

2023 Report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

INTRODUCTION

This report, prepared pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") pertains to Korean Air Lines Co. Ltd. ("Korean Air," "we," "our," "us," or the "company"). Korean Air hereby reports to the Minister of Public Safety and Emergency Preparedness on the steps taken during their previous financial year ended December 31, 2023 to prevent and reduce the risk of forced labour and child labour.

We are committed to ensuring that the way we conduct our business and deal with our suppliers reflects our values and our belief that everyone should be treated with dignity and respect. We work to ensure that the way we run our business prevents and deters any form of forced labour and child labour from occurring in our business and supply chain.

ORGANIZATIONAL STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Korean Air, headquartered in South Korea, provides passenger and cargo transportation services to over 111 cities in 40 countries around the world. Korean Air was established in 1969 and is the largest airline and flag carrier of South Korea. Korean Air has more than 19,000 employees worldwide and has a global annual turnover of more than US \$10 billion. In Canada, Korean Air offers passenger and cargo flights to and from Vancouver International Airport and Toronto Pearson International Airport.

It is Korean Air's vision to be a respected leader in the world airline community. Korean Air continues to strengthen compliance management to improve corporate governance transparency and reliability as obligations and responsibilities for ethics and compliance are the core driving forces for Korean Air's sustainable growth.

PARTS OF THE BUSINESS AND SUPPLY CHAINS THAT CARRY A RISK OF FORCED LABOUR AND CHILD LABOUR

Our supply chains include a number of service providers and suppliers, for example, airport ground handling companies and crew hotel suppliers. We have a relatively short and integrated supply chain, but recognize the risks which our work in these industries and geographies can create. As part of managing this, we see the importance of building relationships with our suppliers as part of ensuring the maintenance of standards and an ethos that reflects our own. We require that all suppliers enter into standard contractual terms which require their compliance with all laws, including in their engagement and treatment of their own workforce. We also have Compliance and Whistleblowing Regulations through which employees are encouraged to report violations of our policies to suspend or terminate trading or dealing with suppliers or other applicable parties if they violate any of the provisions in our Compliance and/or Whistleblowing Regulations.

POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES

Our internal policies reflect our commitment to act ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery, forced labour, and child labour are not taking place anywhere in our business and supply chains.

Korean Air has a policy in place in order to ensure our internal employment practices comply with all applicable legal and industry standards. We strictly prohibit the use of slave or bonded labour within our company. The company is fully in compliance with the Minimum Wages Act of Republic of Korea. The company is also in compliance with the Labour Standards Acts of Republic of Korea which strictly prohibits utilizing any kind of forced labour. In addition, the company joined the United Nations Global Compact (“UNGC”) in July 2007, and is in support of its principles on human rights and labour. According to one of its principles, the company aims to uphold the elimination of all forms of forced and compulsory labour in its supply chains. Also, based on the company’s Charter of Ethics, Korean Air presents transparent management and responsible management as its corporate philosophy.

United Nations Global Compact and Environmental, Social and Governance Initiatives

Korean Air is a signatory to the UNGC, the world’s largest corporate citizenship and sustainability initiative. Korean Air places a paramount emphasis on environmental, social, and governance (“ESG”) principles as integral components of our business. We recognize that our actions have far-reaching impacts and, thereby, are committed to operate in a manner that prioritizes sustainability, social responsibility, and ethical governance practices. Our dedication to ESG extends to robust governance structures that ensure accountability, transparency, and integrity in all of our operations.

Korean Air institutes a systematic and integrated ESG governance system to advance sustainable growth amid rapidly changing internal and external environments. The ESG Committee under the Board of Directors (BOD) discusses in depth major ESG-related issues and ESG materiality criteria and reports the major issues to the BOD, the top decision-making body.

To disseminate ESG management goals at a company-wide level, we have launched the ESG Secretariat, a working level group, to systematically facilitate the process of implementing decisions of the BOD and the ESG Committee.

International Labor Organization

Korean Air’s human resources policy is guided by and aligned with the value of respect for human rights. All forms of forced labor, child labor, and wage exploitation are strictly prohibited as prescribed by the International Labor Organization regulations. We aim to minimize overtime work hours and specifically manage the related status and payment of

overtime rates when inevitable overtime work occurs. Moreover, we prohibit discriminatory practices based on gender (including pregnancy), age, nationality, region, race/ ethnicity, religion, disability, and academic background in all aspects of human resource management, such as employee recruitment, placement, evaluation, and remuneration, and continue various efforts for prevention.

Corporate Ethics

Defining “corporate ethics” as the foremost value for corporate management and business activities, Korean Air is at the forefront of practicing ethical management based on transparency, fairness, and reasonableness.

The Charter of Ethics, the basis of corporate ethical activities, clearly defines the corporate values and objectives that the company pursues. The Charter of Ethics articulates the company’s corporate philosophy of transparent and responsible management and reflects the company’s desire and will to promote public values through corporate compliance activities and respect for the free competitive market in pursuit of mutual prosperity. Moreover, the company operates a specific and substantive corporate ethics program, including <Guidelines on the Implementation of Code of Ethics>, <Guidelines on Dealing with Ethical Issues>, and the <Whistleblowing System> to practice the rules of ethics stated in the <Charter of Ethics>.

Suppliers

We expect all our contractors, suppliers, and other business partners to uphold the same high standards as we do, by ensuring all employees and workers are treated with dignity and respect in a fair and ethical environment. We have model contractual wording requiring these standards to be observed and have the following procedures in place to identify the risks:

- Identify and assess potential risk areas in our business and supply chains
- Mitigate the risk of slavery and human trafficking occurring in our business and supply chains
- Monitor potential risk areas in our business and supply chains
- Protect whistleblowers
 - Through Korean Air’s website and its in-house portal system’s reporting channel (compliance@koreanair.com and whistleblower@koreanair.com), employees can report misconduct, illegal acts, corruption and other irregularities. Employees can report anonymously and reporters are strictly protected according to the internal rules. It is prohibited to place a whistle-blower at a disadvantage for reporting internal corruption and, the result of the investigation is being shared with the whistle-blower.

MEASURES TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR

We pride ourselves on our unwavering commitment to human rights and ethical practices. We firmly believe that upholding human rights is not only a moral imperative but also a fundamental aspect of responsible business conduct. Our dedication to promote and safeguard human rights is deeply ingrained in our corporate culture and informs every decision we make.

We extend this commitment beyond our organization by actively engaging with stakeholders and suppliers to advance human rights on a broader scale. We recognize that it is essential for building a sustainable and prosperous future for all.

In general terms, in addition to the contractual measures described above, the following measures are taken to prevent and reduce the risk of forced labour and child labour in our business and supply chains:

- The Compliance Office was established in-house, and the head of each division and the executives in charge were appointed as internal ethics officers to ensure compliance with ethical policies.
- We inform suppliers about our ethical policies and ethics programs and advise suppliers to partake in these.
- The suppliers are periodically evaluated, and the evaluation results are reflected in the contract renewal review.
- Korean Air operates a channel for reporting corruption within the internal portal system and the company website, as one of its measures to achieve ethical management. Through the channel, stakeholders including employees, customers, and shareholders can report misconduct within the company with regard to violation of regulations, corruption, fraudulent activities, and other irregularities that often arise in supplier transactions.

ASSESSING AND MANAGING OUR RISK

Our audit department is tasked with ensuring that our staff and suppliers adhere to the standards required. This forms an essential part of our engagement with suppliers. In addition, we require that all suppliers enter into standard contractual terms which require their compliance with all laws, including in their engagement and treatment of their own workforce. Supplier's non-compliance will be reported to the audit department and administrative agency and may replace the supplier with the new one.

Korean Air operates a channel for reporting corruption within the internal portal system and the company website, as one of its measures to achieve ethical management. Through the channel, stakeholders including employees, customers, and shareholders can report misconduct within the company with regard to violation of regulations, corruption, fraudulent activities, and other irregularities that often arise in supplier transactions. In addition, employees reporting such incidents are protected from any disadvantage in accordance with the relevant principles and procedures.

If an employee commits an illegal act that causes a criminal lawsuit, violates company policies, or causes loss to the company by creating issues that hinder the company's development, he/she shall be disciplined. And if suppliers or other applicable parties violate any of the items in the Compliance and Whistleblowing Regulations, any trading or dealing with them will be suspended or terminated.

REMEDIATION MEASURES

In accordance with our policies with UNGC principles, Korean Air will take swift and decisive action to implement a corrective plan and remedy the situation in the event of any identified non-compliance. Through rigorous investigation, Korean Air will address root causes, implement necessary changes, and reinforce compliance protocols to prevent recurrence. Korean Air has not to date identified any forced labour or child labour in our supply chains. As such, no remediation measures (including measures to remediate loss of income to the most vulnerable families that result from measures taken to eliminate the use of forced labour or child labour) have been taken to date.

TRAINING

It is important to us that our employees are aware of the issues surrounding modern slavery, forced labour, and child labour; and support our values. Our business team is trained in the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act. We provide several training courses (e.g. 'Our Company's Ethics Management,' 'Understanding Compliance Support Program' and etc.), through our online portal. In addition, human rights education including prohibition of discrimination and prevention of sexual harassment is provided when training overseas expatriates.

Through a variety of systematic ethical management/compliance training programs, Korean Air helps employees acquire, practice, and comply with principles and codes related to ethical management and compliance. In particular, employees at home and abroad are actively participating in the practice of ethics and compliance management by completing the "Our Ethical Management" online training course about the importance of ethical management activities and corporate philosophy every other year and the Compliance Support System, which instills an understanding of the importance of compliance management and Korean Air's compliance support system, every year.

ASSESSING EFFECTIVENESS

Korean Air has implemented rigorous measures to prevent and reduce the risk of forced labour and child labour throughout our operations and supply chain. Through comprehensive due diligence processes, supplier assessments, and ongoing monitoring, Korean Air continuously seeks opportunities to strengthen our practice and procedures.

In line with this commitment, in April 2023, Korean Air acquired the ISO 37301 (compliance management system) Certification, establishing a compliance management system that meets international standards and operating an enterprise legal risk identification and

management system. We aim to further enhance our ability to combat forced labour and child labour and uphold the highest standards of ethical conduct by evaluating our efforts, identifying areas for improvement, and implementing necessary enhancements.

APPROVAL AND ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Signature:  _____

Name: Kee Hong Woo

Title: President, Korean Air Lines Co., Ltd.

I have the authority to bind Korean Air Lines Co., Ltd.

Date: 5. 8. 2024.