosophy and perspective. This commitment to customer satisfaction is a core value, and the group actively incorporates customer feedback into its management system, implemented across key affiliates. For over 70 years, Hanjin Group has been meeting expectations and earning the trust of its customers. The group will continue to strive tirelessly to maximize customer satisfaction.

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Customer Satisfaction Strategy

Korean Air is committed to improving customer satisfaction by comprehensively and systematically evaluating all its services. This is guided by the management philosophy of "Enhancing Customer Loyalty by Maximizing Customer Satisfaction." The airline emphasizes direct communication with customers and on-site management to address and improve any issues that arise during service. Korean Air also makes efforts to promptly respond to changes in customer needs in order to enhance customer satisfaction.

Hanjin Logistics practices customer satisfaction management by ensuring that all value creation activities, from planning and developing logistics services to their delivery, are conducted from the customer's perspective.

Vision
Asia Top-tier Smart Logistics Solution Company

Service Quality Goals

Pursuing maximum satisfaction for both external (service) and internal (employees) customers by improving service quality and reinforcing a customer-centric mindset.

Customer Satisfaction Management Service Quality Strategy

Pursuing a win-win customer value innovation based on trust, long-term relationships, and mutual benefits with customers.

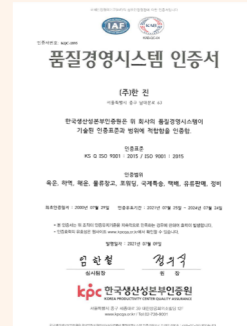
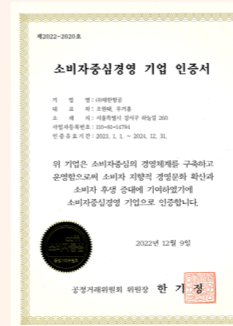
Customer Satisfaction Management System

Certification of Consumer Centered Management (CCM)

In December 2020, Korean Air became the first airline to receive the Consumer Centered Management (CCM) certification from the Korea Consumer Agency, which is endorsed by the Fair Trade Commission. This certification was successfully renewed in December 2022. The CCM certification evaluates whether a company organizes all its activities from the consumer's perspective and continuously improves them. Since receiving the CCM certification, Korean Air has established a dedicated organization to maintain the CCM system. The airline regularly operates a Service Improvement Committee to systematically practice consumer-centered management. Additionally, Korean Air has implemented the Net Promoter Score (NPS) to incorporate diverse and detailed consumer feedback into service improvements, ensuring a customer-centric approach in all its activities.

Quality Management System Certification

Hanjin Logistics has received ISO 9001 certification, an international standard for quality management systems established by the International Organization for Standardization (ISO). This certification guarantees that the company's service systems comply with international standards and are consistently maintained and managed, underpinning Hanjin Logistics' commitment to customer satisfaction. Leveraging this certification, Hanjin Logistics is devoted to continually integrating customer feedback into its services to deliver superior service and a more gratifying customer experience.



Enhancing Customer Satisfaction

Enhancing Customer Satisfaction

Hanjin Group prioritizes incorporating field feedback into customer services as a key management principle. By listening to customer opinions and seeking improvement methods, the group is dedicated to providing services that genuinely impress customers. To manage customer experiences and understand service trends, Hanjin Group utilizes the “Voice of Customer” (VOC) and service evaluations.

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Service Improvement through Voice of Customer(VOC)

Korean Air has made several service improvements based on customer feedback. In response to VOC feedback, the airline introduced in-flight Wi-Fi services on international routes starting in June 2023, with plans to gradually expand the service to more aircraft and routes. The internet plan allows for web browsing, email, and video (up to 480p) and music streaming, while the messaging plan supports text messaging via apps like KakaoTalk, Line, and WhatsApp. Additionally, Korean Air has introduced a pre-order meal service for Prestige Class passengers, enhanced the tea service for premium classes, and developed a Korean vegan menu to cater to the global interest in vegan food. Moving forward, Korean Air will continue leveraging the VOC to innovate and adapt its services to meet evolving customer demands.



Enhancing Customer Service Using NPS Data

Since introducing the Net Promoter Score (NPS) in 2021, Korean Air has systematically managed customer feedback through an AI-based NPS platform, especially as passenger demand recovers in the endemic COVID phase. This approach helps identify areas of inconvenience at various service touchpoints, driving company-wide efforts to address and improve these issues. Examples of service improvements include enhancing lounge menus at Incheon Airport, strengthening notifications via KakaoTalk and the app, expanding beverage services on short-haul routes, and upgrading in-flight entertainment. In 2023, Korean Air set an NPS target of 58.0 and incorporated it into executive performance evaluation metrics. Continuous efforts to improve customer service led to an NPS score of 58.3, surpassing the goal.

Service Excellence Employee Award Program

Korean Air has implemented Service Excellence Award Program to recognize employees who demonstrate outstanding abilities in customer service, thereby motivating employees and encouraging them to provide even more satisfying services to customers. Since the program’s inception in 2005, over 600 employees have been recognized with prize money and a gold badge. These rewards are designed to instill pride in the recipients for their contributions to elevating Korean Air’s service standards and to share award-winning cases to set an example for other employees.

Korean Air’s Customer Satisfaction Achievements in 2023



1st place

in Korean Service Quality Index (KS-SQI) for two consecutive years



1st place

in Global Customer Satisfaction Index (GCSI) for 19 consecutive years



1st place

in National Customer Satisfaction Index (NCSI)

Delivery Service Evaluation

Hanjin Logistics conducts service evaluations of delivery personnel by collecting feedback from customers. This feedback is reviewed and converted into quantitative scores, which are used to enhance service training programs. Additionally, the results of these evaluations are used to implement incentive and penalty systems aimed at improving service quality.

Enhancing Customer Satisfaction

Expanding Customer Communication and Engagement

Hanjin Group engages with customers through various channels and platforms. Hanjin Group will continue to strive to continuously communicate and strengthen relationships with our customers.

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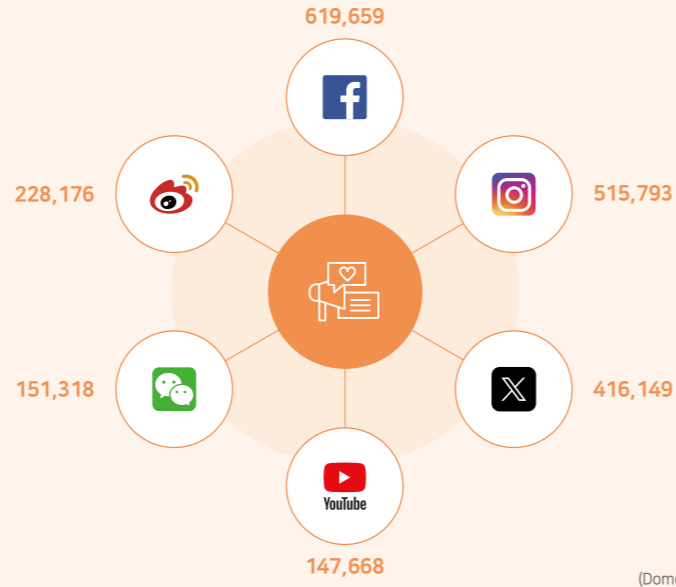
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SNS Communication

Korean Air communicates with its customers through various social media at home and abroad, including YouTube, Instagram, and Facebook. On global channels targeting international users, Korean Air produces and uploads branding-focused content that highlights destinations and transport services to enhance the corporate brand image. Through regional channels in Japan, China, and other areas, more localized content is shared to facilitate segmented communication. To strengthen communication with the global MZ generation, new channels like TikTok and Xiaohongshu have been launched in response to rapidly changing online trends. Efforts are continually made to develop diverse and fresh content.

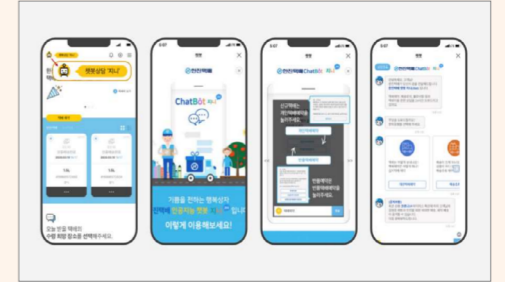
Total Number of Korean Air SNS Followers (as of January 2024)



(Domestic and International)

Customer Communication Channels

Hanjin Logistics operates various channels to ensure quick and convenient communication with customers. These include the company website, a customer app, and a customer service center to handle inquiries and consultations. Efforts to expand communication channels are ongoing, incorporating new technologies like visible ARS and chatbots.



Shipping Information Visibility

Hanjin Logistics is implementing new technologies and systems to allow customers to easily track the entire delivery process and manage complaints more efficiently. By continuously developing new services from the customer's perspective, such as pre-notification of delivery delays, incident status information, and electronic claim agreement, Hanjin Logistics aims to enhance customer satisfaction.



In-advance Notification of Delays

Automatically send texts when a shipment is delayed, explaining the reason for the delay and the estimated date of arrival



Information on the Status of Incidents

Provide real-time information on the status of courier-related accidents and compensation after receipt, if necessary



Introduction of Electronic Claims Agreements

Implement an electronic signature through APP and WEB for customers' compensation processing



Photo Transmission for Consignment Delivery

Send photos of the storage location when it is difficult to receive the courier in person

Human Rights and Diversity

Respecting Human Rights and Diversity in Business Management

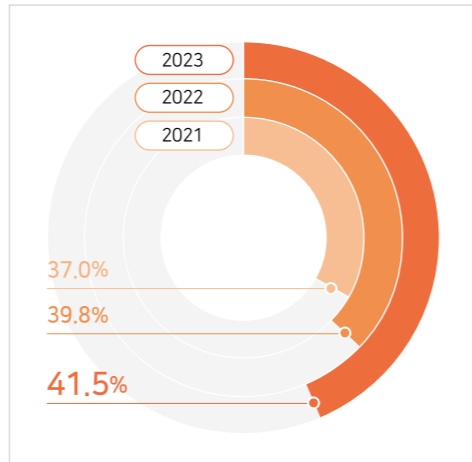
Hanjin Group adheres to the Labor Standards Act, along with relevant laws, systems, and ILO regulations in every country where its global workplaces operate. The company ensures that personnel management practices, including recruitment, assignment, evaluation, and compensation, are free from discrimination based on gender, age, race, religion, disability, place of origin, political beliefs, or any other factors. Moving forward, Hanjin Group remains committed to respecting the human rights of its employees and strives to create an optimal working environment that safeguards these rights.

Respecting Diversity, Equity, and Inclusion

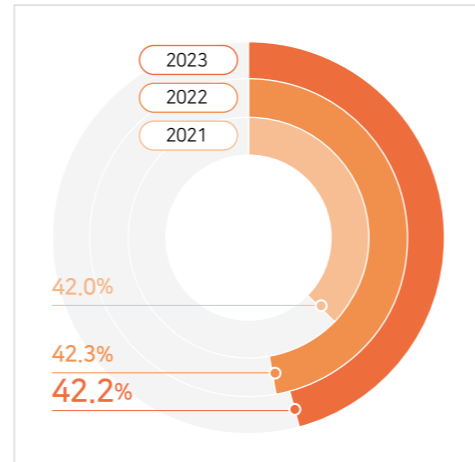
Hanjin Group respects diversity, equity, and inclusion (DEI) by embracing individuals from diverse backgrounds, treating everyone fairly, and providing equal opportunities. The company strictly prohibits discrimination in hiring, promotion, and other employment practices, striving to create an inclusive corporate culture where everyone can equally demonstrate their abilities without exclusion.

Hanjin Group is continuously expanding the employment of women and operates various maternity protection systems to support childbirth and childcare. These efforts aim to prevent career interruptions for female employees and help them maintain a balanced life between home and work. Additionally, the company operates a flexible leave system and offers equal education and career development opportunities to all employees. Through the support programs mentioned above, the company fosters the development of female talent into the next generation of leaders.

Percentage of Female Managers within the Group



Percentage of Female Employees within the Group



Group Highlights

Human Rights Policy

[Human Rights Policy Full Document](#)

Korean Air is committed to fulfilling its social responsibilities and upholding human dignity and values in all business activities. The company adheres to internationally recognized human rights standards, such as the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the International Labour Organization (ILO) Declaration, and the OECD Guidelines for Multinational Enterprises, strictly prohibiting forced labor, child labor, and wage exploitation, while recognizing the rights of workers to rest and leisure, and complying with laws related to working hours and overtime.

The company ensures equal opportunities for all employees and applicants in all aspects of personnel management, including recruitment, placement, evaluation, and compensation. Discrimination, harassment, sexual harassment, inappropriate behavior, or retaliation based on gender (including pregnancy status), age, nationality, region, race, ethnicity, skin color, religion, sexual orientation, disability, educational background, union membership, or any other personal characteristics are strictly prohibited. In 2023, Korean Air established a human rights policy reflecting its commitment to human rights management.

Human Rights Management Policy

Hanjin Logistics is committed to protecting human rights of all stakeholders, including employees, and strives to ensure that human rights violations do not occur in any of its business activities. In 2021, Hanjin Logistics established a Human Rights Management Policy, which all members of the organization are required to adhere to and comply with.

Human Rights Management Policy

- | | | |
|---|---|--|
| <p>1</p> <p>Hanjin is committed to respecting all its members and upholding international standards on human rights.</p> | <p>2</p> <p>Hanjin actively works to prevent workplace harassment, sexual harassment, and other human rights violations.</p> | <p>3</p> <p>Hanjin adheres to the "Labor Union and Labor Relations Adjustment Act" and strives to provide ample communication opportunities for all members.</p> |
| <p>4</p> <p>Hanjin strictly prohibits forced labor, whether mental or physical, ensuring that all work is performed voluntarily.</p> | <p>5</p> <p>Hanjin strictly prohibits child labor as defined by applicable laws.</p> | <p>6</p> <p>Hanjin ensures there is no discrimination in employment, work, and working conditions based on gender, race, ethnicity, religion, or any other factors.</p> |

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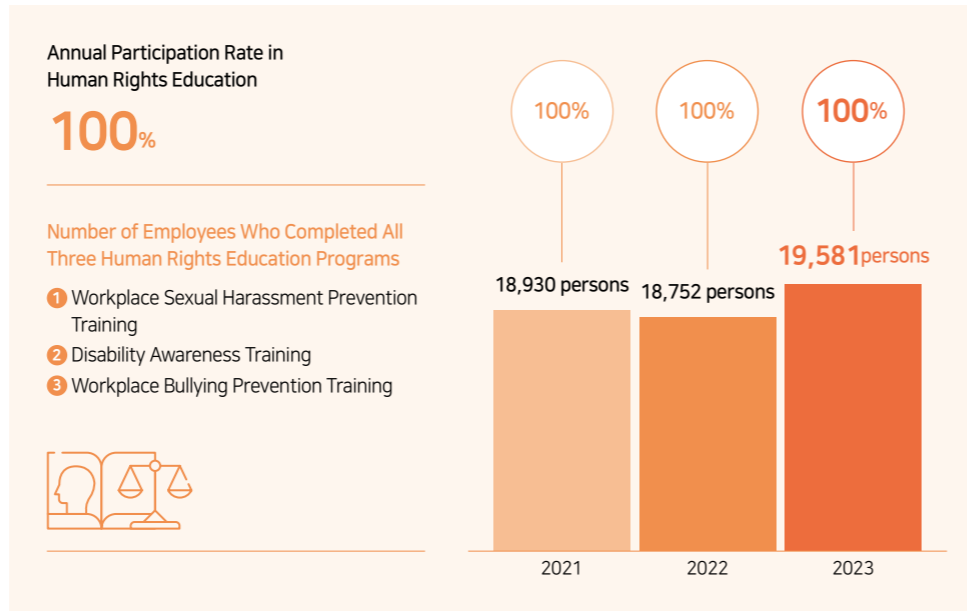
Efforts to Enhance Human Rights and Diversity

Hanjin Group is committed to guaranteeing the fundamental freedoms and rights of its employees while enhancing their awareness of human rights. To achieve this, Hanjin Group conducts comprehensive training for all employees and operates internal counseling and reporting channels to address and resolve human rights-related grievances effectively. The group remains dedicated to creating a bright and transparent workplace where employees' human rights are respected, continuously practicing human rights-oriented management.

Human Rights and Diversity Education

To improve awareness of human rights among employees, Hanjin Group regularly conducts mandatory legal training, including sessions on preventing discrimination against people with disabilities and sexual harassment. At the conclusion of these training sessions, participants are required to sign a pledge to prevent workplace sexual harassment, discrimination, and bullying. For employees who are unable to attend training sessions due to leaves of absence or other reasons, the courses are made available on the company's internal online platform for on-demand access. Additionally, Hanjin Group provides online training to all employees to foster ethical awareness and enhance human rights consciousness. These training sessions include real-life scenarios to improve employees' understanding and maximize the effectiveness of the education.

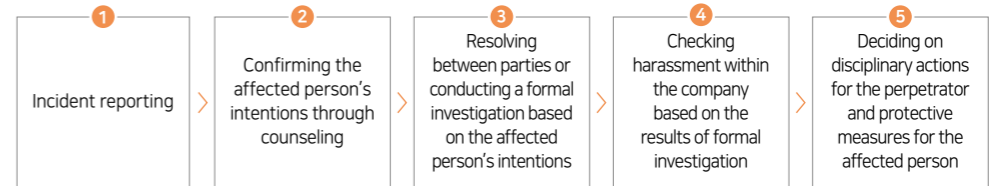
Number and percentage of participants in education for Human Rights



Human Rights Grievance Handling Process

Hanjin Group operates an internal counseling and reporting channel to provide practical solutions to difficulties that employees may encounter during their work. This process prioritizes maintaining the confidentiality of the reporter or victim and implementing measures to prevent secondary harm. The reported grievances or inquiries are thoroughly investigated, and necessary actions are taken before providing feedback to the callers. Hanjin Group has also established and operates a systematic framework to address workplace bullying. The Group plans to continuously improve the counseling and reporting systems related to human rights grievances.

Handling Process



Group Highlights

KOREAN AIR LINES Employee Grievance Handling Channels

Internal Counseling and Reporting Channel(sh_report@koreanair.com)
Dedicated to receiving reports of workplace harassment and sexual harassment

HR Counseling Channel(selipinfo@koreanair.com)
Handles HR-related grievances and personal inquiries

Hanjin Logistics Employee Grievance Handling Channel

Counseling and Reporting Channel(gochung@hanjin.com)
Receives employee grievances and issues, including workplace harassment and sexual harassment

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Talent Management

Fair Personnel System

Hanjin Group, a world-class comprehensive logistics company, seeks talent that aligns with the Group's vision. Hanjin Group operates a transparent recruitment process, emphasizing open and blind recruitment to hire individuals with a youthful spirit and passion who embody the Group's ideal of creativity, execution, and freedom.

Hanjin Group Ideal Talent

Creative talent	Talent of execution	Talents of freedom
Creativity and conviction	Sincerity and practice	Responsibility and volunteer
		
<p>Creative talent with creativity and conviction</p> <ul style="list-style-type: none"> Talent with enterprising and original sense to lead the age of globalization Talents who make a consistent effort to develop themselves 	<p>Talent of execution, sincerity, and practice</p> <ul style="list-style-type: none"> Talent having an indomitable will without frustration Talents who respect courtesy, humble themselves, and know how to be considerate 	<p>Talents of freedom having strong responsibility and volunteer spirit</p> <ul style="list-style-type: none"> Talents having professionalism to become the top expert based on the autonomous mind and execution Talents voluntarily dedicated to the service for organization and society

Fair Evaluation and Compensation System

Hanjin Group conducts annual competency and performance assessments to evaluate the capabilities and achievements of all employees. To support this, the Group has implemented a multi-faceted evaluation system and a performance-based compensation structure aimed at maximizing employee capabilities and motivation.

At Hanjin KAL, the performance evaluation process starts with employees preparing a self-assessment report of their performance. This report is then reviewed by evaluators using a five-level scale. To ensure fairness, multiple evaluators are involved in the review process, working to eliminate any bias.

Group Highlights

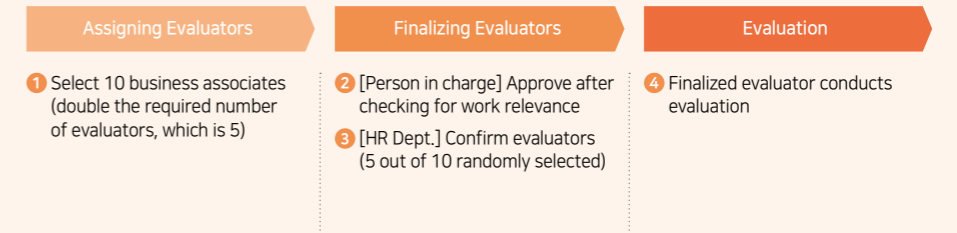
Strengthening the Multi-Faceted Evaluation System

With the introduction of a new HR system in 2023, Korean Air revamped its evaluation process to reflect current HR trends, strengthening the multi-faceted evaluation system. All employees undergo performance evaluations twice a year, based on fair standards tailored to their organization and job type. For flight crew, evaluations consider job-specific factors, including piloting skills relevant to different regions and aircraft types, as well as the ability to execute emergency procedures during abnormal situations. To ensure objectivity, peer reviews are conducted once a year. Additionally, to enhance managerial leadership and improve communication between managers and employees, a Manager Leadership Survey is administered. Evaluation results are used to inform decisions on promotions, salaries, and advancement, depending on the job type and rank. Employees receive feedback, enabling them to identify and develop their strengths and competencies. At Korean Air, all employees, regardless of gender, background, or employment status, receive fair compensation based on individual performance and capabilities. Moreover, a variety of welfare benefits are provided equitably to all employees.

Operation of Peer Evaluation System

To enhance collaboration and communication among employees, Hanjin Logistics operates a Peer Evaluation System featuring both quantitative and qualitative assessments. This system uses multiple-choice and short-answer questions to evaluate cooperation, information sharing, communication, leadership, and responsibility, aiming to foster better interactions and a culture of mutual support within the organization.

Multi-source Feedback System Operating Procedures



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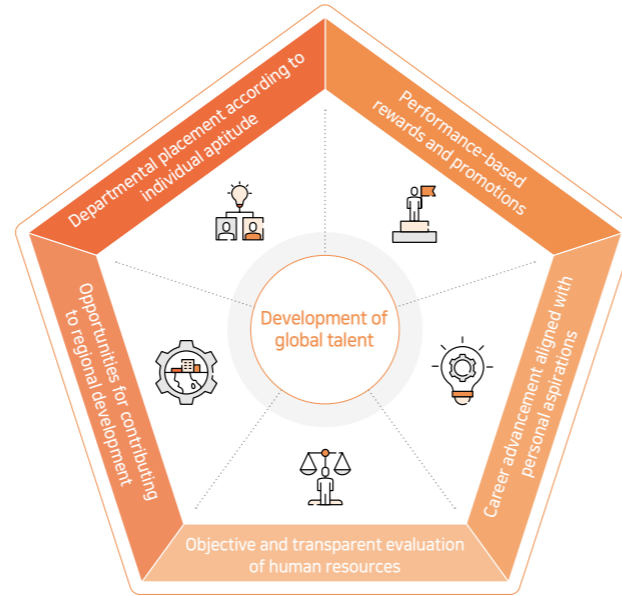
Talent Management

Fostering Global Talents

Hanjin Group systematically provides professional development training for all employees, guided by the educational philosophy that "Lifelong education takes place in the workplace." This approach aims to foster individual growth alongside the company's development.

Hanjin Group Talent Development

Hanjin Group is committed to making bold investments and offering diverse development programs to ensure continuous corporate growth and employee advancement. These systematic learning activities aim to foster talent and support the company's sustained progress alongside the personal development of its employees.



- Korean Air Executive Development Program (KEDP) and Employee Management Training
- Management Skills Development Program
- Practical Skills Development Program (Job-Specific Professional Training, OJT)
- Overseas OJT for New Employees
- MBA Studies for Mid-Level Employees
- Overseas Training and Regional Specialist Development Program
- Specialized Programs at Prestigious Overseas Universities for Senior Staff
- Foreign Language Classes
- O/A Training
- Enrollment in Domestic Graduate School Executive Programs
- Operation of In-House Industrial College (Jungseok University)
- Support for Attending Logistics School Courses

Group Highlights

Position/Job-Specific Talent Development System

Korean Air operates an education system under the training policy of "Developing Global Talent Based on Expertise," ensuring comprehensive education tailored to each position and job role through management training and job-specific professional education. To facilitate efficient operations, the Human Resources Development Institute at the headquarters establishes and executes educational policies and oversees company-wide common training. For specialized aviation roles such as flight operations, cabin crew, maintenance, and aerospace, Korean Air maintains dedicated training organizations tailored to each field.

Business Management Training					Professional Training by Job Type								
					Sales and Transportation		Operations	Cabin	Maintenance	Aerospace			
Executive	Leader's Forum				Management	Passenger Management	Cargo Management	Sales Management	Regular Service Course	Captain Training for New Aircraft Model	Line Team Management Training	Regular Training by Aircraft Model and Job Type	Advanced Civilian and Military Aircraft Research and Development
	General Manager	PGM Leadership Course											
Deputy General Manager		Team Leader Workshop	Korean Air Line Manager Development Program (KLDP)	Overseas Manager Candidate Training	Dispatch of Local Employees to the Headquarters	Professional Level	Passenger/Professional	Cargo/Professional	Sales/Professional	Special Service Course	Training for the promotion of a captain	First and Business Class Training	Type and Job-Specific Early Training
	Manager	Mandatory Online Course for Each Position											
Associate Manager				KALMANSHIP Enhancement Course	Worker Level	Passenger/Basic	Cargo/Basic	Sales/Basic	Basic Service Course	Co-Pilot, New Aircraft Model Training	New Cabin Crew Training	Basic Maintenance Training	Basic Aviation Training
	Employee	New Employee Training and Basic Course on Air Transportation											

Hanjin Group Average Hours of Education and Training per Year per Employee in 2023 **68 Hours**

Hanjin Group Total Education and Training Costs for Employees in 2023 **KRW 33,632 million**

Talent Management

Creating a Happy Organizational Culture for Employees

Hanjin Group is committed to fostering a pleasant and rewarding work environment while ensuring the well-being of employees and their families through various advanced welfare programs.











Enhancing Work-Life Balance

Hanjin Group operates several programs to create an enjoyable and motivating work environment and improve employees' quality of life. Flexible working hours, remote work systems, refresh leave, and a campaign promoting on-time departure help establish a culture of flexibility and harmony between work and life. Additionally, Hanjin Group supports employees in balancing work and family life through family-friendly policies such as childcare subsidies and educational support for children, thereby fostering a family-oriented corporate culture.

Comprehensive Welfare Benefits System

Hanjin Group offers a range of welfare programs designed to support employees' well-being, health, and personal development. These include retirement support, self-development opportunities, leisure activities, and incentive payments. Through these benefits, Hanjin Group aims to provide a stable living environment for employees and foster a work environment where they can thrive with enthusiasm.

Hanjin Group's Welfare Benefit System

 Housing loan assistance and staff apartment support	 Coverage for medical checkups and expenses	 Credit union operations	 Individual pension plan support	 Assistance with vehicle maintenance and transportation costs
 Support for in-house hobby club activities	 Educational expense support for employees' children	 Regular operation of and access to leisure facilities	 Provision of bottled water	 Support for various family events

※ The contents above are about the welfare benefit system operated by each affiliate in a selective manner, so you can check the details at each affiliate's website.

Staggered Working Hours for Employees with Young Children

Hanjin KAL offers a staggered working hours system for employees with children aged 0 to 5, as defined by the Infant Care Act. Employees can adjust their start times on a monthly basis to better accommodate their children's drop-off and pick-up schedules.

Group Highlights

Family Day for Employees' Families

On April 29 and 30, 2023, Korean Air hosted a Family Day event, inviting employees' families to visit the company. This event was organized to express appreciation and gratitude to the employees and their families for enduring the COVID-19 pandemic together and to foster a sense of unity. A total of 8,600 attendees enjoyed a meaningful experience at Korean Air's headquarters. During the event, a B777-300ER aircraft wrapped with the slogan "Our Pride, We are Korean Air," featuring the names of 20,318 employees, was unveiled. This aircraft now flies across global routes.



Selected as a Family-Friendly Certified Company

Hanjin Logistics implements various family-friendly policies, such as giving gratitude gifts to employees' families every May and providing school supplies to children entering elementary school. In recognition of these efforts, Hanjin Logistics was certified as a Family-Friendly Company by the Ministry of Gender Equality and Family in December 2022. This certification honors companies that excel in fostering a family-friendly culture and implementing supportive systems.

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Expanding Employee Communication and Participation

Hanjin Group is dedicated to fostering a healthy organizational culture through open and horizontal communication. By adhering to labor management regulations covering labor, wages, and welfare, Hanjin Group cultivates a cooperative and communicative labor-management relationship. To enhance communication between labor and management, Hanjin Group holds quarterly labor-management council meetings. These meetings aim to enhance employee welfare, refine wage systems, improve productivity and performance distribution, address employee grievances, and discuss comprehensive improvements in personnel and labor management systems.

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Group Highlights

Operation of the Internal Suggestion Board

In January 2021, Korean Air established an internal suggestion board, 'Idea#,' to foster a productive work environment by sharing diverse employee ideas. 'Idea#' integrates various suggestion systems that were previously managed by different divisions and departments into a company-wide platform. Idea# integrates various suggestion systems that were previously managed by different divisions and departments into a company-wide platform. Employees can freely post ideas related to any department, regardless of their affiliation, and everyone can share and develop these ideas through open discussion. The relevant departments thoroughly review the posted ideas, and if adopted, the proposers are rewarded. For specific topics requiring collective intelligence, Korean Air hosts contests via the internal suggestion board. These contests have successfully engaged many employees on themes like data utilization, CCM, and industrial safety. Additionally, the board features survey and voting functions, enabling employees to express their opinions more effectively and easily. Based on active participation from all employees, Idea# not only contributes to improved productivity but also serves as a prominent internal communication channel.

2023 Idea# Activities

Proposals Submitted 3,090	Proposals Adopted 335 (10.8%)	Proposals Implemented 224 (66.9% of adopted proposals)
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Hoot Meetings with Management

Hanjin Logistics regularly organizes "Hoot Meetings," which feature online sessions and informal gatherings like beer parties, allowing employees and management to communicate freely. These meetings are designed to promote a healthy organizational culture through open and horizontal communication.



Operation of Anonymous Internal Communication Plaza

Since March 2015, Korean Air has operated the Communication Plaza bulletin board on its employee site. This online platform allows all employees to participate anonymously, sharing opinions freely and honestly without any topic restrictions. It serves as a space for various inquiries and requests. Relevant departments promptly respond to and address these requests, leading to tangible improvements in the organizational culture.

2023 Communication Plaza Operation Data

Compliments 58	Requests 244	Inquiries 110	Feedback 162	Others 75
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Operation of Anonymous Communication Board

Hanjin Logistics operates an anonymous communication board on the internal network, allowing employees to freely express opinions and share ideas for improvements that they might find difficult to voice otherwise. This platform encourages participation in organizational culture improvement and enables direct feedback from management. It plays a positive role in enhancing employee welfare and addressing grievances.



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Hanjin KAL Governance Charter

To enhance stakeholder profitability and contribute to national and societal progress, Hanjin KAL strives to establish transparent and sound governance. The corporate governance charter was enacted and practiced by the Board of Directors in November 2019.

Corporate Governance Charter

HANJIN KAL Corp. (hereinafter referred to as "Company") aims at driving sustainable growth as an enterprise, and is at the same time committed to go-ahead, balanced managerial activities so that such an effort could bring about customer satisfaction, growth of corporate members and partners, maximization of shareholder interest, happiness of the society, and the national economic and human progress. With a firm belief that establishing a more healthy, transparent corporate governance structure will be the stepping stone in realizing such management goal and philosophy, the Company enacts this 「HANJIN KAL's Corporate Governance Charter」 as follows and has it as the general principle for the Company's management. The Company pursues lasting development of the corporate and shareholder values, ultimately gaining trust and respect from stakeholders by providing assistance to composition and activities of the professional and independent Board of Directors and supervising the management's responsible management through the Board of Directors according to this Charter.

[Corporate Governance Charter Full Document](#)

Governance Structure

(As of May 2024)



Efforts to Establish Transparent and Sound Governance



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Board of Directors Composition

The Board of Directors at Hanjin KAL consists of three inside directors with extensive industry experience and eight outside directors who possess expertise and experience in various fields such as management, economics, finance, law, and fair trade.

Outside directors are appointed through resolutions at the General Meeting of Shareholders from candidates recommended by the Outside Director Candidate Nomination Committee. This committee considers both statutory requirements and factors like expertise and diversity to enhance the board's capabilities. This ensures the board is not biased towards specific backgrounds or interest groups and strengthens its overall competencies. Qualified shareholders can propose outside director candidates following a prescribed procedure. Detailed personal information about director candidates is provided to shareholders through the notice of the General Meeting of Shareholders.

The Board has appointed an outside director as the chairperson, separating the roles of CEO and chairperson to ensure independence, as stipulated in the company's articles of incorporation. The current board comprises 73% outside directors, maintaining a high level of independence and objectivity. All board committees consist entirely of outside directors, thereby maximizing their influence by granting them preliminary review authority on significant management issues and matters related to the protection of shareholder rights.

Current Board Composition and Competency Matrix

(As of May 2024)

Category	Name	Date of Birth	Gender	Appointment Date	Terms	Position	Key Career Experience	Competency and Experience							
								Leadership	Global Competency	Aviation/Logistics Industry	Finance/Accounting	Financing/Capital Markets	Legal/Policy	ESG/Fair Trade	Independence
Inside directors (3 persons)	Walter Cho	1976.01	M	2023.03.22	3	CEO	Current) Chairman and CEO of Hanjin KAL and Korean Air	●	●	●					
	Kyeong-Pyo Ryu	1964.08	M	2022.03.23	3	CEO	Current) President & CEO of Hanjin KAL	●		●	●				
	Eun-Yong Ha	1961.09	M	2023.03.22	3	Inside director	Current) Vice-President (CFO) of Hanjin KAL and Korean Air	●		●	●				
Outside Directors (8 persons)	Seok-Dong KIM	1953.05	M	2023.03.22	3	Outside Director BOD Chair	Former) Chairman of Financial Services Commission	●			●	●	●		●
	In-Ki Joo	1949.02	M	2022.03.23	3	Outside Director	Former) President of International Federation of Accountants	●	●		●	●			●
	Soon-Sik Ju	1953.11	M	2022.03.23	3	Outside Director	Former) Standing member of Fair Trade Commission	●				●		●	●
	Young-Seog Park	1960.10	M	2023.03.22	3	Outside Director	Current) Professor at school of business in Sogang University	●			●	●		●	●
	Uni Choi	1964.04	F	2023.03.22	3	Outside Director	Current) Professor at Konkuk University's Graduate School of Law	●					●	●	●
	Sung-Rye Bae	1958.07	M	2024.03.21	3	Outside Director	Former) Presidential Office Chief of Public Relations	●					●	●	●
	Dong-pyo Hong	1963.10	M	2024.03.21	3	Outside Director	Current) Advisor at Lee & Ko	●	●				●	●	●
	Back-Hoon Song	1969.10	M	2024.03.21	3	Outside Director	Current) Professor of International Trade at Dongguk University	●	●		●	●			●

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Committees under the Board of Directors

Composition

Hanjin KAL's Board of Directors (BOD) operates four specialized committees to enhance operational efficiency and expertise: the Audit Committee, the Outside Director Candidate Recommendation Committee, the Compensation Committee, and the ESG Management Committee. All committees are composed exclusively of outside directors to ensure independence. The roles, authority, and areas of expertise of the outside directors are carefully considered during their appointment to prevent imbalances and excessive concurrent positions of specific directors. These committees contribute to the BOD's ability to make rational decisions by conducting in-depth discussions and reviews on significant management matters prior to deliberations at BOD meetings.

[Committee Activities](#) 

Operation of Committees under BOD

(As of May 2024)

Category	Members	Main Roles	2023 Committee Activities Overview		
			Number of BOD meetings	Agenda Items Discussed	Attendance Rate
ESG Management Committee	Soon-Sik Ju (Chairman) Uni Choi Sung-Rye Bae	Protection of shareholder rights and internal transactions; deliberation on ESG-related management matters	3	8	100%
Audit Committee	Back-Hoon Song (Chairman) Dong-pyo Hong Young-Seog Park	Supervision of the work of the BOD and directors, and audit of the company's accounting	5	15	100%
Outside Director Candidate Nomination Committee	In-ki Joo (Chairman) Young-Seog Park Uni Choi	Verification of outside director candidates and recommendation of them to general shareholders' meeting	1	2	100%
Compensation Committee	Young-Seog Park (Chairman) Uni Choi Soon-Sik Ju	Review of director's remuneration limits and compensation system	1	3	100%

Maintaining Independence of the Audit Organization

Composition of the Audit Committee

Hanjin KAL has defined the composition, operation, authority, and responsibilities of the Audit Committee in accordance with relevant laws, regulations, and the company's Articles of Incorporation. To ensure the independence of the Audit Committee, all its members are outside directors. To enhance expertise, the committee includes one expert in accounting and finance, one expert in financial affairs, and a legal expert. The chairperson of the Audit Committee is elected by the committee members. The Audit Committee conducts its duties by directly receiving reports from external auditors on significant accounting policies, the results of quarterly and semi-annual financial statement audits and reviews, and any significant violations of laws or Articles of Incorporation by management, without the presence of the executive management. This ensures open communication on key matters.

The Corporate Improvement Team, which supports the Audit Committee, is structured under the CEO. This team compiles results from regular, ad hoc, and special audits of the organization and its subsidiaries and reports them to the Audit Committee during its meetings. The Audit Committee, when necessary, can independently instruct and receive reports from the Corporate Improvement Team and other employees. Through audit regulations, it is ensured that the committee has access to information related to management and significant issues that could impact the company.

Appointment of External Auditors

In accordance with Article 10 of the Act on External Audit of Stock Companies (hereinafter referred to as the "External Audit Act"), Hanjin KAL appoints the same auditor for three consecutive business years. When selecting an external auditor, the Audit Committee comprehensively evaluates various factors, including audit and non-audit performance, understanding of the company, audit strategy, audit quality control plans, records of accounting audits, and any litigation or oversight related to accounting, as well as the expertise and participation of audit personnel.

After the completion of the external audit, the Audit Committee receives a report from the accounting firm and conducts face-to-face meetings with staff at the manager level or above. During these meetings, they discuss the audit results, significant audit risks impacting the financial statements, internal control deficiencies, and any instances of fraud or legal violations. Based on these discussions, the Audit Committee evaluates whether the external auditor has faithfully executed the audit plan.

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BOD Operation

Hanjin KAL's Board of Directors (BOD) deliberates on critical issues like financial statements and internal transactions. The chairperson has the authority to convene and preside over these meetings. The support organization for the BOD ensures that outside directors have ample time and information to effectively engage with the agenda items and participate actively in discussions. Furthermore, the CEO and inside directors, who are also members of the BOD, engage earnestly with the outside directors to foster consensus on corporate initiatives. Through these measures, Hanjin KAL aims to establish a robust decision-making process and a BOD-centric management approach, positioning itself as a leader in the group's governance structure.

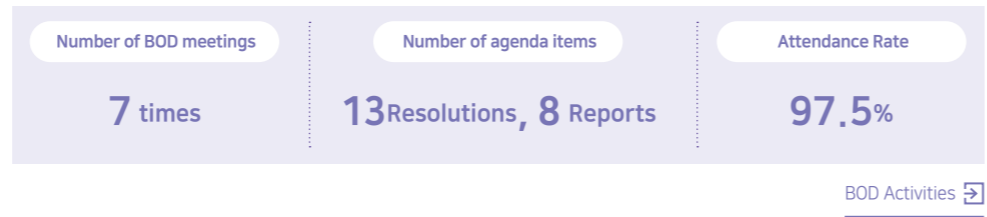
Ensuring Board Expertise

Hanjin KAL is dedicated to securing the expertise of its BOD throughout its composition and operational phases. The Board comprises three inside directors, who are corporate management experts, and eight outside directors with specialized knowledge in fields such as accounting/finance, law, economics, and fair trade. This balanced composition enables the BOD to perform professional supervisory functions over corporate management.

To facilitate the effective performance of outside directors, Hanjin KAL provides comprehensive support. New appointees receive written materials covering the group's overview, current status, major businesses, and the roles and responsibilities of the Board. Regular site visits to key affiliates, management briefings, and progress reports are also organized to ensure the board functions seamlessly as the core of corporate management activities.

Furthermore, the company actively supports the BOD through the Board Secretariat, ensuring directors have sufficient understanding and information on business environments and management issues to make informed decisions. The Secretariat provides advance notices on board schedules and major agenda items, and regularly reports on board operations to the Board Chair, who is an external director. This enables the Board Chair to lead the deliberation process comprehensively. For matters requiring high levels of expertise and objective judgment, advice from external experts is provided to enhance professionalism in decision-making.

BOD Meetings in 2023



Supporting Activities of Outside Directors

Hanjin KAL provides comprehensive support to newly appointed outside directors to help them quickly understand the company's overview and the operation of the BOD. This includes an orientation program to familiarize them with the management environment. When necessary, outside directors can receive support from internal staff or external experts at the company's expense, as stipulated in the Corporate Governance Charter established by the Board in 2019.

To attract competent individuals to the Board, the company also takes out Directors and Officers (D&O) insurance at its expense. This insurance aims to cover unforeseen financial losses due to the company's management activities, encouraging directors to perform their duties actively, although it does not cover all liabilities under the Commercial Act and related laws. During the agenda review process, Hanjin KAL ensures a thorough examination by incorporating opinions from internal and external advisory bodies on major management issues. This approach establishes various control procedures to prevent the misuse of D&O insurance as a means for directors to evade responsibility.

Enhancing Board Competency

Hanjin KAL provides various training programs to enhance the capabilities of its outside directors. In 2023, to enable the board to perform more effectively, training was conducted on the latest trends in accounting, major amendments to international ethical standards, non-audit services related to auditor independence, and key aspects of the business and management activities of major subsidiaries. These programs aimed to strengthen the board's expertise.

Date	Participants	Training Details	Organized by
2023.5.3	All Audit Committee Members	Recent Trends in Accounting and Major Amendments to International Ethical Standards	Samjong KPMG
2023.8.2	All Audit Committee Members	Introduction to Non-Audit Services Related to Auditor Independence	Samjong KPMG
2023.10.12	All Outside Directors	Key Aspects of Major Subsidiaries' Business and Management Activities	Hanjin KAL
2024.3.22	All Outside Directors	Company Overview and Orientation on Board Operations	Hanjin KAL
2024.5.2	Newly Appointed Outside Directors	Site Visit to Affiliate (KOREAN AIR LINES)	Hanjin KAL

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Enhancing Shareholder Value

Protecting Shareholder Rights and Interests

Hanjin KAL has established a systematic process at the board level to manage and review matters related to the protection of shareholder rights. This ensures that the interests of all shareholders are safeguarded, rather than favoring specific individuals or groups. To this end, the company has formed an ESG Management Committee composed solely of outside directors. This committee independently and objectively reviews key management issues related to corporate value and shareholder interests, communication activities targeting shareholders, and internal transactions, reporting its findings to the BOD.

Overview of Hanjin KAL Shares

Hanjin KAL adheres to the principle of shareholder equality by providing one voting right per share. Preferred shares are granted an additional 1% dividend based on par value compared to ordinary shares but do not carry voting rights. However, if dividends are not paid in a particular fiscal year, preferred shares are granted voting rights in the subsequent stockholder's meeting.

(As of December 2023)

Category	Authorized Shares	Issued Shares	Voting Rights
Common Shares	235,000,000 shares	66,762,279 shares	Yes
Preferred Shares	15,000,000 shares	536,766 shares	No
Total	250,000,000 shares	67,299,045 shares	

※ Voting rights for preferred shares revive if dividends are unpaid.

Shareholder Composition

As of May 2024, Hanjin KAL's shareholders are composed of major shareholders and related parties (21.20%), domestic institutions and individuals (51.25%), foreign investors (26.90%), and treasury shares (0.66%), based on common shares.

Detailed information is available on the Hanjin KAL website and in published business reports.

Shareholder Returns

Hanjin KAL prioritizes enhancing shareholder value. Dividends are determined within the range of distributable profits, considering investments for sustainable growth, financial structure, and the business environment. Since 2019, dividend plans and long-term dividend policies have been disclosed through the electronic disclosure system. Except for unavoidable circumstances like COVID-19, the dividend payout ratios established and disclosed through the dividend policies have been maintained. Starting in 2024, a three-year dividend policy has been disclosed to enhance predictability. This policy is also available in English on the website to improve information accessibility for foreign shareholders.

For the business year of 2023, the dividend payout ratio was approximately 61% (based on separate financial statements, excluding one-time non-operating gains), with a dividend of KRW 300 per ordinary share and KRW 325 per preferred share. Furthermore, in September 2022, to stabilize the stock price and enhance shareholder value, Hanjin KAL entered into a trust contract to acquire treasury stock worth about KRW 20 billion, purchasing 439,989 ordinary shares by March 2023. Hanjin KAL will continue to strive to enhance shareholder value and ensure shareholders receive appropriate returns.

Hanjin KAL Dividend Policy (FY2024~2026)

Return about 50% of the current net income (excluding one-time non-operating profits) to shareholders based on separate financial statements

Key Dividend Data

Category	2019	2020	2021	2022	2023	
Cash Dividend Payout Ratio * Excluding one-time non-operating gains	48%	No Dividend Due to COVID-19		61%	50%	
Adherence to Dividend Policy	0	X	X	0	0	
Dividend per Share (KRW)	Common Shares	255	-	-	170	300
	Preferred Shares	280	-	-	195	325
Total Dividends (KRW billion)	15.2	-	-	11.4	20.1	

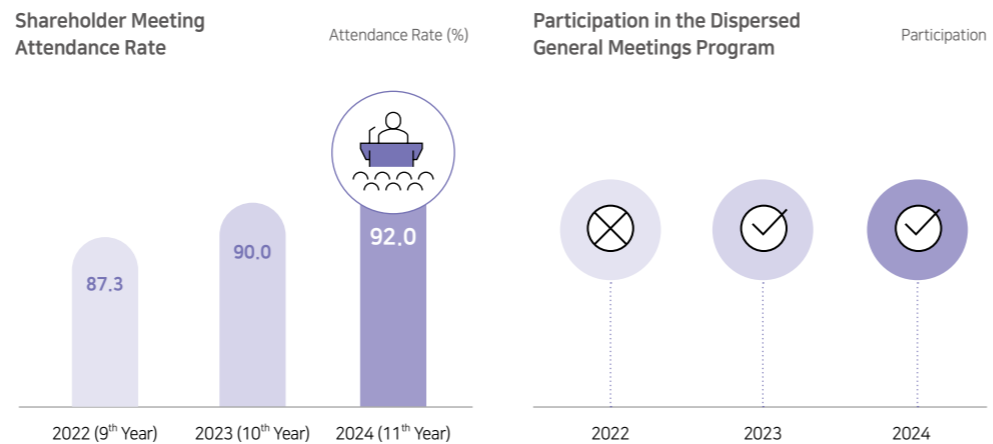
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Shareholder-Friendly System

Exercise of Shareholder Voting Rights

Hanjin KAL employs various systems to enhance shareholder participation in general meetings and promote the exercise of voting rights, ensuring that shareholders' opinions are incorporated into the company's decision-making process. To facilitate smooth exercise of shareholder rights, Hanjin KAL schedules general meetings on dates that avoid peak periods. Since 2023, the company has participated in the voluntary compliance program for dispersed general meetings organized by the Korea Listed Companies Association. To provide shareholders ample time to review agenda items and exercise their voting rights, Hanjin KAL announces the date, venue, and purpose of general meetings four weeks in advance—two weeks earlier than the legal requirement—through meeting notices and website postings. Hanjin KAL solicits proxy voting from all shareholders through meeting notices to enhance the convenience of exercising voting rights.

For foreign shareholders, meeting notifications are sent through the Korea Securities Depository, Hanjin KAL's transfer agent, and the respective standing proxies of the foreign shareholders. Additionally, to improve information accessibility for foreign shareholders, the company announces the date and venue of general meetings on its English website annually and provides reference materials, English-language annual reports, and audit reports for voting reference.



* In 2022, although the company did not participate in the Dispersed General Meetings Program, the general meeting was held on a date that avoided the peak period.

Information Disclosure

Hanjin KAL is dedicated to ensuring fair, timely, and comprehensive communication with all shareholders. Quarterly business reports, semi-annual and quarterly reports, and performance data are disclosed through the Electronic Disclosure System (DART) and the company website. Fairness in information disclosure is maintained by announcing annual preliminary business results and mid- to long-term dividend policies. Various company-related information, including the Corporate Governance Charter, Sustainability Reports, board and committee composition and activities, and business performance, is provided on the company website. In 2023, the commitment to ESG management was reinforced with the publication of the first ESG Report. After each quarterly settlement, the company posts performance data on the company website, and IR activities, including face-to-face meetings and conference calls with institutional investors, are conducted. Foreign shareholders can access governance and performance-related materials through the company's English website. Although separate English disclosures are not provided, a variety of materials in English, including quarterly performance reports, business reports, and ESG reports, are made available. Additionally, English-speaking staff assist foreign shareholders in obtaining the necessary information over the phone.

Major Shareholder and Investor Communication Activities

Date	Target	Format	Details
2024.01.03	Institutional Investors	IR/Conference Call	Affiliate performance, outlook
2024.01.30	Investors and Analysts	Earnings (Preliminary) Disclosure	Announcement of 2023 preliminary consolidated earnings
2024.02.21	Bond Issuance Lead Underwriters	Due Diligence/Conference Call	Due diligence of the host company related to the 13 th bond issuance
2024.02.26	Institutional Investors	IR/Conference Call	Investor IR related to the 13 th bond issuance
2024.03.08	Foreign Shareholders	Reference Material	Posting of English reference materials on the website

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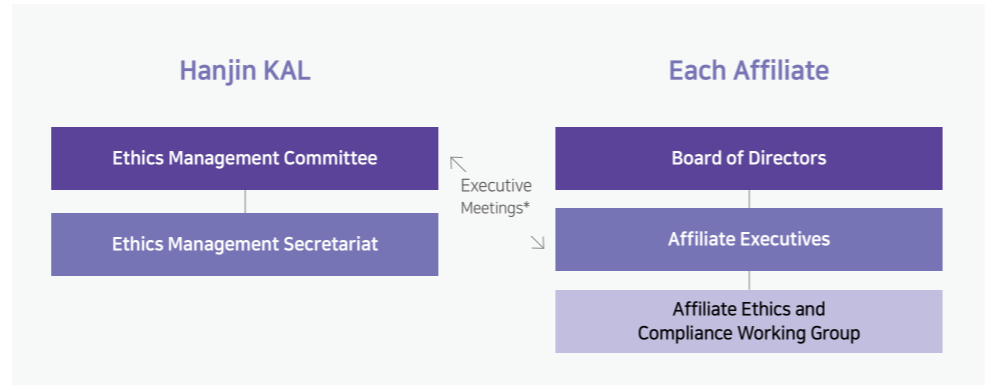
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Strengthening Ethics and Compliance

Ethical Management Implementation System

To ensure the effective operation and oversight of Hanjin Group's ethical and compliance management, the Hanjin KAL Ethics Management Committee has been established and is actively functioning. The committee is chaired by Mok Young-joon, a former Constitutional Court judge, and comprises five leading experts in ethics and compliance management, along with two internal members. Since its inception in January 2021, the committee has held regular quarterly meetings to formulate and implement the group's compliance policies, as well as to review and address key compliance-related issues.



* Attended by Hanjin KAL Ethics Management Committee members and representatives from seven affiliates to share affiliate's ethics management performance.

Ethics Management Committee Roles and Responsibilities		
Oversight of Ethics	Establishment of Compliance Policy	Ethics Management Review
<ul style="list-style-type: none"> Collecting reports on ethics and compliance from Hanjin KAL and its key affiliates. Requesting submission of materials, conducting investigations, reporting on issues needing review related to ethics and compliance, offering opinions, and recommending corrective actions. 	<ul style="list-style-type: none"> Establishing and reviewing compliance policies and plans at the group level. Advising and supporting the establishment of compliance organizations and policies within each affiliate. Monitoring, managing, evaluating, and guiding the implementation of compliance policies across the group. 	<ul style="list-style-type: none"> Advising and supporting audits of compliance and addressing violations. Conducting secondary reviews of major compliance-related decisions within each affiliate. Operating programs to investigate the compliance status of affiliate and gather employee feedback.

Ethics Charter and Implementation Guidelines for Code of Ethical Conduct

Hanjin Group clearly articulates its corporate values and goals through its Ethics Charter. Each affiliate embraces the core principles of transparent and responsible management, as outlined in the Charter. This commitment to ethics is declared publicly, with a focus on enhancing corporate value and contributing to social and economic development by adhering to laws and corporate ethics in a free and fair competitive environment. Hanjin Group's Implementation Guidelines for Code of Ethical Conduct provide specific operational guidelines for each section, ensuring that the ethical standards set forth in the Ethics Charter are put into practice, allowing all employees to make sound judgments and decisions. These guidelines apply to all workers within the company, including regular employees, temporary staff, and contract workers, thereby strengthening the commitment to ethical management throughout the entire organization.

Hanjin KAL Code of Ethics

Hanjin KAL pursues corporate management that enhances its value and contributes to social and economic development by sharing its corporate philosophy that it will implement transparent and responsible management, by practicing free and fair competition, and by complying with laws, regulations, and corporate ethics.

- We prioritize customer satisfaction as our utmost value.
- We strive to maximize investor's value.
- We respect and strive for the improvement of the quality of life of each employee.
- We pursue mutual development through trust and cooperation with partners.
- We promote fair competition and make efforts to maintain it.
- We actively contribute to the sound development of the country, society, and environmental preservation.
- We empathize with the corporate philosophy and fulfill our obligations and responsibilities for it.

[Hanjin KAL Code of Ethics Full Document](#)

[Hanjin KAL Implementation Guidelines for Code of Ethical Conduct](#)

Ethics Management Guidebook

The Hanjin KAL Ethics Management Committee developed the "Hanjin Group Ethics Management Guidebook" to enhance ethical management awareness among all employees and to instill an ethical management culture within the organization. This guidebook was distributed to all employees of affiliates on August 3, 2023. The guidebook focuses on guidelines related to the Anti-Corruption Law and internal transactions under the Fair Trade Act. It was prepared under the supervision of Mok Young-joon and Yoo Jin-hee, both experts in these laws. To ensure practical application, the guidebook includes specific real-life examples and a comprehensive quiz to aid understanding, making it easier for employees to incorporate ethical principles into their daily work. The Ethics Management Guidebook aims to prevent common violations in daily operations and to strengthen the group's commitment to ethical and transparent management.



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Strengthening Ethics and Compliance

Ethics Pledge

All employees of Hanjin KAL, Korean Air, and Hanjin Logistics read and understand the Ethics Charter and the Implementation Guidelines for the Code of Ethics. They sign an Ethics Pledge, committing to faithfully fulfill their responsibilities and obligations as employees, and strictly adhere to the pledge's contents in their daily work.

Year-End Message from the Ethics Management Committee and Communication to All Group Employees

Every year-end, the Ethics Management Committee identifies the major compliance issues of the group and selects necessary compliance-related messages to be communicated to all employees of affiliates. The main content of the selected messages includes timely compliance messages that respond to changes in societal ethical demands. These messages are disseminated to all affiliate employees via the committee's website and the group's communication channel, Hoot Channel. Through the selection and dissemination of messages, the committee aims to enhance employees' awareness of ethics and compliance management and increase their interest in ethical management issues and current affairs within the group.

Compliance Management Implementation System

Hanjin Group launched the Compliance Committee in July 2018, driven by top management's strong commitment to enhancing the group's compliance management. In January 2021, the group expanded and reorganized this committee into the Ethics Management Committee.

The Ethics Management Committee is an independent body that deliberates on compliance matters. It consists of a chairperson and six members who are experts in compliance management. The committee supervises affiliates' compliance efforts and establishes related policies.

In addition, Hanjin Group operates a compliance supporter system to ensure that employees adhere to control standards in their duties. This system includes a legal support and assistance organization composed of in-house lawyers. These lawyers work to identify and mitigate legal risks related to employee duties, ensure compliance with control standards, and report their findings to the Board of Directors once a year.

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Establishment and Certification of Compliance Management Systems (ISO 37301) for Affiliates

In September 2022, during the 9th Ethics Management Committee meeting, the Hanjin KAL Ethics Management Committee recommended and deliberated on acquiring external compliance management certifications for affiliates to ensure that Hanjin Group's compliance management system aligns with global standards. Following this recommendation, Hanjin KAL, Korean Air, and Hanjin Logistics pursued certification for the Compliance Management System (ISO 37301) established by the International Organization for Standardization (ISO). Hanjin KAL obtained certification on December 22, 2022, Korean Air on April 13, 2023, and Hanjin Logistics on April 3, 2024. After receiving certification in December 2022, Hanjin KAL implemented internal procedures to continuously monitor compliance with relevant laws and regulations across all departments. On December 20, 2023, an external certification audit confirmed the effective operation of Hanjin KAL's compliance management system.

The acquisition of ISO 37301 certification recognizes Hanjin Group's dedicated efforts in establishing a robust compliance system, including departmental checks, employee training, and ongoing monitoring. Looking ahead, the Hanjin KAL Ethics Management Committee will continue to strengthen and maintain a compliance framework that meets global ethical standards, actively promoting ethical and lawful management throughout Hanjin Group.



Strengthening Ethics and Compliance

Ethics and Compliance Training

Group Training on Fair Trade Act

On February 17, 2023, the Head of the Legal Affairs Team (Compliance Officer) of the Hanjin KAL Ethics Management Committee conducted an in-depth training session on the Fair Trade Act for the Fair Trade Disclosure Officers of all affiliates. This training was designed to enhance their proficiency in fair trade practices. The session covered crucial aspects of the Fair Trade Act, including the prohibition of private interests under Article 47 and the prevention of unfair support under Article 45. It also provided comprehensive guidance on the submission schedule for disclosure materials and emphasized key amendments to the Fair Trade Act related to the disclosure system.

Group New Employee Ethics Management Training

The Hanjin KAL Ethics Management Committee conducted ethics management training for new Hanjin Group employees on March 23 and April 14, 2023. During the sessions, the Ethics Management Committee Secretariat explained the concept and importance of ethics management, introduced the structure and role of the Hanjin KAL Ethics Management Committee, and provided an overview of the group's compliance activities. New employees were encouraged to actively engage in and support the group's ethics management efforts.

Training for Group Compliance Personnel

Since 2022, the Hanjin KAL Ethics Management Committee has organized annual seminars to enhance the expertise of Hanjin Group's compliance personnel. These seminars feature sessions led by external experts in ethics and compliance management, aiming to bolster the professionalism of compliance personnel and provide an objective perspective on compliance practices to ensure fairness. In 2023, a lecture on internal transaction regulations under the Fair Trade Act and compliance duties was delivered to 90 compliance personnel from all affiliates.



Internal Corruption Reporting System

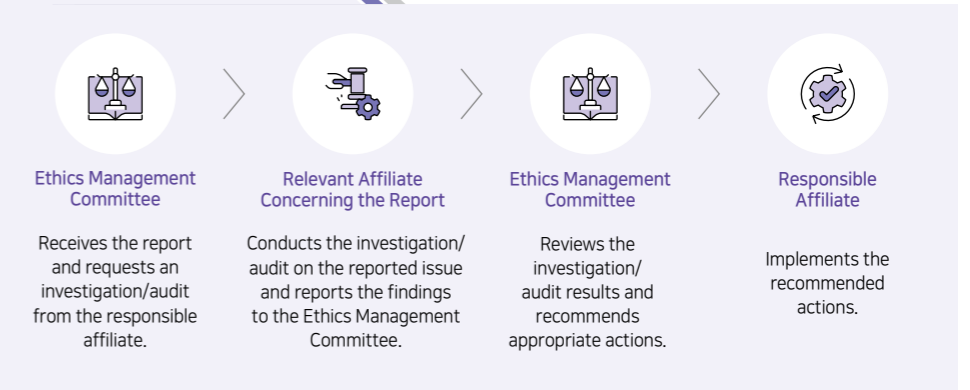
The Hanjin KAL Ethics Management Committee accepts reports on compliance and ethical management violations at Hanjin KAL and its major affiliates from all stakeholders through various channels, including the Hanjin KAL website, the Ethics Management Committee website's online reporting feature, email, and mail.

Upon receiving a report, the Ethics Management Committee requests an investigation or audit from the relevant affiliate. The affiliate conducts the audit and submits the results to the committee. The Ethics Management Committee then reviews the audit results and recommends appropriate actions. The affiliate reports back on the implementation of these recommendations, thereby closing the case. The committee also updates the reporting person on the progress and related information, ensuring that the reporting person is protected from any repercussions resulting from their report, adhering strictly to established principles and procedures.

Reporting Channel

Website	Hanjin KAL Website and Ethics Management Committee Online Reporting
Email	compliance@hanjinkal.com
Postal Mail	Hanjin KAL Ethics Management Committee Secretariat, KOREAN AIR LINES Building Floor 17, 117 Seosomun-ro, Jung-gu, Seoul, South Korea 04515

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Strengthening Ethics and Compliance

Regular Compliance Inspections by Affiliate

To strengthen ethical and compliance management within Hanjin Group, the Hanjin KAL Ethics Management Committee conducts annual compliance inspections for each affiliate in the third quarter. The inspections cover various aspects, including compliance organization, compliance activities and training, and reporting systems. Each affiliate is responsible for conducting these inspections internally. The Ethics Management Committee Secretariat collects the inspection data from each affiliate and reports the findings at the Ethics Management Committee's regular meetings. The Ethics Management Committee evaluates the compliance activities of each affiliate and, if necessary, provides recommendations for improvement. The details of the regular compliance inspections of major affiliates are as follows.

Affiliate	Compliance Organization	Compliance Activity	Compliance Education/Training	Reporting System
HANJIN KAL CORP.	<ul style="list-style-type: none"> • Legal Affairs Team • Corporate Improvement Team • Compliance Officer 	<ol style="list-style-type: none"> 1 Offering guidance on contracts and legal disputes. 2 Monitoring adherence to Compliance Control Standards and reporting results to the Board of Directors. 3 Conducting regular, special, and compliance checks as part of internal control activities across all departments. 4 Conducting compliance training for employees (regular and non-regular sessions). 5 Managing the reporting system for compliance concerns. 6 Performing compliance checks and offering support for all affiliates on regulations, systems, and disclosures related to large-scale corporate audits by the Fair Trade Comm 7 Acquiring and maintaining ISO 37301 (Compliance Management System). 	<p><Group Common - Ethics Management Committee Group Employee Training></p> <ol style="list-style-type: none"> 1 Training on the Fair Trade Act for fair trade disclosure personnel. 2 Ethics management training for new employees of Hanjin Group 3 Publishing and distributing the Hanjin Group Ethics Management Guidebook to all employees. 4 Hosting seminars to enhance the competency of compliance personnel. 	<ul style="list-style-type: none"> • Reporting to the Ethics Management Committee • Internal corruption and misconduct reporting system
			<p><Hanjin KAL></p> <ol style="list-style-type: none"> 1 Prohibition of using non-public information 2 Guidance on complying with the Capital Market Act's prohibition of unfair trading practices 3 Important notes related to copyright law 4 Precautions regarding internal transactions under the amended Fair Trade Act 5 Training related to the Improper Solicitation and Graft Act 6 Ethics management training for Hanjin KAL employees 	
KOREAN AIR LINES	<ul style="list-style-type: none"> • Legal Affairs Office • Audit & Inspection Department (Compliance Team) • Compliance Officer 	<ol style="list-style-type: none"> 1 Compliance training and review of contracts and legal queries involving Korean Air 2 Establishment of annual compliance control plans and goals 3 Monitoring adherence to compliance control standards, amending enforcement rules, and reporting to the Board of Directors 4 Operation of the department compliance support system and fair trade compliance officer system 5 Monitoring and advising on compliance with domestic and international personal data protection laws 6 Participation in Safety Review Board (SRB) meetings and providing opinions on safety-related legislation 7 Operation of the compliance support site, compliance reporting system, and Compliance Newsletter 8 Acquisition, maintenance, and management of ISO 37301 (Compliance Management System) certification 	<ol style="list-style-type: none"> 1 Compliance with monopoly regulations 2 Understanding the prohibition of improper solicitations and the acceptance of money or valuables 3 Awareness of the compliance support system 4 Creating a positive work environment (prevention of workplace harassment and sexual harassment) 5 Our company's ethics management (available in English and Korean) 6 Aviation law - Contracts/ANTITRUST/Air Transport 	<ul style="list-style-type: none"> • Internal corruption and misconduct reporting system • Workplace harassment/sexual harassment reporting system (via company intranet) • Compliance reporting system
			<ol style="list-style-type: none"> 1 Orientation training for new and experienced employees 2 Online training on ethical management and U.S. Fair Trade Act 3 Specialized online training on Federal Acquisition Regulation (FAR) and Defense Acquisition Regulations System (DFARS) for US contract managers 4 Prevention training for workplace harassment and sexual harassment 5 ESG online training covering Korea's Fair Trade Act, Subcontracting Act, and anti-corruption to enhance ethical awareness 6 Online training for US government contract managers on prohibiting unfair collaborative activities in Korea 	
HANJIN Logistics Corp.	<ul style="list-style-type: none"> • Legal Affairs Office (Compliance Team) • Audit Office • Compliance Officer 	<ol style="list-style-type: none"> 1 Reporting to the Board of Directors by Compliance Officers and Compliance Managers 2 Providing regular compliance training and ongoing checks and opinions on legal issues 3 Offering online training on the Fair Trade Act (Korea/USA) 4 Posting special notices from the CEO emphasizing compliance with the Fair Trade Act and corporate ethics on the company news board 5 Establishing and operating a Compliance Monitoring Group 6 Receiving Compliance Adherence Confirmations from managers 7 Posting messages emphasizing adherence to ethical management on the company news board 8 Distributing Fair Trade Act and Subcontracting Act checklists by business division for risk analysis of violations 9 Sending monthly emails to bidding departments on "Prohibition of Collusion and Precautions" 	<ol style="list-style-type: none"> 1 Orientation training for new and experienced employees 2 Online training on ethical management and U.S. Fair Trade Act 3 Specialized online training on Federal Acquisition Regulation (FAR) and Defense Acquisition Regulations System (DFARS) for US contract managers 4 Prevention training for workplace harassment and sexual harassment 5 ESG online training covering Korea's Fair Trade Act, Subcontracting Act, and anti-corruption to enhance ethical awareness 6 Online training for US government contract managers on prohibiting unfair collaborative activities in Korea 	<ul style="list-style-type: none"> • Hanjin Logistics Cyber Audit Office • Workplace harassment/sexual harassment reporting system
			<ol style="list-style-type: none"> 1 Orientation training for new and experienced employees 2 Online training on ethical management and U.S. Fair Trade Act 3 Specialized online training on Federal Acquisition Regulation (FAR) and Defense Acquisition Regulations System (DFARS) for US contract managers 4 Prevention training for workplace harassment and sexual harassment 5 ESG online training covering Korea's Fair Trade Act, Subcontracting Act, and anti-corruption to enhance ethical awareness 6 Online training for US government contract managers on prohibiting unfair collaborative activities in Korea 	

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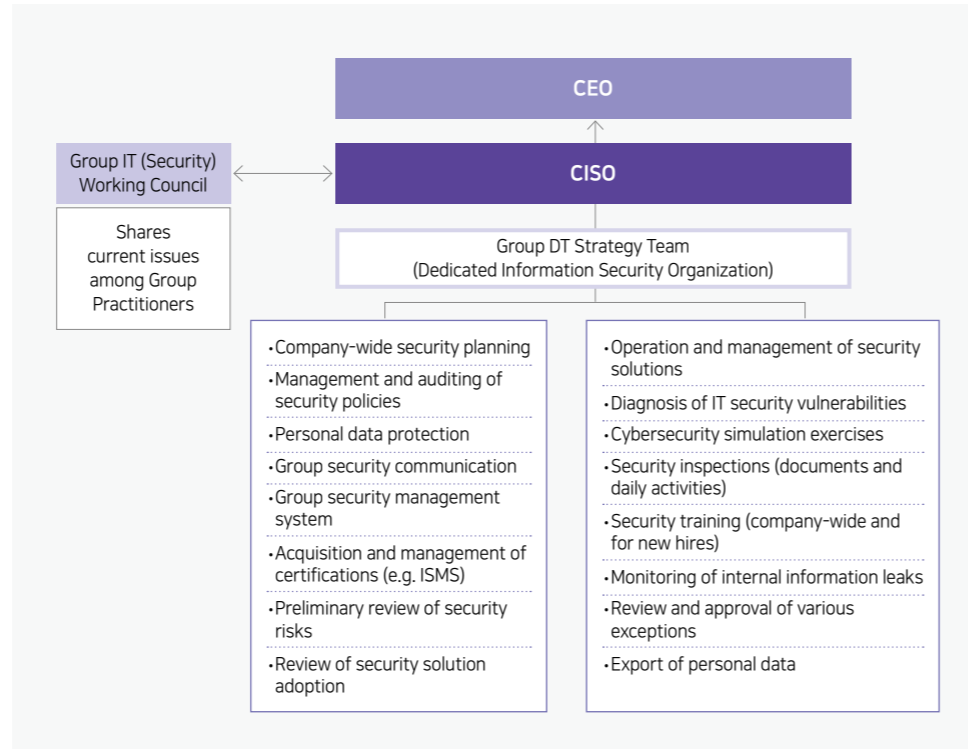
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Information Security and Privacy Protection

Information Security and Privacy Protection Governance

In compliance with Article 45 of the Information and Communications Network Act, Hanjin KAL has designated a Chief Information Security Officer (CISO) to enhance information security and personal data protection management. The Group DT Strategy Director (formerly the Management Information Officer) has been appointed as the CISO. This person is also set to be designated as the Privacy Data Protection Officer in the future. The Group DT Strategy Team, as the dedicated information security department, handles a wide range of tasks related to information security, including the processing of personal data protection. To further elevate the information security standards across the group, Hanjin KAL operates Affiliate IT Security Council. This council includes information security practitioners from all affiliates, working collaboratively to improve security measures throughout the organization.

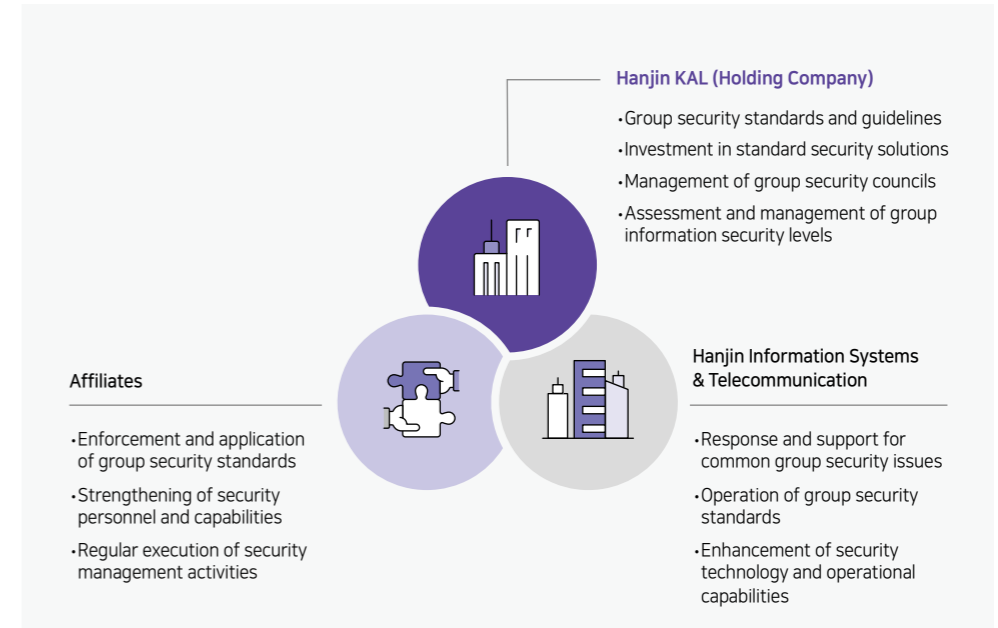
Composition of Dedicated Information Security Organization



Group Security Management System

Hanjin KAL, in collaboration with Hanjin Information Systems & Telecommunication, has established a group-wide security management system to proactively eliminate risks and strengthen information protection. As the holding company, Hanjin KAL sets IT policies and directions for the entire group, provides security standards and guidelines, and conducts assessments and management of the group's information security levels. Hanjin Information Systems & Telecommunication, the IT service company of Hanjin Group, is responsible for implementing the IT policies set by the holding company. It builds the group's IT infrastructure, manages applications, and supports affiliates. Based on the common security standards, each affiliate develops IT strategies tailored to their specific needs and carries out information security activities accordingly.

Group Security Management Framework



Number of Personal Data Breaches in 2023
(Hanjin KAL, Korean Air, Hanjin Logistics)

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Information Security and Privacy Protection

Information Security and Privacy Protection Enhancement Activities

Information Security Certification

Hanjin KAL and its major affiliates ensures management of information security risks by obtaining various information security certifications. As the holding company, Hanjin KAL supports the prevention of security risks and the acquisition of information security certifications for its affiliates.

<p>KOREAN AIR LINES</p> <p>ISMS Certification¹⁾</p> <p>ISO 27001²⁾</p> <p>PCI-DSS³⁾</p>	<p>HANJIN Logistics Corp.</p> <p>ISMS Certification</p>	<p>JIN AIR</p> <p>ISMS Certification</p> <p>PCI-DSS Compliance</p>
<p>TOPAS</p> <p>ISMS Certification</p> <p>PCI-DSS Lv.1</p>	<p>KOREA AIRPORT SERVICE</p> <p>Internal accounting management system</p> <p>ITGC (IT General Controls)</p>	<p>Hanjin Information Systems & Telecommunication</p> <p>ISMS Certification</p> <p>ISO 27001 (Supported by Korean Air)</p>

- 1) ISMS: Domestic certification for information protection management systems
- 2) ISO 27001: International standard for information protection management systems established by the International Organization for Standardization (ISO)
- 3) PCI-DSS (Payment Card Industry Data Security Standards): International standard for credit card data security



Korean Air ISMS, ISO 27001 Certifications, Hanjin Logistics ISMS Certification

Group Highlights

Zero-Trust Based Security System and IT Information Asset Protection of Korean Air

Korean Air ensures the protection of its information assets and customers' valuable personal data by implementing a precise and stringent IT security environment through the cloud transformation of its enterprise IT systems. To combat account hijacking, a leading cause of security incidents, Korean Air has proactively implemented a passwordless system based on biometric authentication for employee accounts, establishing a security environment rooted in the Zero-Trust model. Additionally, the company has expanded its monitoring scope to include the dark web, providing continuous surveillance to preemptively prevent privacy violations for both customers and employees.

Administrative Measures

- Regularly revising information security regulations and disseminating updates to all employees
 - Mandatory completion of information security training for all employees, including top management
 - Conducting security audits targeting suppliers to secure the reliability and security of customer data processing
 - Undertaking biannual disaster recovery drills to enhance crisis response capabilities in simulated scenarios
 - Encouraging employee engagement in cybersecurity threats and vulnerabilities through the ACS Excellence¹⁾ reward program
- 1) ACS Excellence: Aviation Cybersecurity Excellence

Technical Measures

- Continuous 24/7 specialized security monitoring to thwart cyber threats and intrusion attempts
- Prompt identification and dissemination of critical security vulnerabilities domestically and internationally and recommended actions across the organization
- Ensuring the secure transmission of customer data through communication layers and database encryption
- Segmentation of networks for individuals handling personal information
- Simulated hacking exercises by security professionals from consulting firms to assess vulnerabilities against evolving hacking techniques
- Regular simulated training sessions for handling malicious emails

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Group Highlights

Operation of the Korean Air The Cybersecurity Center

The Korean Air The Cybersecurity Center (KE TCC)* operates 24/7, 365 days a year, providing real-time monitoring to swiftly and effectively respond to any data breach events or cyber-attacks that threaten the stability of the company's IT information assets. Employees are instructed to immediately report any suspicious cyber threat activities to the KE TCC, which promptly blocks any identified risks. To keep pace with the latest IT security trends, Korean Air has adopted cloud-optimized security solutions. Additionally, the company conducts penetration testing on critical internal sites using the "Technical Vulnerability Analysis and Evaluation Method for Critical Information and Communication Infrastructure" published by the Ministry of Science and ICT. These measures ensure a more reliable and secure IT environment for Korean Air.

* KE TCC: Korean Air The Cybersecurity Center



Information Security Internalization Activities

Hanjin KAL recognizes the critical importance of information protection and regularly conducts training to enhance employee awareness. To raise security consciousness, annual online training on information security is provided to all employees. Additionally, the company observes a "Clean Desk Day" each month, during which employees are encouraged to delete unnecessary files from their computers, dispose of unneeded documents, and organize their document storage areas. These activities aim to integrate information protection awareness into employees' daily routines and contribute to strengthening the overall security culture within the organization.

Group Highlights

Simulation Training and Security System Inspection Activities by Hanjin Logistics

To prepare for cyber threats, Hanjin Logistics conducts unannounced phishing email simulation training for employees. Additionally, the company performs annual disaster recovery drills to ensure efficient responses to IT breaches and disaster incidents. Scenario-based simulation training is conducted to familiarize employees and stakeholders with the response procedures for security breaches and personal data leaks. The outcomes of these drills are used to continuously improve the response systems. Moreover, to ensure the robustness of its security systems, Hanjin Logistics undertakes various activities such as system security audits, office environment security inspections, and technical vulnerability assessments. These measures are rigorously managed to mitigate any potential risks.

Hanjin Logistics Offers Information Security Training and Activities for Partners

Hanjin Logistics conducts annual assessments of customer personal data handling by approximately 900 partners, including courier service centers, operations companies, and other subcontractors. Each courier branch is required to obtain security pledges from its affiliated service centers and operations companies. They also use personal data handling checklists to supervise the secure management of customer information, ensuring that these entities handle personal data safely. For other subcontractors, Hanjin Logistics mandates the signing of personal data handling agreements and confidentiality agreements and provides personal data protection training to emphasize the importance of safeguarding customer information. These efforts ensure that all partners recognize and uphold the critical importance of customer privacy protection.

Stakeholder

Interview

Hanjin KAL Group DT Strategy Director

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Q

“Strengthening information protection” has been selected as a key ESG material issue for Hanjin KAL. What efforts and achievements did Hanjin KAL focus on in 2023 to strengthen information security?

A

The Hanjin KAL Group DT Strategy Team conducted a comprehensive assessment of the information security status across all affiliates, excluding Korean Air. To achieve long-term improvements and establish a stable information security framework, we engaged professional security firms for consulting. This process led to the development and implementation of the measures to enhance information security. In 2023, we introduced the Information Security Policy and provided cloud security standards tailored to the cloud environment to manage and maintain a consistent information security framework across the entire group. Additionally, we planned an integrated security monitoring system for group-wide information security, established an execution strategy for its implementation in 2024, and initiated change management within affiliates. We also developed a long-term information security roadmap and maintained ongoing communication with the CISOs and information security officers of affiliates to continuously enhance and refine our security measures.

Q

What long-term plans and goals does Hanjin KAL have for strengthening information protection as the holding company?

A

Hanjin KAL is preparing to implement the group-wide integrated security monitoring system planned for 2023. This initiative involves pre-investing in commercial solutions to replace non-specialized or non-existent solutions across affiliates, establishing an end-to-end monitoring and response system from user PCs to external web activities. We plan to transition from the current monitoring system, which operates only during working days, to a 24/7/365 monitoring system, ensuring rapid response even during nights and holidays. This project is currently in the solution contract stage, with plans to extend coverage to all smaller affiliates within the year. Additionally, as part of our network improvement efforts, we will implement SASE (Secure Access Service Edge) to ensure secure access for employees working remotely, whether from branches or home, to internal and SaaS applications. To combat increasingly sophisticated external attacks, Hanjin KAL will increase pre-investment in advanced security solutions and focus on developing security experts at Hanjin Information Systems & Telecommunication to directly manage the integrated security monitoring system. We also aim to enhance the capabilities of security personnel across all affiliates.

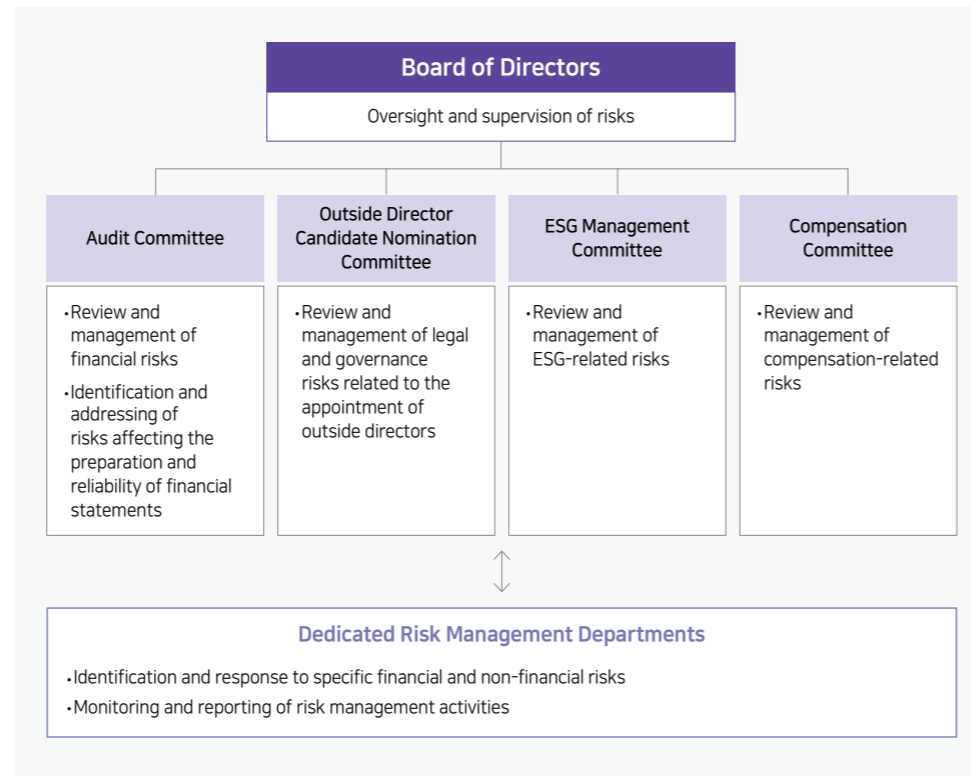
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Integrated Risk Management System

Risk Management Governance

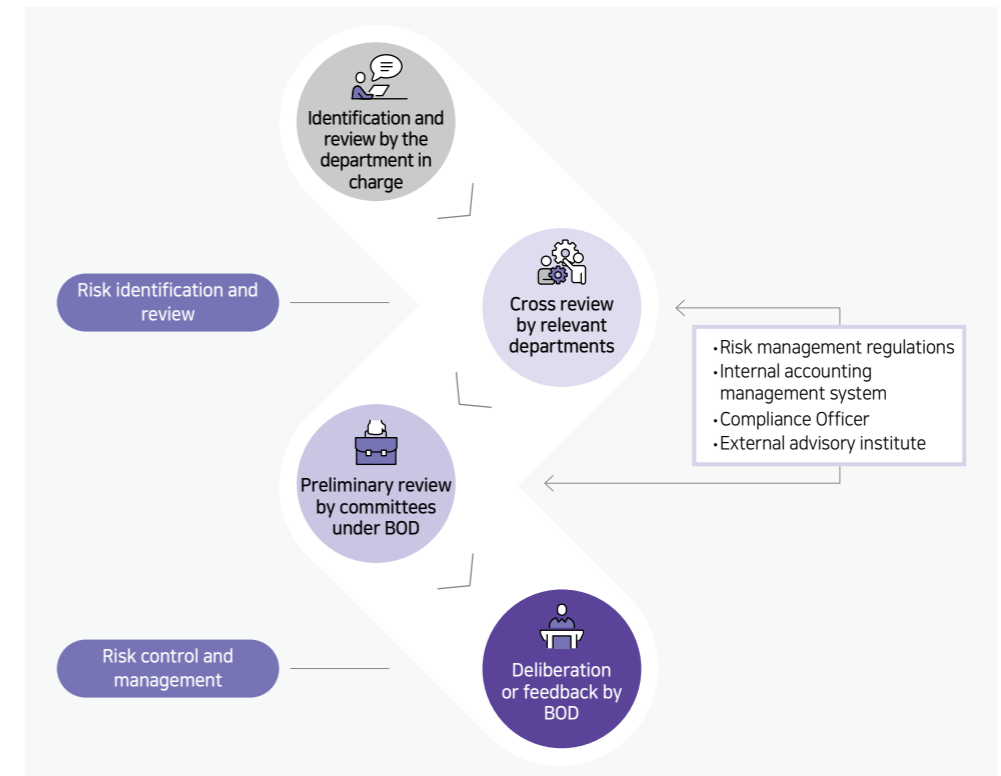
Hanjin KAL has established and operates an enterprise-wide risk management governance system to proactively prevent and effectively respond to risks.

Each dedicated risk management department at Hanjin KAL identifies and reviews specific risks based on their type and manages them according to internal regulations and departmental manuals. Specialized committees under the Board of Directors are responsible for the integrated management and oversight of risks. These committees leverage their expertise to discuss and evaluate company-wide risk response strategies. The Board of Directors performs the final management and supervision of risks, deliberating and reviewing significant issues to ensure comprehensive oversight and effective decision-making.



Risk Management Process

Hanjin KAL has established and operates a systematic risk management process, encompassing the identification and review of risks by dedicated and relevant departments and extending to the oversight and control by the Board of Directors. First, each potential risk is identified and reviewed by the department in charge, based on relevant laws and team-specific work manuals. This department collaborates with related departments to conduct a thorough cross-review of the risks. Subsequently, various committees within the Board of Directors conduct preliminary reviews of the identified risks. The Board of Directors then manages and controls these risks through a structured decision-making process, ensuring efficient and systematic management of all risks.



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Internal Accounting Management and Operations

Internal Monitoring System

Hanjin KAL continuously enhances and refines its internal control policies, conducting internal monitoring based on organizational procedures in accordance with laws, the company's articles of incorporation, and various internal regulations. The internal monitoring mechanisms include the Board of Directors, the internal audit department, and other internal monitoring tools. The Board deliberates and decides on matters specified by law or the Articles of Incorporation, matters delegated by the general meeting of shareholders, and key issues related to the company's fundamental management policies and business operations. The internal audit department conducts various audits related to company operations, including routine audits, regular audits, ad-hoc audits, special audits, and cash audits. Other internal monitoring tools include approval procedures for transaction execution, transaction approval and recording, job assignments for asset protection, documentation of transaction evidence and records, tiered access and usage rights for assets and documents, and independent, periodic reconciliation and comparison as part of internal verification procedures.

Internal Accounting Management

Hanjin KAL, in accordance with applicable laws*, has established an internal accounting management system and formed a dedicated organization to manage and operate it. The responsibility for operating the internal accounting management system lies with the company's management, while the oversight responsibility rests with the Board of Directors.

A full-time executive with expertise in finance and accounting is appointed as the internal accounting manager, ensuring the effective operation of the system. The Board of Directors delegates the oversight of the internal accounting management system to the internal audit committee, which carries out substantive internal control supervision. To accurately evaluate the operation of the internal accounting management system, the internal accounting manager regularly reports the system's status to the internal audit committee..

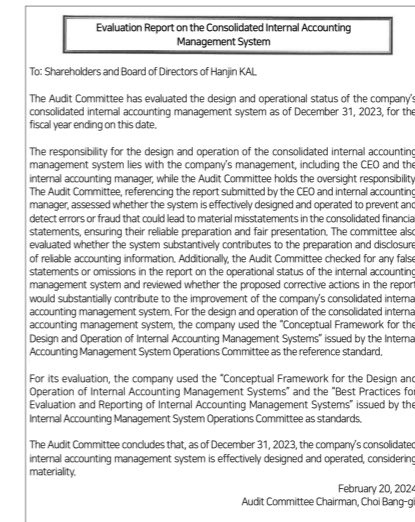
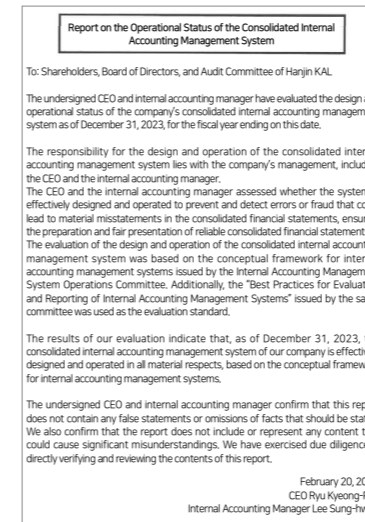
Since 2019, Hanjin KAL has enhanced its internal accounting management system, applying reasonable and effective design principles to improve the reliability of financial statements. The internal accounting regulations are applied to internal accounting evaluations. Furthermore, Hanjin KAL elevated the operational standards of the internal accounting management system across affiliates, completing its establishment based on consolidated financial statements in 2023. The progress and operation of this system are regularly reported to the Audit Committee.

* Article 8 of the Act on External Audit of Stock Companies (External Audit Act)

Evaluation of the Operational Status of Internal Accounting

Hanjin KAL annually assesses the operational status of its internal accounting management system and reports the findings to the general meeting of shareholders, the Board of Directors, and the Audit Committee. Per Article 8, Paragraph 5 of the External Audit Act, the Audit Committee evaluates the system's operations and reports to the Board each year.

Based on the 2023 framework for the design and operation of the internal accounting management system, the evaluation concluded that the system is effectively designed and operated from the perspective of materiality. The Audit Committee agreed with this assessment, and the external auditor provided an "Unqualified" opinion.



Hanjin KAL Report on the Operational Status of the Consolidated Internal Accounting Management System and Evaluation Report on the Consolidated Internal Accounting Management System

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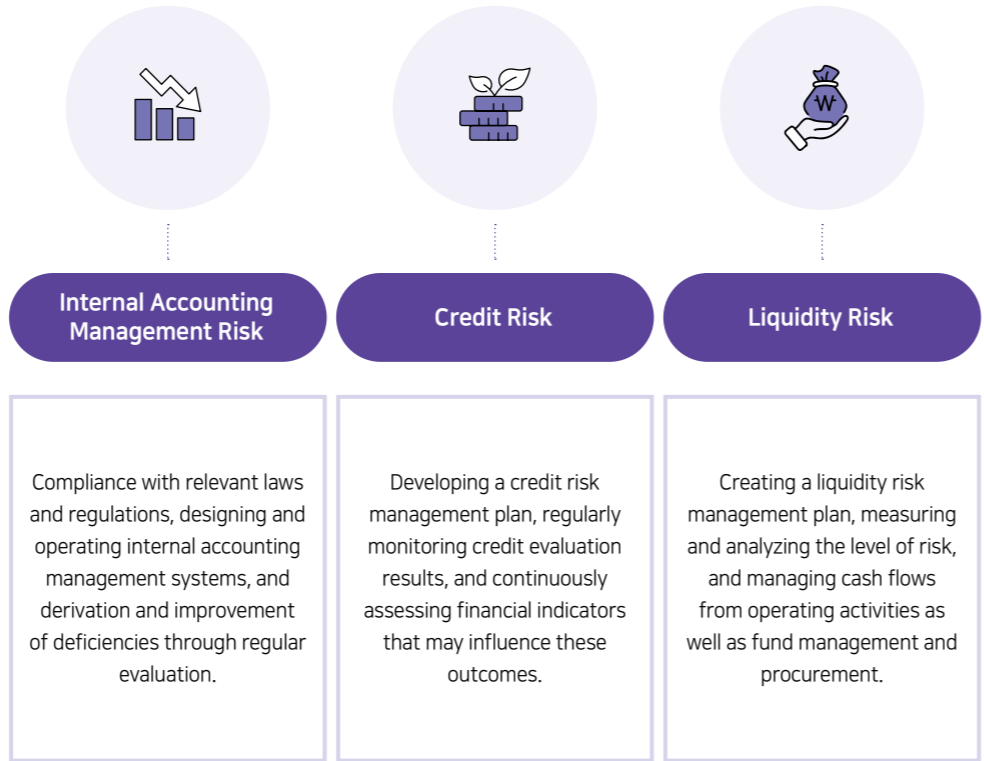
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Risk Management by Risk Type

Hanjin KAL categorizes and manages risks by their significance and likelihood of occurrence to effectively respond to crisis situations within the Hanjin Group. For each type of risk, the company undertakes preventive activities, identifies and evaluates the causes and magnitude, and develops and implements appropriate response strategies.

Financial Risk

Hanjin KAL categorizes and manages financial risks that could potentially or actually impact the company's financial condition. By focusing on significant and likely risks, such as internal accounting risks, liquidity risks, and credit risks, the company enhances its financial stability and proactively addresses future market volatility.



Non-Financial Risks

Hanjin KAL categorizes all risks arising from business activities, beyond financial risks, as non-financial risks. Based on their importance, these risks are classified into ESG risks, legal risks, disclosure risks, safety risks, ethical risks, and security/IT risks. Non-financial risks can impact a wide range of stakeholders and have a broad scope. Therefore, Hanjin KAL has established a comprehensive system for identifying and managing these risks. This system ensures that non-financial risks are systematically addressed and continuously improved.

<p>ESG Risk</p>	<p>Establishing an ESG risk management plan, monitoring ESG-related management issues to enhance corporate and shareholder value, and formulating strategies in response to ESG-related government policies and external evaluations.</p>
<p>Legal Risk</p>	<p>Implementing compliance education and training programs for employees through the Compliance Officer, regularly checking and controlling compliance with legal standards, reviewing and managing contracts and litigation, and continuously monitoring legal issues.</p>
<p>Disclosure Risk</p>	<p>Reviewing all matters in advance before disclosure, providing guidance and education to employees on disclosure matters, and continuously monitoring legal provisions and amendments related to disclosure.</p>
<p>Safety Risk</p>	<p>Establishing a safety organization, enacting and revising management regulations and guidelines for occupational health and safety, conducting regular disaster response training and risk assessments, organizing consultative bodies for occupational health and safety, providing employee education, and implementing reporting and operating systems for harmful and risky factors.</p>
<p>Ethical Risk</p>	<p>Managing regulations and guidelines related to ethical management, conducting company-wide employee education, requiring pledges for ethical practices, operating internal corruption reporting systems, and continuously monitoring relevant legal provisions and amendments.</p>
<p>Security/IT Risk</p>	<p>Continuously monitoring risks related to personal information protection, user device security, and system security.</p>

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Business Performance

Summary income statement

Based on Hanjin KAL's consolidated financial statements

Section	Unit	2021	2022	2023	Scope of data collection
Sales	Million KRW	148,425	200,336	275,727	Hanjin KAL
Cost of sales	Million KRW	104,299	123,248	165,340	Hanjin KAL
Gross profit	Million KRW	44,126	77,088	110,386	Hanjin KAL
Operating profit	Million KRW	-9,928	14,487	42,843	Hanjin KAL
Net income before tax expenses	Million KRW	75,569	438,304	448,320	Hanjin KAL
Continuing operations net income(loss)	Million KRW	97,982	405,889	388,329	Hanjin KAL
Discontinued operating income(Loss)	Million KRW	-133,678	253,679	-	Hanjin KAL
Net income	Million KRW	-35,696	659,568	388,329	Hanjin KAL
Other comprehensive income	Million KRW	34,714	192,357	-83,062	Hanjin KAL
Net comprehensive income	Million KRW	-982	851,925	305,267	Hanjin KAL

Distribution of Economic Value to Stakeholders

Based on Hanjin KAL's separate financial statements

Section	Unit	2021	2022	2023	Scope of data collection	
Government	Corporate taxes	Million KRW	79	96,615	61,388	Hanjin KAL
Shareholders	Dividends	Million KRW	0	11,419	20,069	Hanjin KAL
Business partners	Purchase costs	Million KRW	1,463	1,499	1,291	Hanjin KAL
Employees	labor cost	Million KRW	7,729	10,919	12,718	Hanjin KAL

Environmental Performance

Energy usage

Section	Unit	2021	2022	2023	Scope of data collection	
Energy usage	Non-renewable energy	TJ	110,951	135,543	174,417	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Renewable energy ¹⁾	TJ	0	0	0.64	Korean Air, and Hanjin logistics(2023)
	Total	TJ	110,951	135,543	174,418	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Energy use intensity	Energy use per revenue	TJ/100 million KRW	0.95	0.79	0.91	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Korean Air: Corrected an error in the calculation of renewable energy using blended SAF in the 2022 report

GHG emissions

Section	Unit	2021	2022	2023	Scope of data collection	
GHG emissions	Scope1 (Direct emissions)	tCO ₂ eq	7,592,686	8,713,432	11,933,104	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Scope2 (Indirect emissions)	tCO ₂ eq	61,492	65,263	70,092	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Scope1+ Scope2	tCO ₂ eq	7,654,178	8,778,694	12,003,196	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Scope3	tCO ₂ eq	1,700,334	1,975,406	2,578,277	Korean Air
GHG emissions intensity	GHG emissions per revenue ¹⁾	tCO ₂ eq/100 million KRW	65.59	51.20	62.53	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Scope 1 + Scope 2 Emissions Total / Revenues

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Water resource usage

Section	Unit	2021	2022	2023	Scope of data collection	
Water resource usage	Non-renewable water ¹⁾	Ton	706,465	718,609	799,177	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Renewable water	Ton	12,845	15,092	19,395	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total	Ton	719,310	733,701	818,572	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin logistics: 2022 Final Figures in Accordance with Environmental Information Disclosure

Waste generation and disposal¹⁾

Section	Unit	2021	2022	2023	Scope of data collection	
Waste generation	General waste	Ton	7,804	9,680	12,904	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Designated waste	Ton	678	879	901	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total	Ton	8,482	10,559	13,805	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Waste disposal	Incineration	Ton	1,890	2,381	3,805	Korean Air
	Landfill	Ton	11	7	14	Korean Air
	Recycling	Ton	4,673	6,280	8,275	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin logistics: 2022 Final Figures in Accordance with Environmental Information Disclosure

Green investment

Section	Unit	2021	2022	2023	Scope of data collection
Green product purchases ¹⁾	Million KRW	2,342	8,306	15,174	Korean Air, Hanjin logistics
Green investment ²⁾	Million KRW	3,864	778,853	6,454,679	Korean Air, Hanjin logistics

1) Korean Air: Purchases of general items and eco-friendly aviation oil

2) Korean Air: High-efficiency aircraft purchases

Hanjin logistics: Excluding ship investment costs that are difficult to separate from investment items for reducing environmental pollution

Environmental compliance

Section	Unit	2021	2022	2023	Scope of data collection	
Violation of Environmental Laws and Regulations	Non-monetary penalties	Cases	0	0	0	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Penalty amounts	Million KRW	2.7	0	2.8	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

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Social Performance

Safety management

Section	Unit	2021	2022	2023	Scope of data collection	
Accident rate ¹⁾	%	0.08	0.27	0.66	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Number of Accidents	Number of injuries ²⁾	Cases	15	54	138	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Number of fatalities	Cases	2	1	1	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Lost Time Incident Frequency Rate (LTIFR) ³⁾	-	0.41	1.47	3.67	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Safety training hours	Hours	199,386	283,002	367,077	Korean Air, Hanjin KAL	
Number of employees trained in safety ⁴⁾	Persons	9,915	13,138	16,569	Korean Air, Hanjin KAL	
Safety training hours per employee	Hour/Person	20	22	22	Korean Air, Hanjin KAL	

- 1) Accident Rate (%) = (Number of Injuries + Number of Fatalities) / Total Employees * 100
 2) Korean Air: Six additional industrial accidents were approved after the publication of the previous year's report
 Hanjin KAL: Some errors in the recorded data for 2021 and 2022 were corrected, resulting in a revision of the number of injured people
 3) Group LTIFR: Application of weighted average considering the total workforce of each group company
 Lost Time Injury Frequency Rate: (Number of Lost Time Incident(LTI) / Total working hours) × 1,000,000
 4) Number of employees trained in safety: Apply the average value among the number of participants who completed training each quarter

Supply chain

Section	Unit	2021	2022	2023	Scope of data collection	
Total number of business partners	Companies	1,778	1,685	1,833	Korean Air	
Number of major business partners ¹⁾	Companies	207	263	356	Korean Air	
Number of support cases for business partners	Cases	737	3,250	3,638	Korean Air	
Amount of support for business partners	Direct and indirect financial support	Million KRW	2,475	3,561	3,033	Korean Air

- 1) Korean Air: Based on annual domestic and international transaction amount above 1 billion

Social contribution

Section	Unit	2021	2022	2023	Scope of data collection
Cash donation	Million KRW	2,958	6,862	16,102	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Investment in local community	Million KRW	3,275	7,002	13,581	Korean Air, Hanjin logistics
Number of participants in talent donation	Persons	77	810	1,671	Korean Air, Hanjin logistics

Customer satisfaction

Section	Unit	2021	2022	2023	Scope of data collection
Number of customers opinions received	Cases	276,888	192,449	167,621	Korean Air, Hanjin logistics
Number of customer opinions resolved	Cases	276,887	192,447	167,614	Korean Air, Hanjin logistics
Customer opinion resolution rate	%	100.0	100.0	100.0	Korean Air, Hanjin logistics

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Employees

Section	Unit	2021	2022	2023	Scope of data collection	
Total number of employees ¹⁾	Male	Persons	12,133	11,924	12,175	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Female	Persons	8,793	8,758	8,892	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total	Persons	20,926	20,682	21,067	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Number of managers ²⁾	Male managers	Persons	3,608	3,665	3,754	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Female managers	Persons	2,119	2,424	2,662	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total	Persons	5,727	6,089	6,416	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Rate of female managers	%	37.0	39.8	41.5	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Number of non-regular workers	Male	Persons	283	381	786	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Female	Persons	243	198	422	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total	Persons	526	579	1,208	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Total employees = Total of executives + permanent employees
Rectification of errors in the data for the years 2021 and 2022

2) Korean Air: Permanent employees at senior manager level or above
Hanjin logistics: Managers and above
Hanjin KAL: Executives

Workers who are not employees

Section	Unit	2021	2022	2023	Scope of data collection	
Number of workers who are not employees	Male	Persons	1,445	1,642	2,151	Korean Air
	Female	Persons	926	1,272	1,677	Korean Air
	Total	Persons	2,371	2,914	3,828	Korean Air

New employees

Section	Unit	2021	2022	2023	Scope of data collection	
Creation of new employment	Total	Persons	374	589	1,241	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

Turnover

Section	Unit	2021	2022	2023	Scope of data collection	
Number of turnover (voluntary and urged turnover) ¹⁾	Persons	734	810	846	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
	Total turnover rate ¹⁾	%	3.5	3.9	4.0	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Turnover status	Number of voluntary attrition ²⁾	Persons	316	549	561	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin logistics: Only consider the number of voluntary attrition

2) Voluntary attrition: The number of employees who leave a company due to personal reasons (such as job changes or pursuing further education) rather than mandatory retirement or termination

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Welfare benefit

Section	Unit	2021	2022	2023	Scope of data collection	
Total cost of welfare benefit ¹⁾	Million KRW	373,303	447,839	683,847	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Average cost of welfare benefit per employee	10 thousand KRW	1,784	2,165	3,246	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Status of use and return of parental leave	Parental leave users ²⁾	Persons	481	541	689	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Employees who returned to work after parental leave	Persons	531	535	592	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Rate of 12-month work retention after parental leave	%	98.9	97.2	90.7	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin KAL: Further details have been added to the record

2) Number of employees who took parental leave in the year

Social communication

Section	Unit	2021	2022	2023	Scope of data collection
Number of employees who are entitled to sign up for Labor Union	Persons	16,984	16,434	15,909	Korean Air, Hanjin logistics
Number of Labor Union members ¹⁾	Persons	14,416	13,887	12,883	Korean Air, Hanjin logistics
Labor Union membership rate	%	84.9	84.5	81.0	Korean Air, Hanjin logistics
Percentage of employees subject to collective agreement ²⁾	%	92	92	89	Korean Air, Hanjin logistics

1) Simple data errors in 2022 were corrected

2) Represents the proportion of employees whose working conditions and employment terms are regulated by the collective agreement

Education and training

Section	Unit	2021	2022	2023	Scope of data collection	
Total training hours ¹⁾	Hours	766,647	1,068,505	1,425,198	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Total number of participants (Excluding duplicates)	Persons	21,534	21,249	22,877	The sum of Hanjin KAL, Korean Air, and Hanjin logistics	
Employee education and training	Training hours per employee	Hours	37	52	68	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total training cost for employees	Million KRW	22,949	28,457	33,632	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Training cost per employee ²⁾	Million KRW	1.10	1.38	1.60	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Human rights training	Total training hours	Hours	18,930	18,752	19,581	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total number of participants	Persons	18,930	18,752	19,581	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Education for improving the awareness of disability	Total training hours	Hours	18,870	18,469	19,340	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
	Total number of participants	Persons	18,870	18,469	19,340	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin KAL: Number of dispatched personnel included in total number of participants

2) Training cost per employee = Total training cost / Total number of employees

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Governance Performance

BOD Performance

Section	Unit	2021	2022	2023	Scope of data collection	
Number of BOD meetings held	Regular	Number	4	4	4	Hanjin KAL
	Temporary	Number	2	4	3	Hanjin KAL
Number of agenda discussed	Cases	24	19	13	Hanjin KAL	
Number of agenda reported	Cases	12	8	8	Hanjin KAL	
Average attendance rate	%	98.8	97.5	97.5	Hanjin KAL	

BOD status

Section	Unit	2021	2022	2023	Scope of data collection
Inside directors	Persons	3	3	3	Hanjin KAL
Outside directors ¹⁾	Persons	8	7	5	Hanjin KAL
Audit committee members	Persons	3	3	3	Hanjin KAL
Rate of female directors	%	7.1	7.7	9.0	Hanjin KAL

1) The calculation excludes audit committee members who are outside directors

Average remuneration per executive (Based on business report for each business year)

Section	Unit	2021	2022	2023	Scope of data collection
Inside directors	Million KRW	695	1,116	1,709	Hanjin KAL
Outside directors and non-executive directors	Million KRW	70	70	60	Hanjin KAL
Audit committee members	Million KRW	70	77	79	Hanjin KAL

Information Protection

Section	Unit	2021	2022	2023	Scope of data collection
Number of employees subject to information protection training	Persons	20,499	20,429	20,780	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Number of employees completed information protection training	Persons	20,499	20,429	20,683	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Number of identified leaks, thefts, or losses of customer data	Cases	0	0	0	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

Ethics and Compliance

Section	Unit	2021	2022	2023	Scope of data collection
Ethics/compliance training hours	Hours	19,372	32,688	22,155	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Number of Participants ¹⁾	Persons	30,751	42,305	35,194	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) For ethics/compliance training, duplicate counting is applied to the number of participants due to the challenges in determining the exact number of individuals who completed the training
Hanjin KAL : Including the number of dispatched personnel within the training staff

Violation of regulations against unfair trade practices such as anti-competitive behavior, anti-trust, and monopoly practices¹⁾

Section	Unit	2021	2022	2023	Scope of data collection
Total amount of financial penalties	Million KRW	80	679	0	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Number of non-financial penalties	Cases	3	7	0	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Number of lawsuits filed	Cases	2	0	0	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin logistics: Monetary sanctions, violation amounts, and violation numbers are counted as of the time of payment of the related fines and penalties. Non-monetary sanctions are counted as of the time the sanction was imposed

Violation of law¹⁾

Section	Unit	2021	2022	2023	Scope of data collection
Number of violations of laws and regulation	Cases	9	1	1	The sum of Hanjin KAL, Korean Air, and Hanjin logistics
Amount of fines or penalties	Million KRW	2,712	319	387	The sum of Hanjin KAL, Korean Air, and Hanjin logistics

1) Hanjin logistics: Monetary sanctions, violation amounts, and violation numbers are counted as of the time of payment of the related fines and penalties. Non-monetary sanctions are counted as of the time the sanction was imposed
Korean Air: The fine amount for 2022 is currently under appeal as of 2023(fine amount: approximately 8.3 billion rubles), and the specific amount may be subject to change in the future

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Statement of use	Hanjin KAL's ESG Report was prepared with reference to the GRI Standards 2021 for activities conducted from January 1, 2023, to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard 2021	Disclosure	Page number
GRI 2 : General Disclosures 2021		
The organization and its reporting practices	2-1 Organizational details	7, 14
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	2
	2-4 Restatements of information	83~88
	2-5 External assurance	96~97
Activities and workers	2-6 Activities, value chain and other business relationships	7~13
	2-7 Employees	86
	2-8 Workers who are not employees	86
	2-9 Governance structure and composition	65~68
	2-10 Nomination and selection of the highest governance body	66~68
Governance	2-11 Chair of the highest governance body	66
	2-12 Role of the highest governance body in overseeing the management of impacts	17~18, 65, 67
	2-13 Delegation of responsibility for managing impacts	17~18, 65, 67
	2-14 Role of the highest governance body in sustainability reporting	17~18, 67
	2-16 Communication of critical concerns	17~18, 67
	2-17 Collective knowledge of the highest governance body	68
	2-22 Statement on sustainable development strategy	5
Strategy, policies and practices	2-23 Policy commitments	43, 58
	2-24 Embedding policy commitments	43~45, 58~59
	2-25 Processes to remediate negative impacts	59, 73, 79
	2-26 Mechanisms for seeking advice and raising concerns	59, 73
	2-27 Compliance with laws and regulations	88
Stakeholder engagement	2-28 Membership associations	95
	2-29 Approach to stakeholder engagement	21
	2-30 Collective bargaining agreements	87

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GRI Standard 2021	Disclosure	Page number
GRI 3: Material Topics 2021		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	22~23
	3-2 List of material topics	23~26
Efforts to address climate change		
GRI 3: Material Topics 2021	3-3 Management of material topics	29~34
	302-1 Energy consumption within the organization	83
GRI 302: Energy 2016	302-2 Energy intensity	83
	305-1 Direct (Scope 1) GHG emissions	83
GRI 305: Emissions 2016	305-2 Indirect (Scope 2) GHG emissions	83
	305-4 GHG emissions intensity	83
Occupational safety and health		
GRI 3: Material Topics 2021	3-3 Management of material topics	43~48
	403-1 Occupational health and safety management system	44
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	44~46
	403-3 Occupational health services	46
	403-4 Worker participation, consultation, and communication on occupational health and safety	43
	403-6 Promotion of worker health	46
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46
	403-9 Work-related injuries	85
Strengthening customer information protection		
GRI 3: Material Topics 2021	3-3 Management of material topics	75~78
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	88
General Reporting Issues		
Anti-competitive behavior		
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	88
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	86
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	62
	401-3 Parental leave	87
Training and Education		
GRI 404: Education and Training 2016	404-1 Average hours of training per year per employee	87
	404-2 Programs for upgrading employee skills and transition assistance programs	61

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The Sustainability Accounting Standards Board (SASB) develops sustainability accounting standards in the United States, establishing industry-specific disclosure standards for sustainability information. These standards enable companies to report non-financial factors alongside financial performance and are recommended for voluntary adoption. Hanjin Group uses the SASB Index to manage and disclose relevant industry-specific sustainability information.

KOREAN AIR LINES

Category		Code	2023
Activity metric	Available seat kilometers (ASK)	TR-AL-000.A	80,777 million km
	Passenger load factor	TR-AL-000.B	84.2%
	Revenue passenger kilometers (RPK)	TR-AL-000.C	68,053 million available seat km
	Revenue ton kilometers (RTK)	TR-AL-000.D	14,555 million ton km
	Number of flights	TR-AL-000.E	128,944 times
	Average Fleet Age	TR-AL-000.F	11.7 years
GHG emissions	Total direct emissions (Scope 1)	TR-AL-110a.1	11,852,913 tonCO ₂ eq
	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TR-AL-110a.2	KOREAN AIR LINES ESG Report p.31~35
	(1) Total fuel used in gigajoules;	TR-AL-110a.3	171,809,749 GJ
	(2) percentage of fuel from sources alternative to petroleum;	TR-AL-110a.3	0%
	(3) percentage of sustainable fuel	TR-AL-110a.3	0% (85,281.71 USG)
Labor	Percentage of active workforce covered under collective bargaining agreements	TR-AL-310a.1	87.7%
	(1) Number of work stoppages	TR-AL-310a.2	0
	(2) Total days idle	TR-AL-310a.2	0
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	TR-AL-520a.1	N/A
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	TR-AL-540a.1	KOREAN AIR LINES ESG Report p.40~45
	Number of aviation accidents	TR-AL-540a.2	0
	Number of administrative dispositions with aviation safety regulation by the Ministry of Land, Infrastructure and Transport	TR-AL-540a.3	4

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HANJIN Logistics Corporation

Category	Indicator	Unit	Report page
Greenhouse Gas Emissions	TR-AF-110a.1	Gross greenhouse gas emissions from domestic workplace (Scope 1 & 2)	Quantitative tCO ₂ eq Hanjin Logistics ESG Report p.62
	TR-AF-110a.2	Scope 1 emission reduction targets and performance analysis management plans or short- and long-term strategies for those targets	Qualitative - Hanjin Logistics ESG Report p.20~27
	TR-AF-110a.3	Fuel consumed by (1) percentage of road transport (a) natural gas and (b) renewable, and (2) percentage of air transport (a) alternative and (b) sustainable fuel	Quantitative GJ/% Not reported
Air Quality	TR-AF-120a.1	Air emissions of the following pollutants: (2) NO _x (including N ₂ O), (2) SO _x , and (3) PM ₁₀	Quantitative Tons Not reported
Labor Practices	TR-AF-310a.1	Percentage of articles categorized as independent contractors	Quantitative % Not reported
	TR-AF-320a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Quantitative KRW 100 million No fines due to violations of labor laws (Employment levy for disabled persons: 2021: KRW 280 million; 2022: KRW 380 million; 2023: KRW 390 million)
Workforce Health & Safety	TR-AF-310a.1	Total recordable incident rate (TRIR) and fatality rate for direct employees and contract employees	Quantitative % Hanjin Logistics ESG Report p.64
Supply Chain Management	TR-AF-430a.2	Total greenhouse gas (GHG) footprint across transport modes	Quantitative tCO ₂ eq Not reported
	TR-AF-430a.3	Discussion of policies and strategies to identify, assess and manage business disruption risks associated with contract carrier safety	Qualitative - Not reported
Accident & Safety Management	TR-AF-420a.1	Description of implementation and outcomes of a Safety Management System	Qualitative - Hanjin Logistics ESG Report p.28~32
	TR-AF-420a.2	Number of aviation accidents	Quantitative Ea. Not reported
	TR-AF-420a.3	Number of road accidents and incidents	Quantitative Ea. Not reported

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Major Awards

KOREAN AIR LINES

Award	Organizer	Date of award
National Brand Award for the Corporate Sector	National Brand Promotion Institute	2023.12
Ranked first for Best Airline Cuisine, Business Class Seat Design, and Best Frequent-Flyer Award Redemption	Global Traveler	2023.12
Ranked first in the airlines category of the Korean Standard Service Quality Index (KS-SQI)	Korean Standards Association	2023.11
2023 USA Today 10 Best Readers' Choice Awards (No. 1 for premium class service, No. 2 for best in-flight food, and No. 6 for best cabin crew)	USA Today	2023.10
PAX Readership Awards 2023 Best In-flight Duty Free Program	PAX International	2023.06
Ranked first in the Global Customer Satisfaction Index (GCSI) for air passenger transport services (19 consecutive years since 2005)	Global Management Association (GMA)	2023.06
Airline Excellence Awards Cargo Airline of the Year, Best Airline in North Asia, No.4 in the global rating agency's Top Twenty Five Airlines	AirlineRatings	2023.05
2023 Passenger Choice Award * Best Cabin Service	Airline Passenger Experience Association (APEX)	2023.05
Ranked first in the FSC category of the National Customer Satisfaction Index (NCSI)	Korea Productivity Center	2023.05
2022 Social Contribution Enterprise Award in the Environment/Disaster Relief category (5 times)	The Korea Economic Daily	2022.07
Airline Excellence Awards Cargo Airline of the Year and Long Haul Airline Asia / Pacific	AirlineRatings	2022.07
Ranked first place in the Global Customer Satisfaction Index (GCSI) for air passenger transport services	Global Management Association	2022.06
2022 Cargo Operator of the Year	ATW(Air Transport World)	2022.06
PAX Readership Awards 2022 Best In-flight Duty Free Program	PAX International	2022.06
2022 Passenger Choice Award Best Food & Beverage in Eastern Asia and Best Cabin Service	Airline Passenger Experience Association (APEX)	2022.06
Cellars in the Sky Award 2021 Gold Medal (First Class Champagne and First Class Dessert Wine)	Business Traveler	2022.02
Official Airline Ratings : Five Star Global Airlines	Airline Passenger Experience Association (APEX)	2021.12
2021 Best Airline for International First Class and Best Business-Class Seat Design	Global Traveler	2021.12
2021 Airline of the Year	ATW (Air Transport World)	2021.10
Airbus 220 Best Operational Excellence 2021	Airbus	2021.10
2021 Global Customer Satisfaction Index (GCSI) Awards	Global Management Association (GMA)	2021.07
COVID-19 Airline Safety Rating : Five Star Airline	Skytrax	2021.05
The 24 th Logistics Grand Prize in the large-scale business sector	Korea Logistics Society/Korea Chamber of Commerce & Industry	2021.05

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Hanjin Logistics Corporation

Award	Organizer	Date of award
CSV Porter Award for "Process" and induction into the Hall of Fame	The Institute for Industrial Policy Studies, Channel A, Dong-A Ilbo	2023.12
'Eco-Package Category' Award by the Asia Packaging Federation (Eco-friendly packaging material 'Green Waffle')	Asia Packaging Federation	2023.11
Korea Logistics Award for Large Enterprises	Korea Logistics Society (KLS)	2023.05
South Korea Prime Minister's Award in Packaging Competition (For eco-friendly packaging material 'Green Waffle')	Ministry of Trade, Industry and Energy, Korea Institute of Industrial Technology, Korea Packaging Center	2023.04
'Minister of Trade, Industry and Energy Award for the adding more happiness social contribution 'Creating Shared Value' category	Journalists Association of Korea, Korea Enterprises Federation	2023.02
Recognition for community contributions	Ministry of Health and Welfare, Korea Association of Social Workers	2022.12
The CSV Porter Award 'Process Category'	The Institute for Industrial Policy Studies, Channel A, Dong-A Ilbo	2022.12
Minister of the Interior and Safety Award for the Adding more happiness social contribution campaign 'life safety category'	Journalists Association of Korea, Korea Enterprises Federation	2022.02
The CSV Porter Award for 'Project Win-Win'	The Institute for Industrial Policy Studies, Channel A, Dong-A Ilbo	2021.12
Certificate of Appreciation from the National Police Agency (For contribution to the Hope Tape Campaign of long-term missing children search)	National Police Agency	2021.01

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Memberships of Associations

KOREAN AIR LINES

Industry	
International Air Transport Association (IATA)	Korea Defense Industry Association
SkyTeam	Korea Aerospace Industries Association
Korea Civil Association	Korea Industrial Technology Association
Aviation Management Society of Korea	Korea Aerospace Technology Research Association
Korea Aeronautical Engineers' Association	Defense Industries Committee
The Korean Society for Aeronautical and Space Sciences	Korea Defense Guarantee Cooperative
The Korean Society for Composite Materials	Korea Carbon And Nano Industry Association
Korea Institute of Military Science and Technology	Korea Association of Standards & Testing Organizations
The Society for Aerospace System Engineering	Defense Quality Society
The Korean Society of Propulsion Engineers	Korea Aerospace Quality Group
The Korean Association of Defense Industry Studies	Young Falcons of Korea
Korea UVS Association	Korea Research Association for Unmanned Vehicle

HANJIN Logistics Corporation

Industry	
Korea Port Logistics Association	Korea AEO Association
Korea Integrated Logistics Association	Korea International Trade Association (KITA)
Korea Customs Logistics Association	Korea Shipping Union
Korea Shipowners' Association	Korea Shipping Association
Korea International Federation of Freight Forwarders Associations	

General Economy/Environment/Society	
The Federation of Korean Industries	The American Chamber of Commerce in Korea (AMCHAM Korea)
Korea Economic Research Institute	Busan Chamber of Commerce and Industry
Korea Enterprises Federation	Gangseo Business Group for Environmental Practices
Korea Chamber of Commerce and Industry	Voluntary Agreement of the Aviation Industry on Greenhouse Gas Reductions
Federation of Economic Organizations	UN Global Compact
Korea-U.S. Economic Council	Asia Society Korea Center
Korea-Japan Economic Association	Korea AEO Association
Korea Listed Companies Association	Korea Management Association (KMA)
Korea Exchange (KRX)	Korea-Mongolia Forum
Korea Customs Logistics Association	Korea Defense Transportation Association
Korea International Trade Association (KITA)	

General Economy/Society	
The Federation of Korean Industries	Korea Listed Companies Association
Korea Enterprises Federation	Korea Chamber of Commerce and Industry
Korea Economic Research Institute	Korea Management Association (KMA)
Korea Defense Industry Promotion Association	

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To: The Stakeholders of HANJIN KAL

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the HANJIN KAL ESG Report 2024 (hereinafter referred to as the "Report"). The Assurer is independent of the HANJIN KAL and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HANJIN KAL report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HANJIN KAL and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

HANJIN KAL is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to HANJIN KAL only.

The Assurer is responsible for providing HANJIN KAL management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of HANJIN KAL. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than HANJIN KAL in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with HANJIN KAL includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the Report, Some data included half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the Report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the Report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website and other report.

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 1 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by HANJIN KAL.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices),
2-6 to 2-8 (Activities and workers),
2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17(Governance),
2-22 to 2-28 (Strategy, policies, and practices),
2-29 to 2-30 (Stakeholder engagement),
3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

206-1, 302-1, 302-3, 305-1~2, 305-4,
401-1~3, 403-1~4, 403-6~7, 403-9,
404-1~2, 418-1

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Review of the system for sustainability management strategy process and implementation.
- An assessment of the company's reporting and management processes concerning this report against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).

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Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment certification body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HANJIN KAL. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that HANJIN KAL's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated. On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in reference with the GRI Standards. (Reporting in reference with the GRI Standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

HANJIN KAL defined employees, shareholders/investors, customers, partner companies, governments/related organizations and local communities as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. HANJIN KAL conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. HANJIN KAL disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

HANJIN KAL implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. HANJIN KAL conducted benchmarking and media analysis of similar companies and institutions at home and abroad, identified financial impact and social/environmental impact, and determined key issues for the reporting year through expert review of the impact. HANJIN KAL derived 3 top material issues(Tier 1) through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

HANJIN KAL operated a management process for material issues in the context of sustainability derived from the materiality assessment. The HANJIN KAL established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. HANJIN KAL disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

HANJIN KAL identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. HANJIN KAL established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for key issues, disclosed mid- to long-term plans and strategic system in the Report.

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be helpful to advance the sustainability management system by furthering the management system for major sustainability performance indicators, such as the environmental and social of each business corporation within the reporting scope, and strengthening the internal control system to ensure the reliability and consistency of those performance indicators.
- It may be helpful to advance the sustainability management system by establishing a consolidated disclosure system, specifying the roles and responsibilities of each governance structure of sustainability issues, and disclosing mid- to long-term strategies and detailed goals of each sustainability issue.

GRI-reporting

HANJIN KAL provided us with their self declaration of compliance within GRI Standards(Reporting in reference with the GRI Standards). Based on our review, The Assurer confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in reference with the GRI Standards based on the data provided by HANJIN KAL and the sector standard was not applied.

Issue Date: 09/07/2024

For and on behalf of BSI (British Standards Institution):

BSI representative

Jungwoo Lee, Lead Assurer

Seonghwan Lim, Managing Director of BSI Korea



BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 811167



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