

Ideas that Move

Sustainability
Report
2013

Cheil

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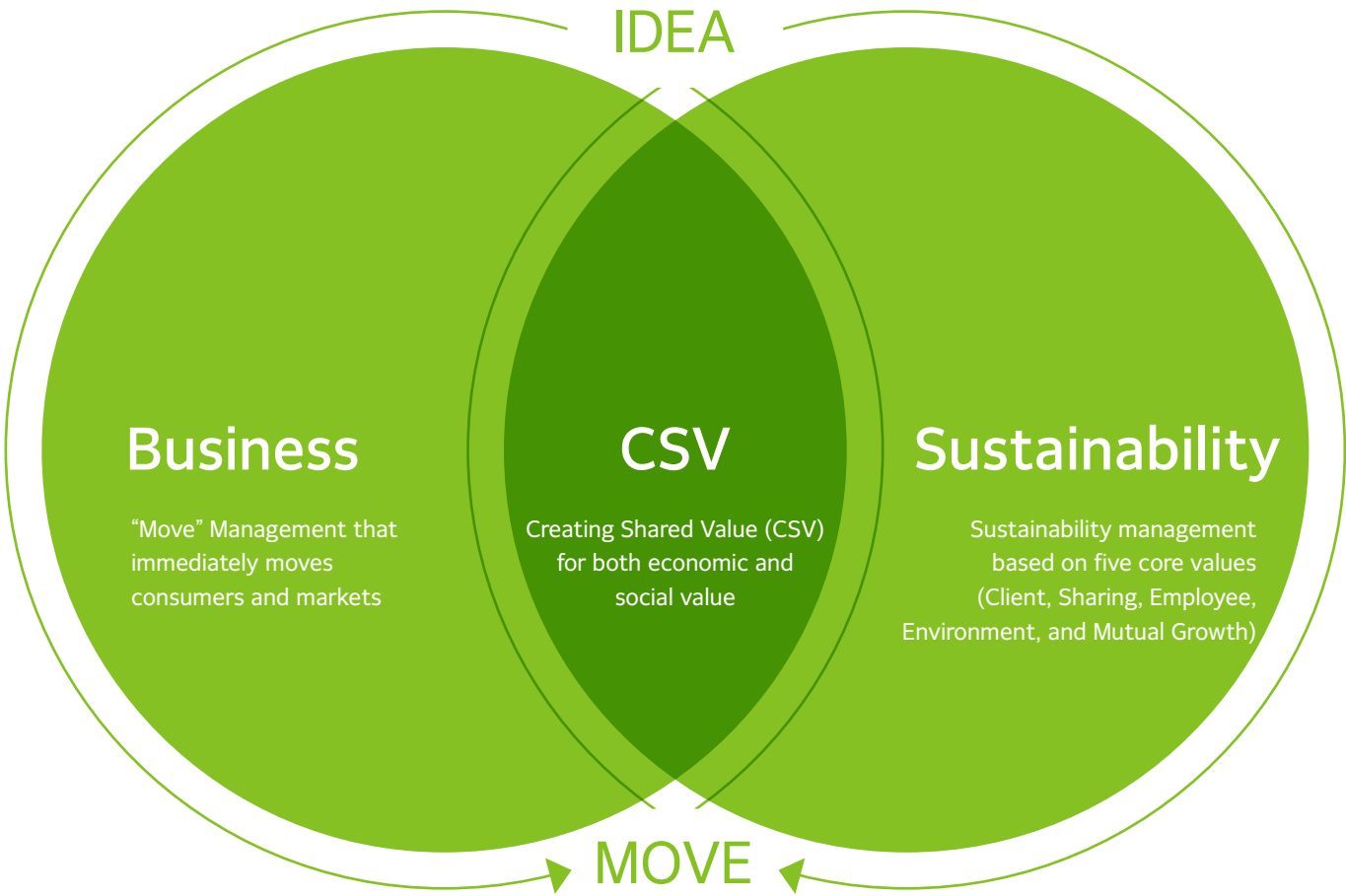
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Ideas that Move

Sustainability Framework

Cheil Worldwide will move the world with new and creative ideas.



'Ideas that Move' Cheil Worldwide will become a Global Marketing Solution Company that moves the world with ideas for a better tomorrow.



Dear Stakeholders,

2013 was the most meaningful year for Cheil Worldwide. Despite global economic instability, Cheil Worldwide continued to move forward to become a Global Marketing Solution Company. Furthermore, Cheil Worldwide proved its differentiated creative solutions capabilities by receiving top awards at international advertising awards in 2013, including the Cannes Lions International Festival of Creativity and Spikes Asia.

Marking its 40th anniversary, Cheil Worldwide seeks to secure its position by "setting itself apart" from the rest. For this, Cheil Worldwide announced a new vision and established a sustainability management system in the five core areas of "Client," "Sharing," "Employee," "Environment," and "Mutual Growth." Cheil Worldwide will set the foundation of growth as a global advertising group.

Currently, Cheil Worldwide offers five major solutions (strategic, creative, experiential, digital, and media), known to be the best in the industry. Through its differentiated capabilities, Cheil Worldwide offers solutions to various issues and help clients succeed in the market.

In its expertise, Cheil Worldwide is a leader in applying Creating Shared Value (CSV) for a better world. While utilizing its distinctive competency in ideas to create economic value, Cheil Worldwide is also striving to create social value that changes the world. To specifically implement this, the Good Company Solution Center (GCSC) was established as a dedicated organization for CSV. Also, Cheil Worldwide's employees actively participate in volunteer activities for community and provide pro bono services with talent donation.

Along with this, to further develop its core competency in ideas, Cheil Worldwide provides full support to what it believes to be the greatest asset to the company: its employees.

Cheil Worldwide offers an innovative resource system, such as the simplification of the job leveling system, an exceptional rewarding system, and various programs for a creative corporate culture. Furthermore, global experts are trained through the "I MOVE GLOBAL" program.

Meanwhile, Cheil Worldwide has created an inventory that systematically manages greenhouse gas emissions to actively respond to Climate Change. On top of that, its employees participate in the "Eco-Frontier" campaign to save energy.

Another area of great interest for Cheil Worldwide is mutual growth and communication with suppliers. For this, Knowledge Sharing Seminars are held annually, where advertising-related regulations and business know-how are exchanged and suppliers are encouraged to share their concerns and make comments.

Going beyond the 40 years of history and into the future, Cheil Worldwide's new slogan is, "Ideas that Move." As a starting point for "Ideas that Move," Cheil Worldwide is publishing the very first Sustainability Report in the Korean advertising industry. This report has been put together as part of Cheil Worldwide's responsibility as Korea's best Marketing Solution Company. Furthermore, this report attempts to capture Cheil Worldwide's determination in and achievements on sustainability.

Hand in hand with clients and the society, Cheil Worldwide will continue to take bold steps toward sustainability. We ask for your continued support and interest.

President & CEO
Daiki Lim
Cheil Worldwide Inc.

Celebrating its 40th anniversary, Cheil Worldwide is planning for the next 40 years. Cheil Worldwide seeks to clearly recognize and share the direction to take for Cheil Worldwide, employees, clients, and society as one.

The new slogan and Corporate Identity (CI) announced in 2013 demonstrates Cheil Worldwide's determination to take a leap to a whole new level.

CI (Corporate Identity)

"Confidence and Modernistic Simplicity"
The CI symbolizes the pride of Cheil Worldwide. Its 40 years of exclusive know-how and differentiated solutions set the foundation for what it is today. The new CI of dignity and confidence is reflected in the name itself. To visually illustrate this, the new CI is simple and compact, simply stating "Cheil."

Cheil

Slogan

"Ideas that Move"
The new vision of Cheil Worldwide is "to provide actual solutions that can immediately move consumers and markets for valuable lifestyles and cultures."
The slogan, "Ideas that Move," signify such determination.

Ideas that Move

Signage

"Idea Forest"
The signage concept, which is the symbol of Cheil Worldwide headquarters, is an "Idea Forest." The display that reminds us of a dense forest is made of transparent vertical acrylic to maximize the effects of natural light and lighting. It represents "ideas projecting into the world."

Signage



The 40 Years of Cheil Worldwide that Moved the World

A Training Center for advertisement professions

- Advertisement Profession Cultivation
- “Cheil Idea Festival” for college students since 1978
 - Cheil seminars related to advertising and marketing for college students since 2005

Job Creation

- Recruitment of college graduates since 1975
- Chosen as a “Great Company for Job Creation” for 2012-2013
- 561 females (42%) employed in 2013
- The winner of Grand Prize for the 2003 Workplace Gender Equality Awards

Advancement of the Advertising Industry of Korea

Foundation for the Scientification of Advertising

- Conducted Korea’s first consumer survey/analysis in 1977
- Publisher of Advertising Yearbook, Korea’s only statistics available on advertising industry since 1997

Increase of Social Awareness for the Advertising Industry

- Declaration of “New Advertising Services” in 1994 for fair advertising business
- Korea’s first advertising company to be listed on the Korea Stock Exchange in 1998

Globalization of Korea’s Advertising Industry

Winner of Prominent International Advertising Awards

- Korea’s first Prize win at the CLIO Awards in 1987
- Korea’s first Grand-Prix win in 2011 and the most number of awards in 2013 at the Cannes Lions International Festival of Creativity

Continuous Expansion of Overseas Network

- Establishment of the industry’s first overseas office in 1988
- Establishment of 39 offices in 34 countries and operation of 6 global subsidiaries as of 2013

Support for the Development of Korea’s Advertising Industry

Sponsorship of Advertising Associations and Societies

- Sponsorship of the advertising industry to promote the advertising business
- Support for various advertising associations and societies, including the Korea Advertising Society, the Korean Advertising & PR Practitioners Society, and the Koran Association for Advertising and Public Relations

Sponsorship of Advertising Awards

- Sponsorship of Korea’s major advertising awards

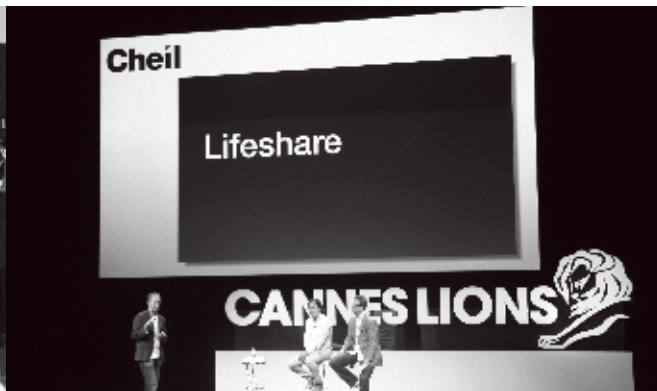
Fulfillment of its Corporate Social Responsibility

Various CSR Activities in its Expertise

- Pro bono activity of logos for 218 small-sized enterprises from 1999
- “Love Bazaar” selling props used in advertising shoots and belongings donated by celebrities

Sustainability Management in Five Core Areas

- Establishment of a sustainability management system and the Sustainability Committee in 2013
- Publication of the first Sustainability Report in 2014



Company Profile

Cheil Overview

Since its establishment on January 17, 1973, Cheil Worldwide has been leading Korea's advertisement industry and is now recognized as a Global Marketing Solution Company. Delivering creative solutions beyond conventional advertising, Cheil Worldwide has 39 network offices (as of December 2013) in 34 countries and is continually growing. In particular, Cheil Worldwide won various global advertising festivals in 2013, such as the Cannes Lions International Festival of Creativity and Spikes Asia, and gained global recognition for its competitiveness in creativity.

Management System

Vision

Provide actual solutions that can immediately move consumers and markets for valuable lifestyles and cultures.

Slogan

Ideas that Move

Management Philosophy

Move Management

- Move of Perspective
From domestic to a global
- Move of Industry
From advertising to marketing solutions
- Move of Attitude
From work oriented to client satisfaction

Innovation Strategy

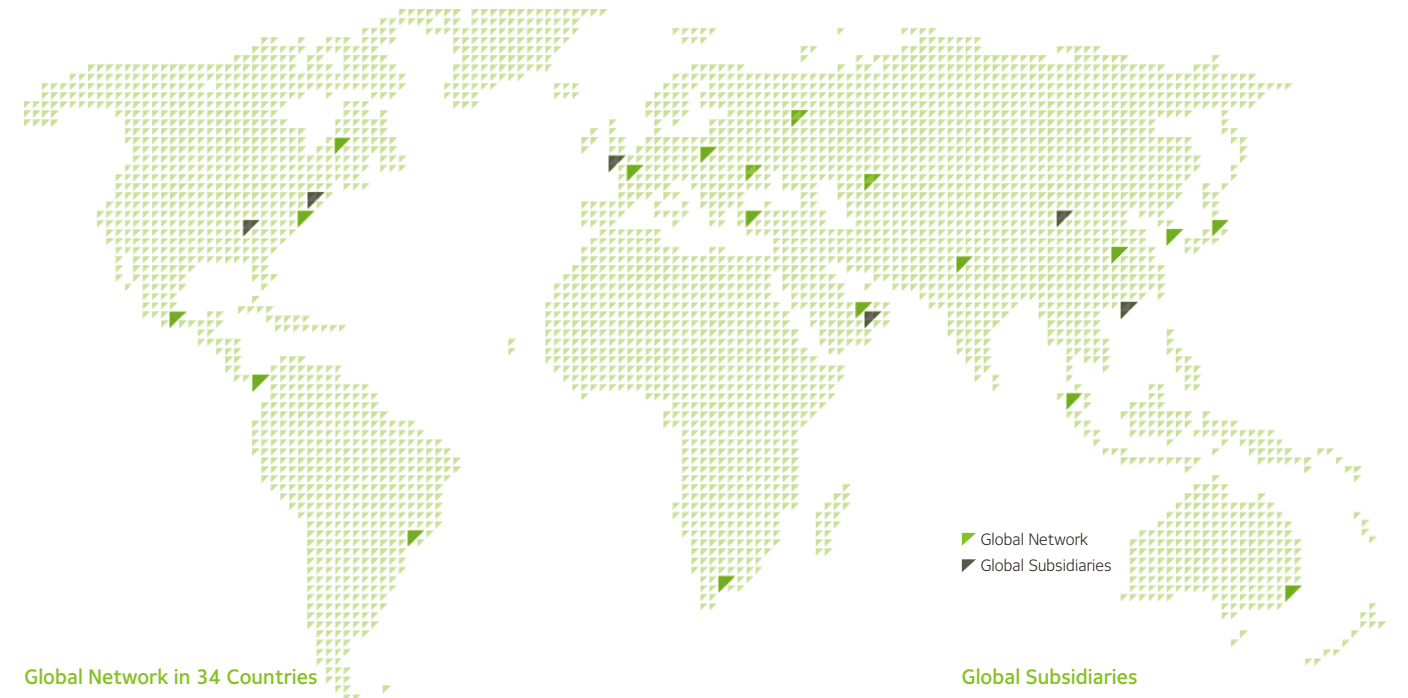
Incomparable Employee and Company

- Global Top Tier Competitiveness
- Definite problem solving capabilities
- New and extraordinary creativity

Company Information

Company Name	Cheil Worldwide Inc.
Phone	82-2-3780-2114
Head Office Address	Cheil Bldg., 222 Itaewon-ro, Yongsan-gu, Seoul 140-739
Capital Stock	KRW 23,008 million
Number of Issued Shares	115,041,225 shares
Established Date	January 17, 1973
CEO	Daiki Lim
Number of Employees	1,325 (as of Dec. 2013)
Website	www.cheil.com

Cheil Global Network



Global Network in 34 Countries

■ Global Network
▲ Global Subsidiaries

Global Subsidiaries

Africa	Americas	Asia	CIS	Europe	Middle East	Global Subsidiaries
South Africa	Brazil Canada Mexico Panama USA	Australia China India Japan Malaysia Philippines Singapore Taiwan Thailand Vietnam	Kazakhstan Russia Ukraine	Austria Belgium Czech France Germany Italy Netherlands Poland Portugal Romania Spain Sweden United Kingdom	Turkey UAE	The Barbarian Group (TBG), USA McKinney, USA Cheil OpenTide (COT), China Bravo Asia, China Beattie McGuinness Bungay (BMB), United Kingdom One Agency, UAE

Righteousness management that is rational and committed to its principles comes from a transparent governance structure. Under the independent and experienced Board of Directors, a Management Committee has been set up for prompt and effective decision-making.

Principle of the Board of Directors

Cheil Worldwide supports “a Board of Directors that draw the best results.” For sustainable development, growth and maximized enterprise value, all directors rationally and closely review each agenda item. Furthermore, activities by the Board of Directors are disclosed by, for example, having regular investor relations (IR) meetings, reporting on achievements, and evaluating.

Composition of the Board of Directors

The Board of Directors is comprised of six members: four inside directors and two outside directors (as of December 2013). For prompt and effective decision-making, Cheil Worldwide operates a Management Committee comprised of all full-time directors. Directors are appointed through general meetings, and to guarantee the transparency of the board, a separate audit system is in place. Compensation for board members is decided at the annual general meeting with the approval of financial statements and a resolution.

Communication for the Board of Directors

Cheil Worldwide takes the opinions of shareholders and investors seriously through general meetings. Furthermore, by having various committees, such as the Management Committee, Compliance Committee, Sustainability Committee, and Committee for Suppliers, the opinions of different stakeholders and activities and achievements of Cheil Worldwide are regularly reported to the CEO and the Board of Directors.

Operations of the Board of Directors

In just 2013 alone, a total of seven board meetings were held and 16 items were listed. At the board meeting held on April 22, 2014, a report was made on the achievements and activities of Cheil Worldwide’s sustainability management, where external communication related to this issue was discussed as a key item. During last year’s board meetings, auditors and outside directors participated 100%, securing the functionality of the Board of Directors and the independence of outside directors.

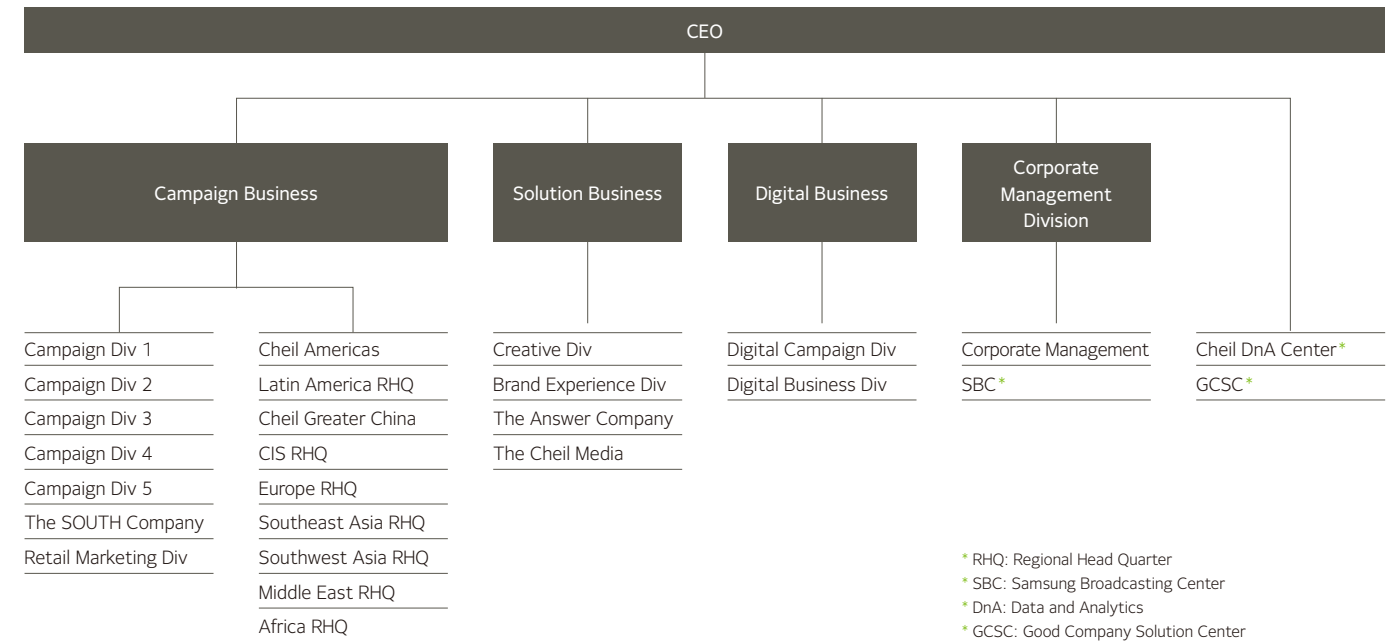
Inside Directors

Daiki Lim	CEO, Cheil Worldwide President/Chairperson, Board of Directors
Cheonsoo Kim	Executive Vice President, Cheil Worldwide
Jungkeun You	Executive Vice President, Cheil Worldwide
Chanhyoung Park	Senior Vice President, Cheil Worldwide

Outside Directors

Byungdo Kim	Dean, Seoul National University College of Business Administration
Yunkeun Jung	Former President, KB Data System

Cheil Worldwide Organizational Chart



* RHQ: Regional Head Quarter
 * SBC: Samsung Broadcasting Center
 * DnA: Data and Analytics
 * GCSC: Good Company Solution Center

Cheil Worldwide's compliance management is the responsibility and duty for both company & employee. Cheil Worldwide strives to raise internal awareness of compliance among its employees and implement righteousness management by having a culture of compliance management to settle within the company.

A Dedicated Team for Compliance Management

In 2012, Cheil Worldwide set up the Compliance Management Team to be dedicated to compliance matters. The Compliance Management Team conducts reviews on organizations within the enterprise, distributes compliance risk prevention materials, and compliance training at home and abroad. Furthermore, as the policy-making body to prevent compliance risk, a Compliance Committee has been set up to gauge the outcomes of compliance management.

Compliance Committee

Compliance Policy-Making Body

- Track compliance management results
- Review future plans

Compliance Management Team

Dedicated Team for Compliance

- Create a compliance management culture
- Collect compliance management results
- Distribute compliance risk prevention materials
- Monitor and conduct training for organizations within the enterprise

Headquarters and Overseas RHQ

Compliance Implementation Team

- Self-check on compliance management
- Perform compliance management in work procedure

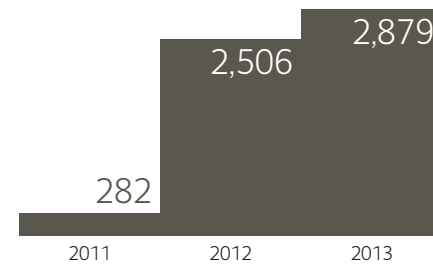
Expansion of On-Site Compliance Support

Cheil Worldwide conducts corruption prevention training and compliance training more than once a year. Also, every month, the statuses of departments are reviewed by monitoring, for example, subcontractors, fair trade, and tariffs. At the same time, various employee protection programs are in place, such as a competitor contact notification and inquiry and tip-off systems, to limit illegal practices that may occur apart from business. Cheil Worldwide also plans to expand a compliance consulting program that meets the needs of business on-site by offering compliance risk management solutions linked to the on-site process.

Compliance Training Results

* Annual Base

■ Number of trained employees (Unit : Person)



Compliance System Operations

For the compliance program to be systematically and clearly in place, Cheil Worldwide established a portal system, which employees can frequently refer to for legal information and compliance-related information with regard to each business process. In the system, comprehensive practical guidelines provide various information, such as the Fair Labeling and Advertising Act, the Copyright Act, and other provisions related to 12 sensitive issues; sanctions for violations; and violation cases. There are also a self-test available in the practical guidelines for employees on how they are doing in terms of compliance management to minimize risks of violating laws. In 2013, all employees were required to take the self-test twice to test their knowledge on compliance-related information: once in the first half of the year and another in the second half of the year.

Establishment of a Legal Information Portal

In April 2013, a legal information portal was created for any violation risks that may arise during the contract signing or execution process. If project is registered on the legal information portal during a campaign or creative division, a consultant will be designated from the Legal and Compliance Team to provide any legal advice for the project from its contract signing stage to the completion. The system allows a much more systematic management of risks on laws and regulations than face-to-face consulting through its features such as its ability to permanently store consulting details.

Review and Monitoring

Cheil Worldwide regularly monitors and reviews network and projects for preemptive measures against any compliance violations or corruption.

Global Compliance Support

From 2013, Cheil Worldwide has been supporting global network in compliance activities. In 2013, the Compliance Management Team visited all the network offices in 16 countries, conducted compliance training for local employees, and provided support for the overseas branches to co-work with local legal firms. Through this, a global compliance system has been established to minimize any possible labor and marketing-related local risks that may occur in any country.

Countries of Global Compliance Support

34 countries

Countries supported in 2013 by the Compliance Management Team

16 countries

China, Hong Kong, Taiwan, Singapore, Thailand, Vietnam, Philippines, Turkey, South Africa, UAE, Netherlands, Australia, Czech, Poland, Sweden, India

Major Activities

- Identify the compliance needs of local person in charge
- Conduct compliance training for local employees
- Recruit local law firms and provide support for co-work

Risk Management

Cheil Worldwide is expanding its horizons from Korea to the world. That being said, the range of risks that must be taken into account has also increased as well. As such, Cheil Worldwide has equipped itself with an integrated risk management system that covers various risks, from financial risks directly related to company losses to non-financial risks relating to the company's reputation.

Risk Management Process

Monitoring to identify and locate risks at Cheil Worldwide



Summarize, classify, record, and report on any possible risks that may occur during operations and financial activities of Cheil Worldwide



Check for management risks by phase and period



Minimize the impact of risks by identifying and analyzing identified risks



Create a risk management culture for the company to be informed of risks identified and how they are handled

Risk Management Area

Information Protection

- Leakage of company and client data

Production

- Violation of copyrights and portrait rights, false and imitated ads

Sales

- Violation of the Fair Transactions in Subcontracting Act (failure to issue a document)
- Violation of the Act on Contracts to Which the State Is a Party

Righteousness Management

- Bribery (receiving · giving money or other articles) and collusion

Corporate Culture

- Violation of the Labor Standards Act and the Act on the Protection, etc. of Temporary Agency and sexual harassment

Safety

- Workplace safety during production

Finance

- Compliance of posting regulations, insider training, and tax liability

Risk Management System

	Operating	Finance	Compliance
Management Purpose	More effective and efficient management activities of Cheil Worldwide through preemptive measures against operations risks	Prevent illegal acts or losses and increase the reliability of financial reports by managing financial and accounting risks	Minimize any possible compliance risks that may threaten the company's reputation
Risk Management Method	Early Warning System	Internal Financial Management System	Compliance Officer System

Stakeholder Engagement

Not settling as a “great” company with outstanding achievements, Cheil Worldwide is communicating with various stakeholders to become a “good” company, growing hand in hand with society. Cheil Worldwide takes the interests of different stakeholders from various aspects and reflects them in decision-making, and is also continually expanding communication channels with stakeholders.

Stakeholder Types and Communication Channels

Stakeholder	Communication Channel
Shareholders	Annual Reports General meetings Business information sessions
Clients	Cheil Worldwide Website Client satisfaction surveys AE (Account Executive)
Communities	Cheil Worldwide Website / SNS Volunteer activities Regular meetings with Community
Employees	Labor-Management Committee “Sarang Sarang” Internal idea portal: i-pub Business Announcement Conference SCI Employee Satisfaction Survey
Suppliers	Knowledge Sharing Seminar Supplier Portal Site

Materiality Analysis

Cheil Worldwide conducted various analyses, including international guidelines on sustainability management, benchmarking of industry best practices of global companies, media researches, documentary researches, and internal document assessments. Through the analyses, 35 issues have been identified for sustainability management, and to choose key issues, a survey was conducted among stakeholders.

Materiality Analysis Process

Major Issue Pool for Sustainability Management

- Analysis of international guidelines
- Benchmarking of advanced companies around the world
- Media research
- Documentary research
- Internal document assessments

Selection of Major Issues for Sustainability Management

- Internal review by Cheil Worldwide

Impact and Interest Assessment by Issue

- Stakeholder surveys and interviews

Key Issue Identification

- Business impact and materiality analysis

Analysis of Key Issues

Cheil Worldwide identified 10 key issues through its materiality analysis. Among the 10 key issues, four of them were concerned with actual business, such as the ability to come up with differentiated creativity and a solution model that reflects changing social trends. Other issues included social contribution activities and environmental protection activities, indicating the expectations and interests in Cheil Worldwide's differentiated corporate responsibility activities.

Utilization and Reflection of Key Issues

The key issues identified through the materiality analysis have been included in the planning stage of reports. Furthermore, this report contains detailed information of each issue.

Cheil Worldwide's Key Issues for Sustainability Management



- Client Value
- Sharing Value
- Employee Value
- Environmental Value
- Mutual Growth Value

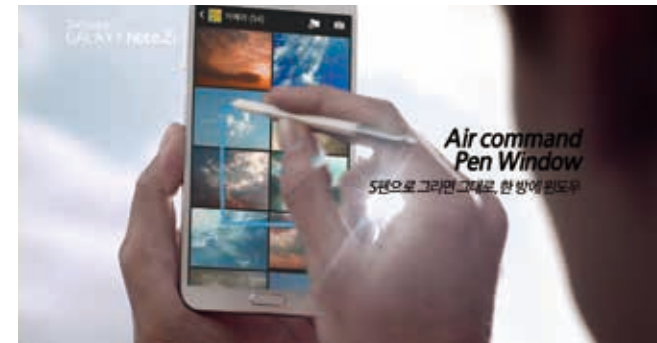
Business Platform



A New Level of Business Perfected by Ideas

Cheil Worldwide supports actual marketing solutions that can immediately move consumers and markets. Its 40 years of experiences and know-how, global networks, and differentiated solutions are the source of generating ideas. As a Global Marketing Solution Company, Cheil Worldwide offers ideas that move the world.

Business Overview



Campaigns

Cheil Worldwide plans and produces campaigns for four major communications media: television, radio, newspapers, and magazines. Cheil Worldwide plans campaign strategies that appeal the company and the brand to consumers. Furthermore, it creates advertisements based on those strategies and provides integrated marketing solutions, such as media planning and buying, so that advertisements created by Cheil Worldwide can effectively reach target clients.

Marketing Services

Cheil Worldwide offers various events, promotions, retail marketing, public relations, and sports marketing at different client contact points for brand experiences and product information. Cheil Worldwide also increases its marketing effects through brand experience zones at exhibitions, conferences, and event halls, as well as advertising and PR activities through international sports events including the Olympics and the World Cup.

Digital

Digital is attracting attention lately through planning and producing marketing activities in new digital media platforms, such as online, mobile, and social media. Cheil Worldwide plans new digital media platforms for consumers and provides optimized media mix and media creative for client's service and product.

Financial Achievements

Major Economic Achievements of 2013

In 2013, Cheil Worldwide recorded a total gross profit of KRW 697.8 billion, growing by 20.2% from 2012. Last year, the outlook for markets was unclear due to various factors such as the diversification of media and the expansion of gigantic global marketing solutions companies. But Cheil Worldwide managed to pull through and achieved outstanding business performance by providing systematic solutions, offering creative ideas, and having the ability to reach out to overseas markets.

Growth Rate **Gross Income**
(Unit : Billion)
20.2% **697.8**

*Based on consolidated financial statements

Economic Value Distribution for 2013

Cheil Worldwide distributes its economic value gained through business activities to various stakeholders in society. In 2013, a total of KRW 420.53 billion was distributed in economic value to stakeholders as, for example, donations; expenses for social contribution activities; taxes and utility bills, including corporate tax; and wages, retirement allowances, and benefits for employees.

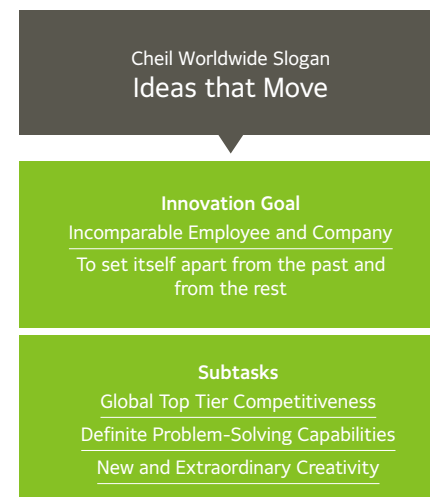
“Move” Management of Cheil Worldwide

The innovation goal for Cheil Worldwide in 2013 is “Incomparable Employee and Company.” For this, Cheil Worldwide have set the following subtasks: To secure Global Top Tier Competitiveness; provide marketing strategies that enhance brand image, marketing solutions that lead to increased sales, and powerful branding for advertisers; strengthen its problem-solving capabilities; and come up with new and extraordinary creativity.

Innovation System of Cheil Worldwide

Based on its 40 years of experience, know-how, scientific structure and process, and global networks, Cheil Worldwide will take the lead of change with innovation.

Innovation System



Global Top Tier Competitiveness

Enhanced Global Competitiveness through Mergers and Acquisitions

As a measure to further strengthen its global capacity, Cheil Worldwide has been actively acquiring overseas companies since 2008. Following its first acquisition of Beattie McGuinness Bungay (BMB), a London-based advertising and PR agency, in 2008, Cheil Worldwide also acquired The Barbarian Group (TBG) in the United States and China-based Cheil OpenTide (COT) in 2009. Then in 2011 and 2012, Cheil Worldwide successfully acquired One Agency, a retail marketing company in Dubai, and McKinney, an advertising agency in the United States, as well as Bravo Asia in China, being globally equipped in online and offline integrated marketing capacity.

Expansion of Global Network

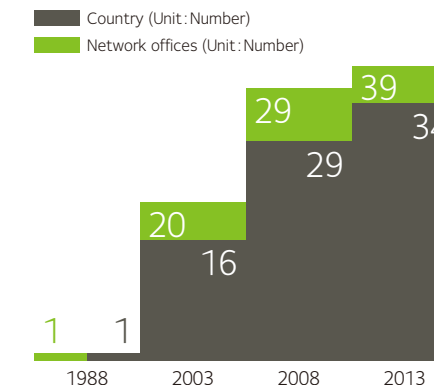
Cheil Worldwide’s global network services began in 1988 in Tokyo, Japan. 25 years later, Cheil Worldwide has 39 network offices in 34 countries (as of December 2013).

Gross income of network offices more than doubled from KRW 190 billion in 2010 to KRW 422.1 billion in 2013. Cheil Worldwide will strive to become a Global Marketing Solution Company by “training global marketing leaders” and “coming up with global-level creative ideas.”

Reinforcement of Its Global Position

Cheil Worldwide stands strong as Korea’s leading agency. Also being ranked 15th place in Agency Report 2013, the annual ranking and analysis of advertising and marketing-services agencies by Advertising Age, Cheil Worldwide is a step closer to becoming a Global Marketing Solution Company. Of the world’s 20 largest agency companies announced by Ad Age, Cheil Worldwide was the only Korean company to be listed. Cheil Worldwide will continue to march forward towards the goal of becoming the world’s top 10.

Expansion of Cheil Worldwide’s Global Network



Definite Problem-Solving Capabilities

Cheil Worldwide's creativity comes from abundant experience and scientific analysis of information. Cheil Worldwide solutions, which are based on consumer and market analysis to immediately move them, comprise of the following: strategic solution, creative solution, experiential solution, digital solution, and media solution. They maximize marketing communication effects and satisfy various demands of clients.

Strategic Solution

A successful marketing solution stems from clearly identifying current status and essence of a problem. Cheil Worldwide conducts real-time data analysis of markets and consumers to identify drivers of consumer behavior and insight to market changes for a successful strategic solution.

Cheil DnA Center

The center analyzes data scientifically on consumer behavior patterns to build campaign and creative strategy.

GCSC (Good Company Solution Center)

GCSC provides social contribution solutions optimized for clients by utilizing a customized CSV strategic model, Social Cube.

Creative Solution

The key to a creative solution is "being new." Creative solutions of Cheil Worldwide effectively resolve various and complex tasks of clients and offer new and problem solving ideas that encourage consumer action. Cheil Worldwide offers high-level solutions that move consumers and markets not just in traditional media but also through various digital sectors of promotions, events, and digital, as well as new media, such as online and mobile, and IT convergence.

WE ARE EXPLORERS

"We are not just experts. We are explorers, searching for new areas where there are no experts but only explorers." This is a reinterpretation of the meaning of creative experts. The creators of Cheil Worldwide strive to respond quickly to changes through new challenges.

**WE ARE
EXPLORERS**

Experiential Solution

Cheil Worldwide offers solutions that allow consumers to experience and be informed of the brand when making purchasing decisions. Cheil Worldwide develops and provides experience marketing, retail integrated solutions, and digital retail solutions that increase purchase desire of consumers that leads to action.

Samsung Mobile Experience Store

Over 4,000 experience stores have been built around the world by expanding the retail spaces of Samsung Electronics and maximizing the experiences of wireless products through optimized designs.

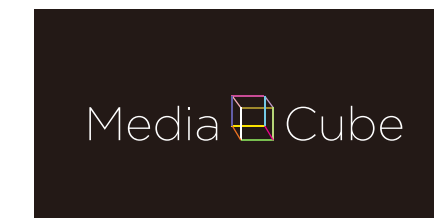


Digital Solution

Cheil Worldwide offers digital campaigns with high ROI through its optimized creativity in various digital media, including online, mobile, social media, and outdoor digital billboards, and media solutions. For this, Cheil Worldwide is focusing on the development of various technology-based digital marketing platforms and is operating various digital platforms, such as the "Rich Media Platform."

Digital Media Solution "MediaCube"

In line with the programmatic media buying environment that is fast-growing, Cheil Worldwide provides an online media solution where portal, mobile, and other digital media ads can be purchased real-time through auctions. The real-time bidding (RTB) by media allows advertisers to purchase media and time period they wish, such as a portal, social network system (SNS), mobile, and video. Currently in Korea, Cheil Worldwide is operating ad networks, portal, mobile, and SNS in integration that allow ads to be exposed on more than 80,000 sites for up to 18 billion page views.



Media Solution

Cheil Worldwide offers optimized media solutions with client contact points, such as mass media, digital media, retail, events, and exhibition. Also, a practical medial solution, CHAMP, has been established to respond to each client's marketing situation and address any concerns from integrated media planning to individual media execution.

Cheil Worldwide's Media Strategy Model - CHAMP (Cheil Advanced Media Process)

CHAMP, the media strategy model, systematically analyzes consumer behavior, media environment, and the effects of produced work. Its dimensional and scientific analysis increases the effects and efficiency of media strategies during the execution of ads.

Basic System

Advanced System

Specialized System

New and Extraordinary Creativity

Cheil Worldwide is growing remarkably by taking on new challenges through creativity. The competitiveness of Cheil Worldwide's creativity has gone beyond Korea and is attracting global attention. At the 2013 Cannes Lions International Festival of Creativity, Cheil won 21 Lions, proving its creativity to the world. Cheil Worldwide will continue to explore creativity through its MOVE management to surprise the world.

Support for Creativity

Cheil Worldwide operates C-Board, where ideas are exchanged and outstanding creatives are awarded twice a year. The C-Board allows different campaigns of the year by Cheil Worldwide to be shared and outstanding creators to be recognized. The C-Board for internal campaigns is the key program that supports the creative talents at Cheil Worldwide.

2013 C-board

In June and November of 2013, the Creative Division of Cheil Worldwide hosted the C-Board programs, where different projects were shared and ideas were exchanged. The campaign for the November C-Board was "REMOVE? Re:Move!" Under the concept that "things must be emptied before it can be filled." Employees of Cheil Worldwide posed to model for the "REMOVE? Re:Move!" campaign. It was an opportunity for employees to think about what they need to "remove" to make a "move."



Cheil Worldwide's Capacity Proven through Awards

Cheil Worldwide have proven its level of creativity with the number of award wins at domestic and international advertising awards. In 1987, 14 years after its establishment, Cheil was the first to win the CLIO Awards in Korea for its unique creativity. Not only that, Cheil received the first Silver Lion in 1991, first Gold Lion in 1997, and then first Grand Prix in 2011 at the Cannes Lions International Festival of Creativity, which is the largest and globally recognized advertising festival.

Samsung Life Insurance - "Bridge of Life" International Awards Details

- Cannes Lions: 9 Lions including Titanium
- D&AD: White Pencil in Direct
- One Show Design: Gold in Municipal Design
- CLIO Awards: 3 wins including a Grand CLIO in PR
- London Int'l Awards: 5 wins including a Gold Prize in Non-Traditional
- Spikes Asia: 10 wins including Grand Prix in Outdoor
- Ad Fest: Gold in Outdoor
- Ad Stars: 8 wins including Grand Prix in Direct

Overseas Awards

Cheil Worldwide has been gaining recognition for its campaigns in international advertising awards, including the Cannes Lions International Festival of Creativity, D&AD, One Show Design, London International Awards, and CLIO Awards for its creativity and authenticity. In 2012 and 2013 Spikes Asia, the largest advertising festival in the Asia-Pacific region, Cheil Worldwide won Grand Prix, the highest award given. As such, Cheil Worldwide is presenting new trends and unique creatives at international advertising festivals. In fact, at the 2013 Cannes Lions International Festival of Creativity, Cheil won the most number of awards, becoming the winner of 115 international awards in a year.

Cheil Worldwide's Overseas Award-Winning Ad for 2013

Samsung Life Insurance - "Bridge of Life" Campaign
The "Bridge of Life" is the world's first interactive storytelling bridge, created to bring hope to those tired of living and remind them about the value of life. Instead of using a physical method, such as higher guardrails to prevent suicide, positive and comforting messages were written on the existing guardrails. The campaign touched many people and turned Mapo Bridge, which was notorious as a suicide spot, into a healing spot. The "Bridge of Life" was globally recognized for its creativity and received a total of 39 awards at various advertising festivals, including the Cannes Lions International Festival of Creativity.



Domestic Awards

In 2013 alone, Cheil Worldwide received 24 awards, including Grand Prizes from Korea Advertising Awards, Consumer-Picked Best Advertisement, and The Ad of the Year.

2013 Domestic Award-Winning Ads Grand Prize in Integrated Media, Korea Advertising Awards

Coway - "Water for Growth Project"

Children love beverages. Coway selected 56 junior high-school students to drink water instead of other beverages for six months and observed their physical and emotional changes. The "Water for Growth Project," a real documentary campaign that brought changes in children won the Grand Prize in Integrated Media.

Gold Prize in Film, Korea Advertising Awards

Dong-A Pharmaceutical -

"Bacchus: What It Means to Live in Korea as ..."

We are all stressed in life. Dong-A Pharmaceutical launched a Bacchus campaign in 2013, where people exchanged roles to better understand one another. The campaign highlighted valuable areas of life that are often taken for granted in relationships between, for example, parent and child or husband and wife. This project by Cheil Worldwide reaffirmed the reputation of Bacchus as Korea's leading energy drink.



2014 Strategy

Global expansion, determined problem-solving, and award-winning creativity made 2013 a meaningful year for Cheil Worldwide. Continuing onto 2014, Cheil Worldwide will focus on securing global competitiveness, developing improved solutions, and providing solutions that move clients and consumers.

Outlook for 2014

In 2014, various international sports events will be held, including the Sochi Winter Olympics, the FIFA World Cup Brazil, and the Incheon Asian Games. With upcoming global events like these, advertisers are likely to expand marketing. Furthermore, media that is highly efficient and effective real-time, such as adaptive marketing, is expected to be more in demand. The digital sector, meanwhile, is predicted to continually grow. As such, Cheil Worldwide is expected to further expand through its key services, such as differentiated data analysis methods, retail and digital services. Based on years of experiences and know-how, Cheil Worldwide will prove its capabilities by "Incomparable Employee and Company."

Goals for 2014



CSV Platform

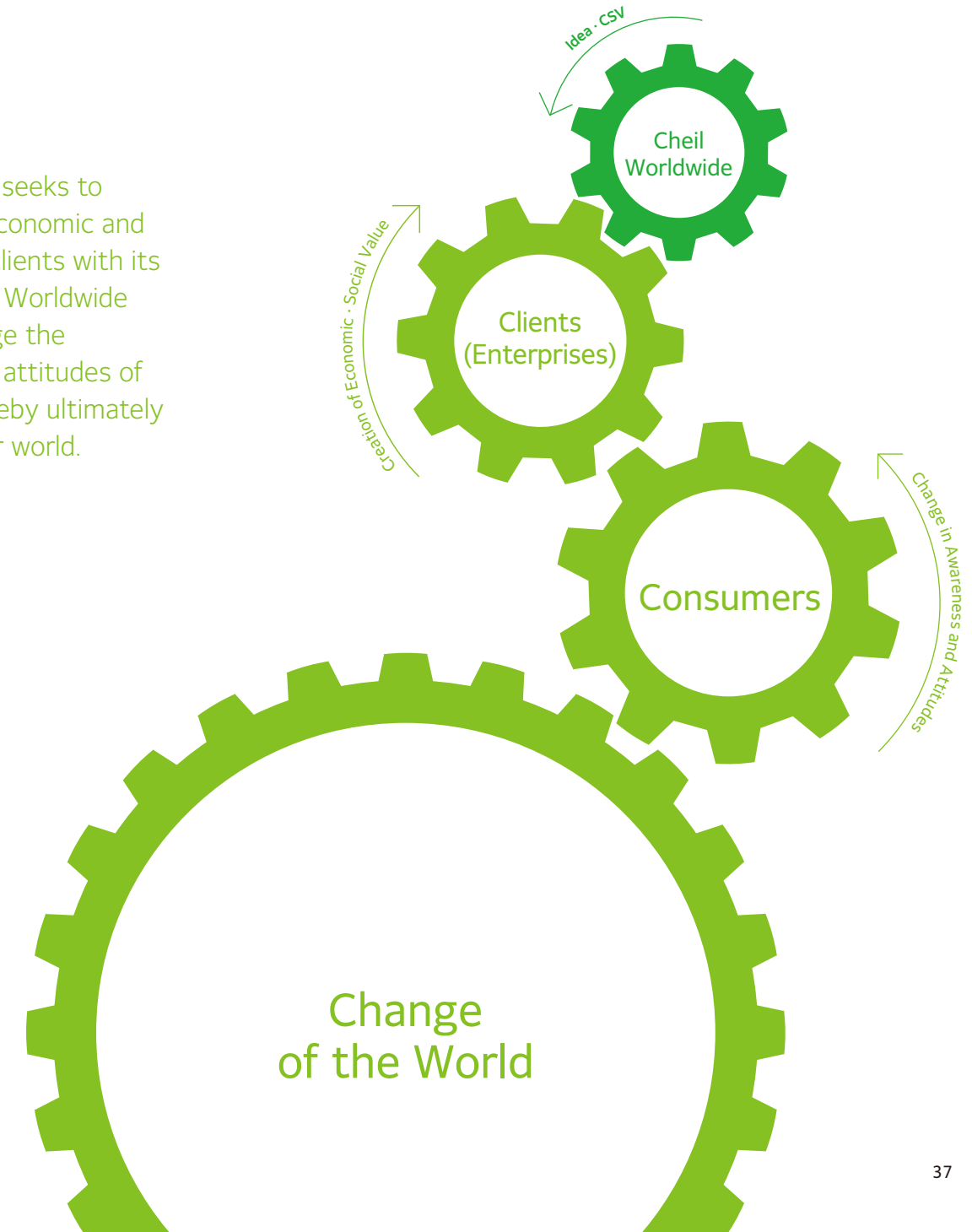


Good Ideas that Change the World

Cheil Worldwide searches for the co-existence of economic and social value. The desire of Cheil Worldwide is to positively influence its clients so that they change the world for the better. This is the power of CSV that Cheil Worldwide believes in.

Changes Sparked by Good Ideas CSV (Creating Shared Value)

Cheil Worldwide seeks to generate both economic and social value for clients with its CSV ideas. Cheil Worldwide intends to change the perceptions and attitudes of consumers, thereby ultimately creating a better world.



Cheil Worldwide's
key CSV Project



CJ Minewater 'Barcodrop'

The Challenge

Minewater launched a campaign to help those who do not have access to safe drinking water. On top of that, Cheil Worldwide thought of ways to make donations easier for those interested.

The Idea

Minewater has two barcodes. When a consumer scans the waterdrop-shaped barcode, KRW 100 is donated to supply water to African children. At the same time, CJ will also donate KRW 100 and Family Mart, a collaborating company, will also donate KRW 100, for a total of KRW 300 with a single scan.

Did it Move?

The new waterdrop-shaped barcode is called the "Barcodrop." Within the first two weeks of the campaign, 51% of customers made Barcodrop donations, and the sales volume rose by 244% within the same period. The Minewater Barcodrop campaign spread rapidly via social media and changed people's views on donations from being serious and complex to simple and fun.



Samsung Electronics 'UHD ZOO'

The Challenge

The UHD ZOO campaign stemmed from the question of: "What can we do with the quality of Samsung UHD TV that would be the most meaningful?" Bring endangered animals right in front of the eyes of viewers. This idea sparked the campaign to capture detailed images of endangered animals on the stunning display of UHD TVs.

The Idea

The purpose of the campaign was to allow consumers to see, feel, and interact with endangered animals through the product. The entire campaign crew went all out to capture UHD images of endangered animals such as mountain gorillas (less than 600 left in the world), ocelots, and toucans. The campaign provided unique experiences to consumers and also created a differentiated value by emphasizing once again on protecting endangered animals.

Did it Move?

In just two months after being launched, the campaign increased "category awareness by twofold." Furthermore, its brand leadership was further strengthened. Exhibitions related to the campaign were held in 35 countries, including Germany, the U.K., France, and China, and attracted global attention. Along with the CSV perspective that the campaign protects endangered animals, its completeness and formality also attracted positive feedback and high interest.



Samsung Camera 'Insight Exhibition'

The Challenge

The smart technology of Samsung Electronics aims to allow more people to enjoy comfortable and "happy living." However, for many reasons, there are those isolated from the smart technology. So Samsung thought of ways for them to also benefit from the technology. While it was already known that Samsung makes good cameras, the search began for a way to approach consumers showing humanism.

The Idea

Photos allow the world to be seen differently. Samsung supplied cameras with smart functions to 11 students who are blind, and provided 50 days of camera lessons with professionals. The photos taken with sounds, scents, and touch showed amazing results. What this showed was that cameras were not just for those with vision but for everyone.

Did it Move?

An exhibition was held to share 80 or so photos taken by students. At the exhibition, smart devices, such as QR codes for the interviews of students, were used for the exhibition to be enjoyed by both visitors with or without disabilities. After the campaign, the brand preference of Samsung Electronics increased from 30.8% to 41%. Now, when people think of a Samsung camera, people would have a new perspective and experience.



Samsung Life Insurance 'Bridge of Life'

The Challenge

Suicide is one of the serious social issues in Korea (the highest rate among OECD member nations). Despite Samsung Life Insurance's campaign efforts to lower suicide rates, the results were insignificant. Seeking more than just a physical structure, a solution was needed for more fundamental methods of communication to prevent suicide and also improve the brand image of Samsung Life Insurance.

The Idea

Mapo Bridge, notoriously known as the "suicide bridge" for its highest number of suicide attempts among all bridges over the Han River, was installed with interactive storytelling guardrails. By detecting pedestrians' movements, positive and inspirational messages appear to fundamentally reach out to those in despair. Through this campaign, Mapo Bridge received a new nickname of the "Bridge of Life."

Did it Move?

The "Bridge of Life" was a joint project between Samsung Life Insurance and the Seoul Metropolitan City. After its opening on September 26, 2012, three major TV broadcasters, daily newspapers, and famous foreign press covered the news of the "Bridge of Life," and within a week of its opening, there were more than 2,500 online virals. Through analog emotions and digital technology, Mapo Bridge transformed itself into a healing space with comfort and hope for those tired of living.



Polish Red Cross 'Very Good Manner'

The Challenge

Poland was searching for a solution to provide healthy meals to approximately 700,000 malnourished children as traditional fundraising campaigns have proven to be of limited effectiveness. Against this background, a low-cost, easy-to-manage fundraising method that can be spread voluntarily was in need.

The Idea

The project took something that is already in place and well-known - good manners - and added a change for something better - very good manners. The "Very Good Manner" campaign showed diners how they can easily make donations by arranging their cutlery in restaurants. For instance, at the end of a meal, a diner could simply arrange his/her cutlery into a cross on the finished plate to add PLN 5 (approx. KRW 1,750) to the bill, which would be donated to the Polish Red Cross.

Did it Move?

This campaign was first launched only in four restaurants, but in less than a week, major Polish TV channels, newspapers and radios covered the campaign on about 120 occasions, and more than 5 million Poles. Currently, 30 restaurants are participating in the "Very Good Manner" project, expecting to double the amount of donations from last year.



United Nations Association of Germany 'Free the Forced'

The Challenge

The United Nations Association of Germany searched for ways to raise awareness against thousands of women around the world who are forced to marry against their wills and help protect their human rights. A solution was needed to lower the percent of forced marriage increasing each year and to raise funds to support the victims of forced marriage.

The Idea

Cheil Worldwide set up 3,500 love locks with QR codes on the railings of the Hohenzollern Bridge in Cologne, Germany, to raise awareness among visitors against forced marriage. Also, Cheil Worldwide Inc. created various online and social media campaigns to encourage the participation of visitors, such as, clicking on the QR code to go to the campaign website and make donations.

Did it Move?

During the campaign period, approximately 470,000 people visited the Hohenzollern Bridge, and over 570,000 online postings and comments were made on social networking services, such as, Facebook and Twitter. In addition, Germany's major media and press covered the campaign, spreading the news to more than 5.3 million people in Germany alone.

A New World with Good Company Solution Center

There is a growing interest on the Corporate Social Responsibility (CSR). On this background, Cheil Worldwide established GCSC (Good Company Solution Center) on August 1, 2013, to provide specific and practical CSV strategies.

GCSC Vision

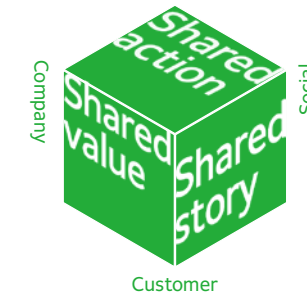
GCSC seeks to go beyond the traditional method of returning profits to society through donations or volunteer activities as Cheil Worldwide's main body for CSV. Instead, GCSC offers practical solutions that create social value by utilizing its expertise. GCSC will continue its search for ideas as "a good organization for more companies to become good."

GCSC Partnership

GCSC collaborates closely with various organizations and groups for more CSV ideas to be implemented. By utilizing the infrastructure of expert bodies, it is the hope of Cheil Worldwide to further spread social value. GCSC collaborates with partners as a social connector, acting as a bridge between enterprises and society.

GCSC Solution

Cheil Worldwide's CSV consulting is based on its years of experience, know-how, and detailed data analysis. In particular, the 'Social Cube', exclusively developed by Cheil Worldwide, is a customized social contribution strategy model that categorizes various CSV cases and scientifically analyzes them. The Social Cube was created based on approximately 400 best practices of social contribution by global enterprises. Through this, GCSC supports the most fitting CSV strategy for each enterprise.



GCSC 2014 Plan

In 2013, GCSC established a scientific and systematic CSV strategy setting process through the development of the 'Social Cube', Cheil Worldwide's exclusive model for CSV strategy setting. Furthermore, by establishing close networks with reputable and trustworthy public organizations, Cheil Worldwide is able to better implement ideas. In 2014, GCSC aims to further strengthen its CSV capacity by collaborating as a group with the Business Divisions and Centers of Cheil Worldwide.

Cheil DnA Center

- Conduct analytic data research for project tasks
- Upgrade the Social Cube by linking data

The Answer Company

- Set up CSR / CSV strategic theories

Solution Business

- Establish a collaboration system between Creative Division and Digital Business

Campaign Business

- Share ideas for synergy effects

Corporate Management Division

- Create a CSV performance management system

GCSC Networks



GCSC Implementation Plan

We create ideas that change the world and, with clients who will implement the ideas together, we achieve the goal of being a good company.

Change to Pre-Made Solution

Current Advertising Market

The order-made model where solutions are suggested to the client after signing the contract

Good Company Solution Market

A pre-made model where ideas are pre-developed and itemized by industry and offered to various clients

How the Social Cube Works

A Three-Step Process that scientifically checks

1. What value, 2. Which story, 3. How to develop a CSV campaign that fits a company.

1.

What

What value will it present?

Shared value setting :
Setting the social value to be shared by the company or brand

2.

Which

What story will it tell?

Shared story development :
Setting the key story that will share the selected social value

3.

Who / When / Where

Which activities will take place in what ways?

Shared action guideline :
Proposing an action guideline and deciding on KPIs to measure the outcome

Sustainability Platform



Cheil Worldwide's Efforts for a Better Tomorrow

Celebrating the 40th anniversary, 2013 is a new beginning for sustainability management at Cheil Worldwide, where a blueprint has been drawn for a better tomorrow based on the five core areas of value. Creating a harmony among the areas, Cheil Worldwide's ideas will continue toward a balanced future.

Sustainability Management

Sustainability Management System

Marking its 40th anniversary, Cheil Worldwide chose five key areas for sustainability management - Client, Sharing, Employee, Environment, and Mutual Growth - and established detailed plans for each area. Cheil Worldwide will build a sustainable foundation for growth as a Global Marketing Solution Company with its new vision of "Ideas that Move."

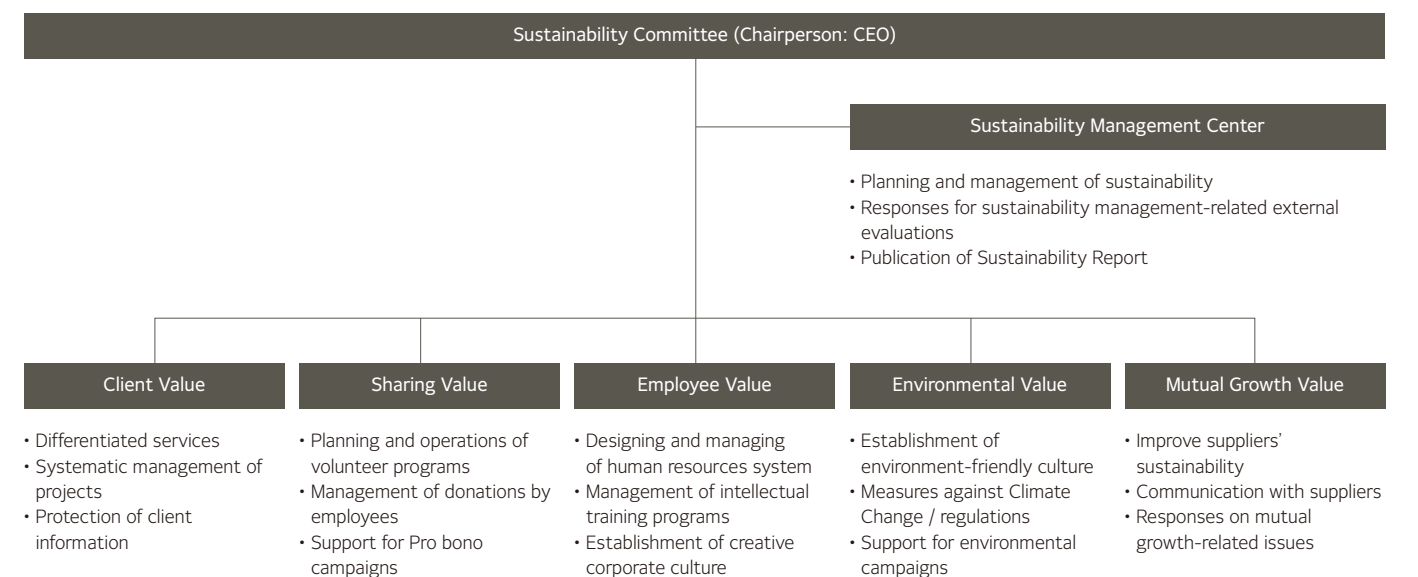
Sustainability Management Approach

The sustainability management of Cheil Worldwide focuses on client management and sharing management to set systematic solutions, such as CSV strategies, to become a good company for clients through GCSC. Furthermore, as a leading company for CSV, Cheil Worldwide seeks to create new social value through social contribution activities based on its expertise.

Sustainability Committee

In May 2013, Cheil Worldwide newly established the Sustainability Committee for effective sustainability management. The role of the Committee of Governance is to oversee all areas of sustainability management. Major reports and achievements are reported to the CEO and the Board of Directors through the Sustainability Committee.

Sustainability Committee Structure



The 40 years of Cheil Worldwide have been with clients. For each stage of its growth to become a Global Marketing Solution Company, there was not a single stage where clients did not exist. In the long run, Cheil Worldwide will join hands with clients to establish a culture for society through brands, products, and services.

Client-Oriented Organizational Operations

The organization of Cheil Worldwide is structured to be client-oriented for differentiated services and value. Cheil Worldwide supports the success of clients by creating value that can be shared among all stakeholders and systematically analyzing fast-changing markets and consumer types. Cheil Worldwide believes providing accurate and prompt solutions should be the principle of client management.

Cheil DnA Center

Cheil Worldwide established the Cheil DnA Center to accurately understand and analyze markets and consumer behaviors that are fast-changing due to media technology development and a rapid spread of digital devices. The DnA Center systematically analyzes the “fast-, subtle-, and constantly-changing” consumers based on Real-Time, Single Source, and Behavioral Data.

Cheil DnA Center

Data & Analytics

- Real-Time Analysis
- Single Source Approach
- Behavioral Data

Integrated Consumer Surveys

Cheil Worldwide has been using various methods, including the Annual Consumer Research (ACR) since 1977 to now, to collect information on, for instance, consumer lifestyles, media usage types, and statuses of product purchases and consumption, to provide information on market and consumer trends.

Development of the Social Media Analysis (SMA) System

Reflecting the characteristics of the digital era, where endless consumer data is available real-time, an SMA system has been developed to collect and analyze messages and comments on social network services, such as Twitter, Facebook, and blogs.

The Answer Company

Cheil Worldwide’s Answer Company provides new intelligence services for the new era. The Answer Company is an idea consulting group that provides the most innovative and practical idea solutions for problems those clients’ brands confront.



right time

At the current speed of consulting that takes three to six months, it cannot keep up with the changes and innovation of the world. No matter what the issue is, The Answer Company offers innovative consulting with solutions within a month.

right idea

The Answer Company will not provide irresponsible consulting but offer idea engineering and take full responsibility from the thinking stage to implementation for practical consulting to satisfy clients.

right cost

The Answer Company boldly challenges business practices and seeks to maximize the value of consulting at the most affordable costs.

Interdisciplinary People

The right consulting in the consilience era is to provide holistic and compound solutions in consideration of different areas and perspectives. As such, at The Answer Company, a diverse team of experts from various fields, such as marketing, creativity, consumers, digital, interaction, and arts and trends, are available.

Brand Investigation

The Answer Company does not research. It investigates to effectively uncover deep consumer insights in the shortest time possible.

Creative Critique

The Answer Company holds a mandatory process to verify and make recommendations on idea solutions by inviting sharp-minded and objective external experts as critique members.

Establishment of GCSC

As Korea's first Good Company Solutions organization, GCSC aims to address realistic and practical issues for "good" companies.



Good Company

Our goal is to make your company a Good Company.

Good Solution

Our role is to provide realistic and practical solutions.

Shared Value of GCSC

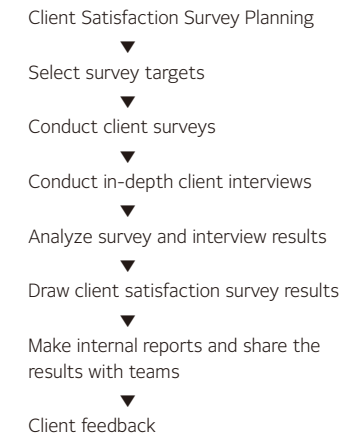
Cheil Worldwide's GCSC seeks to enhance the value of products and services for its client while creating social value with clients. For this, the key themes were chosen as follows: Survival·Life, Improving the Quality of Life, Care for Social Minorities, and Realizing a Fair Society.

Survival · Life	World Peace Health Addressing Living Difficulties Disaster Rescue Safe Society
Improving the Quality of Life	Education Regional Society Environmental Protection Energy Cultural Arts
Care for Social Minorities	Children Women Elderly People with Disabilities Multicultural Families
Realizing a Fair Society	Fair Trade Mutual Growth

Client Satisfaction Surveys

At Cheil Worldwide, client satisfaction does not end with just new ideas and creativity. From the planning and preparing stage to the final completion, Cheil Worldwide spares no effort to bring the best result. For this, it runs a project management system by lifecycle.

Process of Client Satisfaction Surveys



Strict Information Protection

In March 2012, Cheil Worldwide set policy on protecting personal information. Along with this, an information protection manager and working-level officers have been appointed. General consumer information collected for the analysis of experiential data are managed under strict security policy.

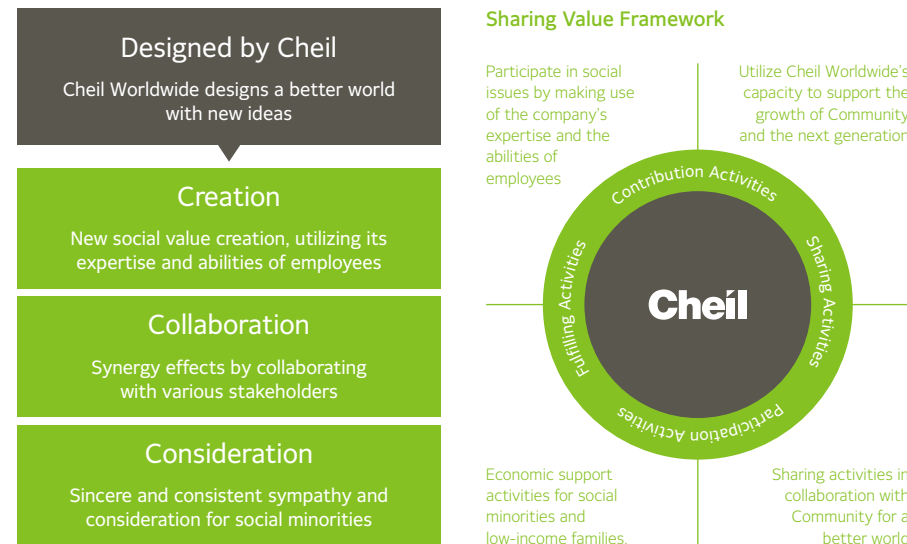
Information Protection Policy

PC Security	<ul style="list-style-type: none"> Regularly change PC passwords Minimize authority to access folders
Document Security	<ul style="list-style-type: none"> Restrict access to external commercial webhards Restrict the use of personal laptops, wireless routers, cameras, and other OA devices Apply a document encryption solution
System Security	<ul style="list-style-type: none"> Manage system access and usage control Protect internal intellectual property Block non-work related websites
Network Security	<ul style="list-style-type: none"> Manage internet connection history to take preemptive measures against an possible information leakage
Access Security	<ul style="list-style-type: none"> Have visitors to the company fill out a visitor form beforehand, go through scanners when entering/exiting, require all portable data storage devices, including laptops and USB flash drives containing personal information, to be authorized when being transported
SNS Guidelines	<ul style="list-style-type: none"> Set SNS activity guidelines, such as not to disclose any confidential information of the company or advertisers nor spread any false information

The vision “Designed by Cheil” is the desire of Cheil Worldwide to newly design the world with ideas. It is applying practical solutions that can immediately move consumers and markets for social contribution to bring positive changes to society.

Sharing Value Implementation Plan

The sharing management of Cheil Worldwide is systematically planned through a specialized framework. Created based on the principles of “Creation,” “Collaboration,” and “Consideration,” the framework applies a matrix structure for balanced and harmonious social contribution activities.



Cheil Worldwide's Differentiated Social Contribution Programs

Cheil Worldwide has been putting its expertise to work for differentiated social contribution programs. Cheil Worldwide will continue to take part in meaningful activities that change society for the better by collaborating with various stakeholders.



Love Bazaar

The Love Bazaar is a signature year-end event at Cheil Worldwide. For this annual bazaar, props used in advertising shoots are sold, along with donations from advertisers, celebrities, and employees of Cheil Worldwide. Previous bazaars included on-site auctions of belongings donated by celebrities, such as Lee Min-ho and Park Shin-hye, and online and offline donation events to add excitement to donations. Since 2010, the funds raised from the bazaar are being donated to treat 45 children with rare incurable diseases through the St. Francisco Community Center.

Broadcasting Academy

The Broadcasting Academy is a program offered by the SBC headquarters, which is in charge of company broadcasting, for elementary and junior high school students interested in broadcasting. The academy, which started in 2008, is well-recognized among employees and participants, particularly for its on-site training on top of in-class lectures. Activities include a visit to a broadcasting center and a mentor-mentee program with SBC employees for hands-on experience of the entire broadcasting process from planning to filming and editing.

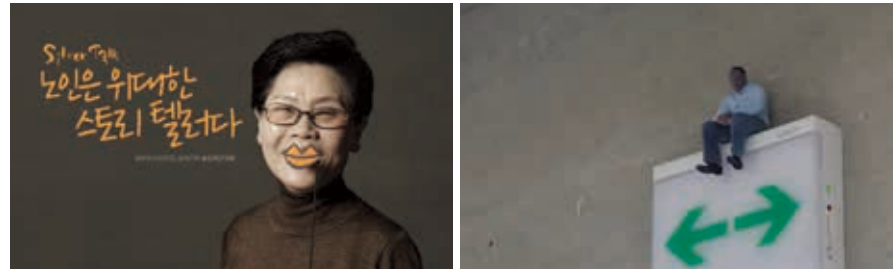
Love Design

Utilizing its ability as an art director, Cheil Worldwide produces and supports logos for small-sized enterprises, social enterprises, and NGOs. When producing a logo, Cheil Worldwide considers various factors, for example, the status of the organization for which the logo is being made, the areas of improvement for its brand image, and its vision. From 1999 to 2013, a total of 218 logos have been donated by Cheil Worldwide. The donated logos have helped organizations and enterprises improve their brand images and ultimately lead to increased sales.



Pro Bono Projects Utilizing Cheil Worldwide Capabilities

Cheil Worldwide plans and supports various public campaigns to let the world become aware of social issues around us and to address the issues. The public campaigns by Cheil Worldwide have been highly effective because many stakeholders have been involved. In 2014, Cheil Worldwide will continue to pay attention to social issues and participate in social contribution campaigns to change people's awareness.



2013 Pro bono Campaign

	Silver Talk	Invisible People
Issue Type	To resolve the lack of communication and conflicts between generations	To raise awareness of refugees
Campaign Purpose	The lives of four elderly were recorded as a campaign to resolve conflicts between different generations in society to narrow the gap between the older and younger generations and to encourage them to understanding each other better	To raise awareness on approximately 3,500 refugees (approx. 350 in Korea) around the world by introducing their true lives
Partners	Korea Broadcast Advertising Corporation (KOBACO)	Seoul Museum of Art (SeMA) United Nations High Commissioner for Refugees (UNHCR)
Campaign Period	January - March 2013	February - March 2014
Contents	Lectures by elderly speakers, followed by an exhibition hosted by 50 online and offline artists, including composers, artists, and graphic designers, for a time of sharing	After filming real life stories of refugees, 3D-miniatures were created and each miniature was given a QR code and an NFC code so that each miniature tells the story of a refugee
Achievements	Social interest and awareness on social isolation among older people A total of 5,150 participants in the 1st and 2nd Silver Talk Exhibitions	A communication channel between the world and refugees 48,216 museum visitors

A World of Sharing with Employees

Cheil Worldwide's social contribution activities are systemically planned based on the framework of participation, contribution, fulfilling, and sharing. Such activities are positively influencing various parts of Community, including its development, upbringing of the next generation, and improving the quality of life for social minorities. Cheil Worldwide will continue to take part in changing the world for the better through the virtuous cycle of sharing.

Cheil Fund

For every monthly donation made by an employee, the company donates the same amount to support social minorities.

Cheil Volunteer

Each division is partnered with a social welfare organization in the regional society, such as senior welfare centers and regional centers for children, where all employees are actively involved in various volunteer activities.

CEO's Visit to Flophouses

At the end of a year, the CEO and employees of Cheil Worldwide visit elders living alone in freezing flophouses. They bring winter supplies and new-year gifts for elders and paint murals for a clean neighborhood.

Dream After-School Program

Various after-school classes, including Korean, English, math, and mentor programs are in place for low-income, single-parent, and multicultural families in the Yongsan-gu area.

Mania Club Talent Donation

Employees of various talents and hobbies provide various activities for low-income families, including acting, guitar lessons, and basketball.

Hands-On Program

Employees put their talents to work for various hands-on programs, such as making pouches, knitting hats for infants in Africa, and making eco-bags.

Community Work in Sister Villages

In 2013, a village in Soksil-ri, Hoengseong-gun in the province of Gangwon was chosen as a sister village. Cheil Worldwide has been carrying out all sorts of community activities, such as creating a village logo, hosting local farmers' markets, and helping out with farming.

Environment Protection Project

Various activities are in place for environment protection, including removing noxious plants in Bam Island, a habitat for migratory birds, creating clean Namsan park, and cleaning up the Han River district.



Cheil Worldwide knows it was the passion of its employees that made Cheil Worldwide what it is today. The creativity of the employees is Cheil Worldwide's differentiated capacity and the driving force for sustainable growth. Cheil Worldwide promises full support for its employees so that they can better focus on outstanding ideas.

Innovative HR System

Cheil Worldwide has a differentiated HR system so that employees are motivated to work. The job leveling system has been simplified so that anyone can freely express opinions regardless of one's position. Furthermore, by adopting an exceptional rewarding system, employees are driven to work.

Fair Evaluation and Performance-Related Rewards

At Cheil Worldwide, there is a performance-related reward system that fairly evaluates the performance of employees.

The performance review conducted once a year is divided into achievements and capacity review, and its fairness is guaranteed through the year-round evaluation process.

Furthermore, the leadership capacity at the team leader and director-level is evaluated by self, co-workers, seniors, juniors, and supervisors. Through the results and feedback, employees are able to set their individual plans to grow as leaders.

Principles of Evaluation and Rewards

Fair and rational evaluation	Evaluation based on objective data Client and project-centered evaluation
Different rewards based on the evaluation	Performance-related reward system Different rewards even within the same job position

Exceptional Reward System

Cheil Worldwide knows that the source of creativity is people. As such, a practical reward system is in place to motivate employees with top-level creativity. Not only are they rewarded for winning international advertising awards, such as the Cannes Lions International Festival of Creativity, there are rewards given annually by the company, such as the Excellent Idea Person and the Campaign of the Year. By doing so, employees are motivated to be creative.

Key Reward System

Cannes Lions Winner	A reward of up to KRW 100 million Opportunity to be promoted Selected once a year
The Best Idea Person	A reward of KRW 10 million Providing financial reward and vacation

Simplification of the Job Leveling System

Good ideas do not necessarily come from seniors only. But in a vertical corporate culture, juniors often remain silent. Against this, Cheil Worldwide simplified the seniority-centered job leveling system and unified different titles to "pro," under the principle that "ideas are equal." Within the horizontal job leveling system centered around work and roles, pros at Cheil Worldwide are encouraged to freely suggest ideas regardless of seniority. Furthermore, they are also encouraged to further develop ideas through active communication.

Expansion of Recruitment for Various Intellectuals

To create a pool for future growth engines, more employment opportunities are being offered to younger generations. Also, their wages are considered to be high within the industry. Cheil Worldwide also provides intern programs each year for students to experience what it is like to work in the advertising industry, along with job opportunities to those in need of care in society, such as descendents of veterans or those with disabilities or from low-income families. For such efforts, Cheil Worldwide was selected both in 2012 and 2013 as a Great Company for Job Creation.

Recruitment Type

	Recruitment Period
New	First-Half/Second-Half
Experienced	Frequently
Intern	First-Half

Systematic Training System

To provide practical solutions that can immediately move consumers and markets and to train intellectuals of convergence for valuable lifestyles and cultures, Cheil Worldwide is paying special attention to fostering intellectuals by supporting training programs based on the five major areas. Through its Cheil Idea College (CIU), Cheil Worldwide is providing “how-to”-based systematic training programs for practical solutions by seniority ranking and by job position. In 2013, new courses were created under Global, Retail, and Digital to secure the five major areas, where experts are being trained by area. Furthermore, Cheil Worldwide offers foreign language courses, job training, and certificate courses for employees by distance to support their post-retirement lives.

CIU(Cheil Idea University)

Capacity Ranking	Enterprise Training	
Executives · Masters	Language Coaching, Humanities Intensive Course	
Team Leaders · Directors	Retail, Digital, Global <ul style="list-style-type: none"> • AD-Tech Seminar • Digital Experts Course • Data Mining Course 	Leadership Course <ul style="list-style-type: none"> • Creative Leader Course • Ideaship Course • CD Management Capacity • Leadership Expert Course • Creative Expert Course
Senior	<ul style="list-style-type: none"> • Experience & Shopper Marketing • Retail Innovation Course • Consumer-In-Site Course 	
Junior	Common Capacity Mandatory Courses <ul style="list-style-type: none"> • PT Expert Training • Marketing Strategy Course • Copy & Storytelling Academy • Creative Ideation Course 	
New Recruits	Intro Course for New Recruits	

* Mandatory for all employees: Digital, Retail, and Analytic Training

A Move Toward Global Experts

To change the world, one must be sensitive to changes. The global business environment has been changing at the fastest speed in its history. With three keywords in mind, “Global,” “Solutions,” and “Impression,” Cheil Worldwide is continually growing to be the world’s leading Marketing Solution Company. The “I MOVE GLOBAL” program, which started in 2013, is part of its efforts to systematically train global experts.



Implementation of “I MOVE GLOBAL”

“I MOVE GLOBAL” is comprised of various programs under two purposes: to train global experts and strengthen global capacity. The programs have been prepared to respond to the fast-changing global environment, and they include on-site experts, overseas network exchanges, and global business experiences. As the world’s best Marketing Solution Company, such training will serve as the foundation that move clients from all over the world.

Global Expert Training	Fostering <ul style="list-style-type: none"> • New on-site expert system • Expansion of regional expert system • Short-term Global Mover secondment system • Exchanges to overseas branches • Secondment to overseas branches (Creative Director)
Global Capacity Strengthening	Language Training <ul style="list-style-type: none"> • English, Chinese, and strategic languages supported Training <ul style="list-style-type: none"> • Participation in the world’s best expert seminars • Capacity-strengthening course for school-industry cooperation-related jobs Exchange Program <ul style="list-style-type: none"> • Grand tour program for team leaders • Global business experience for new recruits

Secondment to Overseas Branches and Subsidiary Companies

Currently with secondment opportunities available to McKinney, more subsidiary companies, such as TBG, BMB, OTGC will be included in the future.

Secondment Program to Overseas Branch for Creative Director

By participating in the overseas projects of Korean advertisers, participants are able to better handle global projects.

On-Site Expert System

By working in advanced advertising countries, participants can directly experience the trends of an advanced advertising industry.

Global Business Experience Program

Along with the global emerging and advanced market benchmarking program for team leaders, a global business on-site experience program is being offered as part of the introductory training for newly recruits.

Visits to International Advertising Awards

By providing opportunities to pay visits to international advertising awards, participants can strengthen their capacity for creativity.

A Creative Culture for Big Ideas

Idea is the biggest competitive edge Cheil Worldwide boasts. The source of idea lies in humans. Cheil Worldwide has formed an idea ecosystem spanning space, culture, and systems so that its members can break away from their habitual pattern and think creatively. A corporate culture freed from customary patterns forms the background for creative ideas.

i-pub

i-pub is the main internal idea portal. Employees can participate anonymously using nicknames and characters. This online communication space is open to all regardless of position or age to pitch in ideas.

IM-vite (CEO Open Forum)

Hosted by the CEO, Cheil Worldwide regularly holds IM-vite, a communication channel open to all employees. The CEO directly hears valuable ideas from employees, where the CEO and employees come to learn more about one another. In 2013, 29 such forums were held and 406 employees participated.



i-spa

The concept of a book cafe and a comic bookstore was added to a common library for employees to enjoy a cafe-like comfortable ambience. When employees struggle to come up with ideas, they can look for inspiration in the latest magazines and comic books.

WOW Concert

Cheil Worldwide invites top speakers from diverse areas of society to its WOW Concert under various themes, such as World Class Korean, Top Class Creator, and Hot Issue Maker. The concerts are held in the form of seminars or talk concerts and provide new insight to its employees.



Idea Vacation

Cheil Worldwide has a long-term focused holiday system for employees so that they can come up with new ideas through various experiences gained through leisurely time. Cheil Worldwide encourages employees to freely select a theme and then take long-term leaves from two to four weeks.

PiC Time

Cheil Worldwide's PiC Time (Pro's idea Concentration Time) is flexible working arrangements, considering the nature of the advertising industry. PiC Time is especially helping top female employees to effectively manage their time.



Sarang Sarang Committee (Love Love Committee)

The labor-management committee holds regular discussions on how to improve employees' job benefits, health, and safety. The Committee held a "Kind Words" campaign to protect the human rights of employees, and a "Drink Slow, Go Home Early" campaign to rectify the drinking culture.

Stress Care Center, Hyu

Cheil Worldwide operates a professional care center for employees who tend to be easily stressed out due to the nature of work in the advertising industry. Various programs are available for employees to help them control their minds, and a counselor with PhD is available to provide professional care.

i-Cheil Childcare Center

Cheil Worldwide operates a childcare center for employees' children so that employees with toddlers can work without concern. Cheil Worldwide aims to make the childcare facility a creative and safe environment. The center holds diverse educational activities that foster emotional intelligence and creativity in children.

Junior Cheiler's Day

This annual event invites employee's children to Cheil Worldwide. Children are introduced to their parents' company and they get to visit the advertisement site. This family-friendly management earned Cheil Worldwide a family-friendly certificate from Ministry of Gender Equality & Family in December 2013.



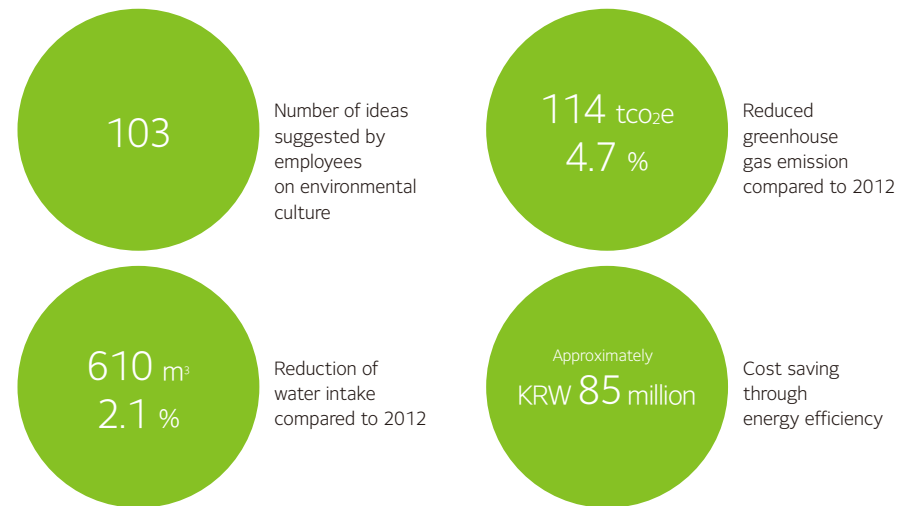
Cheil Worldwide takes part in addressing environmental issues with ideas that make this world greener.

With ideas and creativity for the environment, Cheil Worldwide is spreading “green culture” to everyone living in this era.

Major Achievements in 2013

Cheil Worldwide is making various efforts, such as creating an environmentally friendly workspace, to establish an environment-friendly culture. Cheil Worldwide attempts to minimize the use of resources when producing advertisements and campaigns and has adopted various systematic measures such as the “energy efficiency project” and the “greenhouse gas mitigation project” for management hand in hand with the environment.

Major Environmental Achievements of Cheil Worldwide in Numbers for 2013



Raising Environmental Awareness in Clients

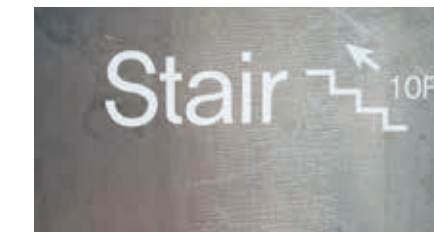
Using its 40-years of know-how on advertisement and campaign planning and production, Cheil Worldwide holds campaigns with clients to raise awareness on the severity of environmental problems. The destruction of the ecosystem, global warming, air pollution and other environmental problems affect not only those of us living in the current age but also future generations as well. Cheil Worldwide will continue to produce campaigns that raise awareness on environmental problems and that encourage participation to counteract them.



“Saving Earth in 1 Minute” Neutral Sticker Campaign
Cheil Worldwide conducted this campaign with S-OIL to encourage drivers to change their gear to neutral during stops because this can save fuel and will also reduce carbon dioxide, the main cause of Climate Change.

Building an Environment-Friendly Culture

Cheil Worldwide gathers environmentally friendly ideas through its internal idea portal “i-pub” in order to raise employees’ environmental awareness, and it runs “green campaign” to encourage employees to take action. In addition, Cheil Worldwide has an electronic approval system in place and has equipped its meeting rooms with beam projectors in order to minimize waste of resource that might occur from work. In these ways, Cheil Worldwide is working to create an environmentally friendly corporate culture where its employees participate in the effort.



Cheil Worldwide Green Campaign
The lights in Cheil Worldwide office are turned off at 8pm. Then, only the necessary lights are turned on again through this “8-Break” campaign. Cheil Worldwide also holds a green campaign called “Eco Frontier,” which gathers employees’ ideas about how to save energy.

Responding to Climate Change

Cheil Worldwide is operating a “Green Building Project” to reduce carbon dioxide emission, the main culprit of Climate Change, and minimize energy consumption. Furthermore, to take preemptive measures against Climate Change, Cheil Worldwide has been participating in a global environment initiative called the Carbon Disclosure Project (CDP) and established its greenhouse gas inventory in March 2014.



Cheil Green Building Project
In an attempt to reduce energy consumption at its highest in July and August, Cheil Worldwide turned off lights and air conditioning system in office spaces during the peak period from 2pm to 5pm in 2013. As a result, it saved 7.9% energy compared to the previous year.

Cheil Worldwide forms social relationships with businesses in a sustainable manner through a fair business model. In order to create a mutual growth culture with suppliers, Cheil Worldwide pursues mutual growth management such as “building a fair and transparent business,” “strengthening work efficiency with suppliers,” and “stepping-up communication with suppliers.”

Mutual Growth Management in 2013

Cheil Worldwide’s mutual growth management is based on a clear principle. The goal is to improve the quality of advertisement and to provide excellent quality service, which is the ultimate goal for co-working with suppliers. To this end, Cheil Worldwide supports the growth of suppliers and works to create an optimum working environment.

Key Mutual Growth Management Activities in 2013

Increased Transparency

Created Business Rule for Supplier Management which is continuously updated
Cheil Worldwide complies with the Fair Trade Commission’s “Supplier Selection and Operation Guideline.”
Cheil Worldwide has established a “Business Rule on Supplier Management” to ensure transparency and fairness regarding cooperation, and has revised the rule annually since 2010 to reduce suppliers’ inconveniences.

Strengthen Business Efficiency

Operates web portal for suppliers and introduced electronic contract system
Suppliers log in to Cheil Worldwide’s “Web Portal for Suppliers” to sign standard subcontractor’s contract and individual’s service contract. In addition, suppliers can also take care of other business related works such as registering quotation, checking the status of production payment etc. related to project operation.

Step up Communication

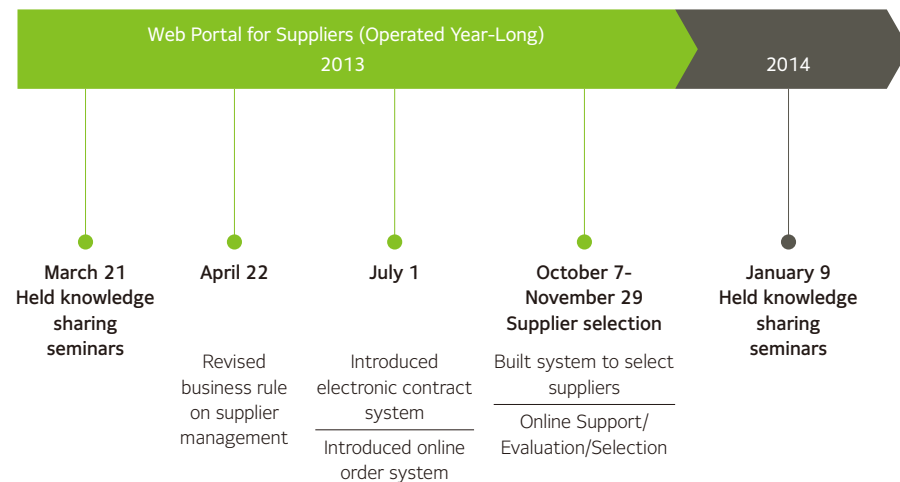
Holds seminars to share about business with suppliers
Cheil Worldwide conducts communication activities to share practical expertise with suppliers. It holds a “Knowledge Sharing Seminar” every year to share working-level knowledge on, for example, various advertising-related provisions including the Fair Transactions in Subcontracting Act and the Copyright Act, tax law, and payment rules.

Mutual Growth Management System

Cheil Worldwide Mutual Growth Management
Continuously form a mutual growth culture with suppliers

- Building a Fair and Transparent Business**
Based on the ethical and law-complying culture of Cheil Worldwide, build a system and culture to grow with the suppliers
- Strengthening Work Efficiency with Suppliers**
Continuous improvement of the system to work more efficiently with suppliers
- Stepping-up Communication with Suppliers**
Listen to the opinions of suppliers and provide opportunities for suppliers to voice their opinions

Mutual Growth Management Timeline



Sustainability Performance

For effective sustainability management, clear performance measurement and consistent management are essential. Marking its 40th anniversary, Cheil Worldwide officially declared 2013 as the first year for sustainability management and set plans to systematically monitor its sustainability performance.

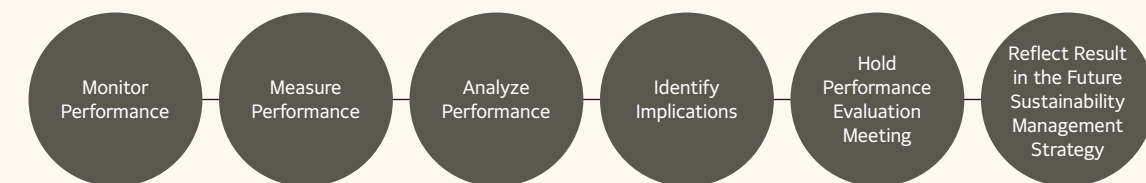
Performance Management System

Cheil Worldwide has built a global-level sustainable business culture to encourage the natural participation of employees. Cheil Worldwide discloses its sustainability management performance so that employees can check the sustainability management status and achievement level, and works to pursue a sustainability management which stakeholders can actually feel and recognize. Furthermore, Cheil Worldwide regularly receives feedback on related activities to objectively analyze sustainability management performance. Cheil Worldwide's sustainability management performance is constantly monitored during the employees' daily activities through the system. Necessary information is regularly aggregated and reported to the Sustainability Committee.

Sustainability Management Timeline

Cheil Worldwide evaluates its sustainability management performance on a yearly basis. The sustainability management performance is analyzed all together after being aggregated by the performance management team and being discussed by the working-level bodies. The aggregated performance is reported to the Sustainability Committee after being diagnosed and implications identified.

Performance Management Process



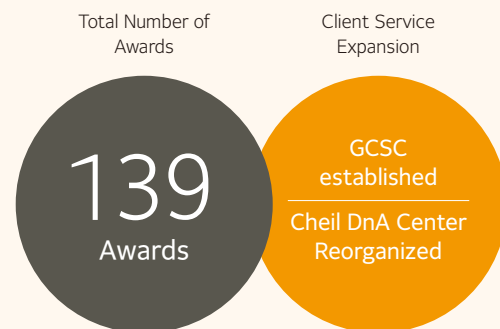
Key Activities of Sustainability Management



Creating Client Value

Cheil Worldwide is expanding its business level to further satisfy clients. Cheil Worldwide regularly conducts clients satisfaction surveys to improve service quality and provide solution qualities that exceed clients' expectations by responding to risks that may come up in any step during services. As a result, Cheil Worldwide is able to provide a differentiated creativity for each of its numerous clients, and its solutions are recognized for their excellence. At the same time, based on the internal "financial standards" it holds, Cheil Worldwide does not produce advertisements for gambling or other advertisements customarily held in negative light nor for speculative investment. Also, by following the False or Exaggerated Advertisement Guideline, Cheil Worldwide works to prevent consumers from misunderstanding the brands and products.

2013 Client Management Performance



Fact Sheet

Compliance with Product and Service Information and Labeling related Laws

Cheil Worldwide complies with service information related laws during its entire marketing solution production. There were no violations for the past three years.

Client Satisfaction related Policy and Process

Cheil Worldwide conducts client satisfaction surveys in every year. It conducts client surveys to prepare the basic materials for client satisfaction, and uses the materials to improve the client service enterprise-wide.

Compliance with Marketing Communication Regulations

Cheil Worldwide complies with advertisement, promotion, sponsorship, and other marketing communication related laws and holds no violation record.

Number of Complaints related to Client Privacy Information

No client has ever complained about any violation of client privacy.

Client Data Loss or Leakage

Keeping strict compliance with the Personal Information Protection Act, there were no accidents or cases where a client's data was lost or leaked in the past three years.

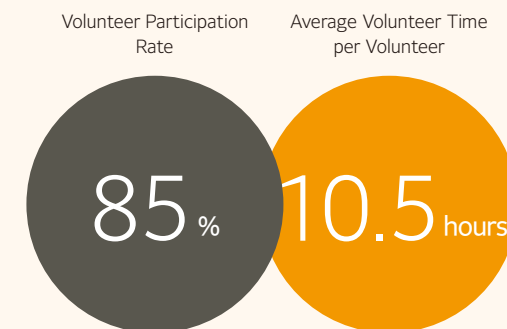
Penalty due to Violation of Product and Service Provision Law or Regulation

There were no penalties charged due to violation of marketing solution provision regulation.

Creating Sharing Value

Cheil Worldwide runs various activities to contribute to society by cooperating with community organizations in order to raise social value and realize public good. Each division is connected to an organization and employees continuously participate in volunteer work and contribute their talents using their talents and hobbies. Also, using its business capacity, Cheil Worldwide holds campaigns to resolve social issues, drawing the public's attention and encouraging participation.

2013 Sharing Management Performance



Fact Sheet

Social Contribution Program	2011	2012	2013
Number of Programs (Unit: Count)	25	35	46
Number of Volunteer Participants and Participation Ratio	2011	2012	2013
Employee Count (Unit: Person)	562	551	1,121
Participation Ratio (Unit: %)	53	44	85
Volunteer Time	2011	2012	2013
Hours (Unit: Hour)	4,468	4,462	13,919
Hour per Volunteer (Unit: Hour)	4.2	3.5	10.5
Community Organization	2011	2012	2013
Number of Community Organization (Unit: Count)	22	28	31
Support Ratio for Different Groups	2011	2012	2013
Community (Unit: %)	46	19	39
Future Generation (Unit: %)	27	56	35
Low Income Class (Unit: %)	27	25	26
Employee Donation Participation Ratio	2011	2012	2013
Number of Donors (Unit: Person)	679	976	1,100
Participation Ratio (Unit: %)	64	77	83

Creating Employee Value

Cheil Worldwide has 764 male and 561 female employees for a total of 1,325 employees (as of December 2013). Based on its culture of respecting the diversity and human rights of all employees, Cheil Worldwide equally supports all employees so that they may realize their potential. As a result, there were no reports on discrimination in 2013. Also, Cheil Worldwide has clubs within the company and operates recreation facilities and other various job benefits. In order to protect the human rights and safety of employees, Cheil Worldwide holds various campaigns and ombudsman programs through the labor-management body, Sarang Sarang Committee.

2013 Employee Management Performance

Average time of education per employee

Result of corporate Culture Activities



Fact Sheet

Pension Support Scope

In order to support the lives of employees after retirement, Cheil Worldwide operates a defined contribution retirement plan applying 100% of the employees' wages.

	2011	2012	2013
Number and Ratio of Retiree			
Employee Count (Unit: Person)	1,063	1,262	1,325
Number of Retiree (Unit: Person)	131	125	122
Ratio of Retiree (Unit: %)	12.3	9.9	9.2

Ratio of Employees included in the Regular Performance Evaluation and Experience Development Evaluation, and Wage Difference between Male and Female Employees

Cheil Worldwide operates an incentive system based on performance, and does not discriminate between male and female workers.

	2011	2012	2013
Number of Employees Evaluated for Performance (Unit: Person)	906	1,044	1,161
Ratio of Employees who Receive Performance Evaluation (Unit: %)	85.2	82.7	87.6

Ratio of Employees who Return to Work from Childcare Leave and Retention Ratio

	2011	2012	2013
Number of Employees who Request Childcare Leave (Unit: Person)	25	29	47
Ratio of Employees who Return from Childcare Leave (Unit: %)	96	86	81
Ratio of Employees Retained over 12 months after Returning from Childcare Leave (Unit: %)	88	88	85

Employee Training on Work-Related Human Rights Policy and Process

All employees with the exception of those on leave or on long-term secondment have to participate in the sexual harassment prevention training annually.

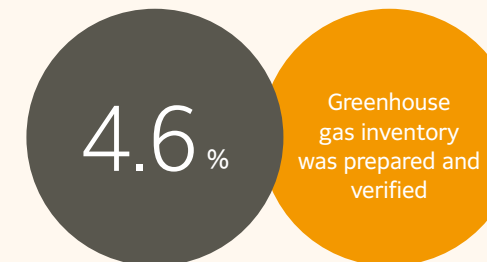
Creating Environmental Value

Cheil Worldwide does not have large scale transportation facilities or production facilities. Therefore, its effect on the environment due to raw material consumption or due to pollution emission is very low compared to other industries. Cheil Worldwide does not possess any high energy consuming facilities that contribute to ozone layer depletion or air pollution, water pollution nor any other hazardous material. Any daily life waste and sewage is processed through the city infrastructure. There were no penalties or restrictions related to environment or facility since 2011.

2013 Environmental Management Performance

Energy Consumption Rate Reduction Compared to Previous Year

System Prepared to Respond to Climate Change



Fact Sheet

Direct and Indirect Energy Consumption by Anchoring Energy

	2011	2012	2013
LNG (Unit: TJ)	8.5	14.1	12.7
Power (Unit: TJ)	25.5	28.7	28.2
Total (Unit: TJ)	34	42.8	40.9

Total Water Intake

	2011	2012	2013
Water (Unit: m ³)	17,314	25,719	25,392

Direct and Indirect and Other Indirect Greenhouse Gas Emission Amount

	2011	2012	2013
Direct (LNG) (Unit: tCO ₂ e)	759	1,029	940
Indirect (LNG) (Unit: tCO ₂ e)	1,224	1,401	1,376
Total (Unit: tCO ₂ e)	2,004	2,430	2,316

Waste Production by Type and Handling Process

	2011	2012	2013
Incineration (Unit: ton)	8.57	3.16	3.65
Landfill (Unit: ton)	0	0	0.71
Total (Unit: ton)	8.57	3.16	4.36

Investment in Environmental Protection

	2011	2012	2013
Environmental Expense (Sewage) (Unit: KRW 1,000)	14,334	27,278	31,451
Environmental Expense (Waste) (Unit: KRW 1,000)	260	140	140
Environmental Investment Amount (Unit: KRW 1,000)	N/A	N/A	3,409

* Calculated based on headquarters building

Creating Mutual Growth Value

Cheil Worldwide shows its strong determination for ethical management. To maintain a fair relationship with its suppliers, Cheil Worldwide holds annual knowledge sharing seminars where it shares about business. Through the knowledge sharing seminar with suppliers, Cheil Worldwide provides legal information on compliance management and at the same time transfers business know-how to strengthen management capacity and financial environment of the supplier. In 2012, Cheil Worldwide opened a web portal for suppliers, and in 2013, it newly developed a bidding system to enable two-way communication and increase transparency. Also, Cheil Worldwide expanded the cash payment to include all suppliers. Cheil Worldwide has expanded multi-layered support both online and offline to build a growing relationship with suppliers and create a basis for mutual growth.

2013 Mutual Growth Performance

Number of participants in knowledge sharing seminars

Process systemized for supplier selection

961
persons

Established an online system to select suppliers

Newly developed a bidding system

Fact Sheet

Number of Cheil Worldwide Suppliers		2011	2012	2013
Suppliers	(Unit: Count)	168	235	259

Supplier Operations Guide and Organization

Based on the transparency and fairness of selecting suppliers, Cheil Worldwide aims to raise the quality of production and to provide excellent service. For this end, Cheil Worldwide has created a "Business Rule on Supplier Management."

Supplier Selection Principle

Following the "Business Rule on Supplier Management," Cheil Worldwide posts about the supplier selection criteria and process on its website 15 days prior to starting registration. Also, Cheil Worldwide does not discriminate between previous suppliers and newly registered suppliers when selecting.

Handling Violations of Ethics Regulation

The "Business Rule on Supplier Management," clearly stipulates that if a supplier violates Cheil Worldwide's ethical management and law-compliance guideline, or does not comply with the subcontractor rule through price-rigging and dumping, the contract with that supplier will be nullified and its registration reversed.

Key Activities in 2013 for Supplier Management and Support

March 2013

Cheil Worldwide shared about the subcontractor law, copyright law and advertisement related laws and tax laws, payment rules and other working level information through its meeting with suppliers.

April 2013

Cheil Worldwide revised its "Business Rule on Supplier Management" to minimize suppliers inconveniences.

July 2013

An electronic contract system and online order system were introduced so that suppliers could efficiently execute projects.

Appendix

GRI G3.1 & ISO 26000

● Fully Reported ● Partially Reported ○ Not Reported N/A: Not Applicable

ID.	Disclosure Items	ISO 26000	Page	Reporting Status	Remarks
Strategy and Analysis & Corporate Profile					
1.1	CEO message	6.2	6, 7	●	
1.2	Opportunities and challenges		33	●	
2.1	Corporate name		12	●	
2.2	Major products and brands		12, 25	●	
2.3	Operation structure	6.2	15	●	
2.4	Headquarter location		12	●	
2.5	Countries where main business sites are located		13	●	
2.6	Ownership structure and legal representation		12	●	
2.7	Operating markets		13	●	
2.8	Corporate size		12	●	
2.9	Critical changes occurred to corporate size, corporate organization and ownership structure during reporting period		83	●	
2.10	Award-winning track record		31, 32	●	
Features of Report					
3.1	Period of reporting		83	●	
3.2	Latest date of reporting			N/A	Inaugural Report
3.3	Reporting cycle			N/A	Inaugural Report
3.4	Inquiries on the report to be addressed to		84	●	
3.5	Decision-making process for reporting topics		20, 21, 83	●	
3.6	Boundary of reporting		83	●	
3.7	Reporting scope and restriction of its boundary		83	●	
3.8	Boundary of reporting that can have critical impact on potential comparison of information		83	●	
3.9	Data measurement techniques and basis for calculation		83	●	
3.10	Restatement of information provided by previous report			N/A	Inaugural Report
3.11	Critical change made to reporting scope, boundary or measurement method			N/A	Inaugural Report
3.12	GRI content index		77~79	●	
3.13	Policy on third-party validation and latest trend	7.5.3	83	●	
Corporate Governance					
4.1	Corporate governance		14, 15	●	
4.2	Holding of dual offices as chairman of the Board of Directors and as CEO	6.2	15	●	
4.3	Composition of the Board of Directors		14	●	
4.4	Mechanism where shareholders and employees can present their opinions		14	●	
4.5	Associating corporate performance with compensation to directors and the management		14	●	
4.6	Process designed to prevent conflict of interest within the Board of Directors		14	●	
4.7	Process to determine professionalism of directors who lead strategy development in economy, environment and society		14	●	
4.8	Management principles		12	●	
4.9	Process that the Board of Directors governs performance in economy, environment and society		49	●	
4.10	Process that evaluates performance of the Board of Directors, particularly in economy, environment and society		49	●	
4.11	Approach on prevention principles	6.2	16~18	●	
4.12	External principles or initiatives that the company complies with		65	●	
4.13	Status for membership with industry, national and international organizations		11	●	
4.14	List of participating stakeholders' group		19	●	
4.15	Basis for identifying and selecting participating stakeholders		19	●	
4.16	Approach to encourage stakeholders' participation		19	●	
4.17	Main topics and subject matters identified through stakeholders' participation and response to the issues		20, 21	●	
Economic Performance Indicators					
EC1	Direct economic value creation and distribution	6.8, 6.8.3, 6.8.7, 6.8.9	26	●	
EC2	Financial impact of Climate Change and risks and opportunities presented to business activities	6.5.5	65	●	
EC3	Coverage of the organization's defined benefit plan obligations		72	●	
EC4	Government subsidy receipt			N/A	
EC5	Range of ratios of standard entry level wage by gender compared to minimum wage	6.4.4, 6.8	59	●	

ID.	Disclosure Items	ISO 26000	Page	Reporting Status	Remarks
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	6.6.6, 6.8, 6.8.5, 6.8.7		N/A	
EC7	Procedures for local hiring and proportion of senior management hired from the local community	6.8, 6.8.5, 6.8.7		N/A	
EC8	Investment in infrastructure and service primarily provided for public benefit and their effect (including support type)	6.3.9, 6.8, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.9	71	●	
EC9	Understanding and description of indirect economic repercussions (including the extent of impact)	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8, 6.8.5, 6.8.6, 6.8.7, 6.8.9	37~43	●	
Economic Performance Indicators					
EN1	Raw material usage measured by weight or volume	6.5, 6.5.4		N/A	
EN2	Percentage of recycled material usage			N/A	
EN3	Direct energy consumption		73	●	
EN4	Indirect energy consumption		73	●	
EN5	Energy saved through saving efforts and improvement in energy efficiency			N/A	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives			N/A	
EN7	Businesses and achievements to reduce indirect energy consumption		73	●	
EN8	Total water withdrawal by source		73	●	
EN9	Water sources significantly affected by withdrawal of water			N/A	
EN10	Percentage and total volume of water recycled and reused			N/A	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5, 6.5.6		N/A	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas			N/A	
EN13	Habitats protected or restored			N/A	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity			N/A	
EN15	Number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	6.5, 6.5.6		N/A	
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5, 6.5.5	73	●	
EN17	Other relevant indirect greenhouse gas emissions		73	●	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		64, 65	●	
EN19	Emissions of ozone-depleting substances by weight	6.5, 6.5.3		N/A	
EN20	NOx, SOx, and other significant air emissions by type and weight			N/A	
EN21	Total water discharge by quality and destination			N/A	
EN22	Total weight of waste by type and disposal method		73	●	
EN23	Total number and volume of significant spills			N/A	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste			N/A	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	6.5, 6.5.4, 6.5.6		N/A	
EN26	Activities and achievements to mitigate environmental impacts of products and services	6.5, 6.5.4, 6.6.6, 6.7.5	65	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed	6.5, 6.5.4, 6.7.5		N/A	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	6.5	73	●	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	6.5, 6.5.4, 6.6.6	73	●	
EN30	Total environmental protection expenditures and investments	6.5	73	●	
Workforce Management Indicator					
LA1	Total workforce by employment type, employment contract, and region	6.4, 6.4.3	72	●	
LA2	Total number and percentage of employee turn-over		72	●	
LA3	Benefits granted only to regular Employees, not to temporary or part-time workers	6.4, 6.4.3, 6.4.4	62	●	
LA4	Percentage of employees covered by collective bargaining agreements	6.3.10, 6.4, 6.4.3, 6.4.4, 6.4.5		N/A	
LA5	Minimum notice period(s) regarding significant operational changes	6.4, 6.4.3, 6.4.4, 6.4.5		N/A	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	6.4, 6.4.6	63	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		72	●	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	6.4, 6.4.6, 6.8, 6.8.3, 6.8.4, 6.8.8	63	●	
LA9	Health and safety topics covered in formal agreements with trade unions	6.4, 6.4.6	63	●	
LA10	Yearly average hours of training per employee by employee type	6.4, 6.4.7	72	●	

ID.	Disclosure Items	ISO 26000	Page	Reporting Status	Remarks
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their retirement	6.4, 6.4.7, 6.8.8	60	●	
LA12	Percentage of employees receiving regular performance and career development reviews	6.4, 6.4.7	72	●	
LA13	Composition of governance bodies and breakdown of employees per employee category	6.3.7, 6.3.10, 6.4, 6.4.3	15, 72	●	
LA14	Ratio of basic salary and remuneration of women to men	6.3.7, 6.3.10, 6.4, 6.4.3, 6.4.4	72	●	
LA15	Return to work and retention rates after parental leave		72	●	
Human Rights Indicators					
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights	6.3, 6.3.3, 6.3.5, 6.6.6		○	
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening	6.3, 6.3.3, 6.3.5, 6.4.3, 6.6.6		○	
HR3	Employee training on policies and procedures concerning aspects of human rights that are relevant to operations	6.3, 6.3.5	72	●	
HR4	Total number of incidents of discrimination and corrective actions taken	6.3, 6.3.6, 6.3.7, 6.3.10, 6.4.3	72	●	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.4.5	63	●	
HR6	Ban on child labor	6.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10		N/A	Child labor does not exist in Cheil Worldwide
HR7	Ban on forced labor			N/A	Forced Labor does not exist in Cheil Worldwide
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	6.3, 6.3.5, 6.4.3, 6.6.6	72	●	
HR9	Total number of violations involving rights of local people and actions taken	6.3, 6.3.6, 6.3.7, 6.3.8, 6.6.7		N/A	
HR10	Percentage and total number of business sites that have conducted human rights reviews and/or impact assessments			N/A	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		70	●	
Social Performance Indicators					
SO1	Features, scope and efficacy of programs designed to evaluate and manage impacts on local community	6.3.9, 6.6.7, 6.8, 6.8.5, 6.8.7	54~57	●	
SO2	Number and ratio of business units analyzed for risks related to corruption	6.6, 6.6.3	17	●	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		17	●	
SO4	Actions taken in response to incidents of corruption		17	●	
SO5	Public policy positions and participation in public policy development and lobbying	6.6, 6.6.4, 6.8.3		N/A	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country			N/A	
SO7	Total number of legal actions for anti-competition activities and monopoly practices and their outcomes	6.6, 6.6.5, 6.6.7		○	
SO8	Total number of fines and non-monetary sanctions for noncompliance with laws and regulations	6.6, 6.6.7, 6.8.7		○	
SO9	Operations with significant potential or actual negative impacts on local communities with laws and regulations			N/A	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities			N/A	
Product Responsibility Indicators					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services ategories subject to such procedures	6.3.9, 6.6.6, 6.7, 6.7.4, 6.7.5		N/A	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle			N/A	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.9	25	●	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information		70	●	
PR5	Activities related to client satisfaction, including results of surveys measuring client satisfaction	6.7, 6.7.4, 6.7.5, 6.7.6, 6.7.9	70	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	6.7, 6.7.3, 6.7.6, 6.7.9	70	●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship		70	●	
PR8	Total number of substantiated complaints regarding breaches of client privacy and losses of client data	6.7, 6.7.7	70	●	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	6.7, 6.7.6	70	●	

Independent Assurance Statement

Introduction

DNV GL Business Assurance Korea Ltd. (hereinafter "DNV GL BA Korea") is commissioned to carry out the assurance engagement of the 2013 Sustainability Report (hereinafter "the Report") of Cheil Worldwide Inc. (hereinafter "Cheil"). This engagement focused on the information provided in the Report and the underlying management and reporting processes. Cheil is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL BA Korea's responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. Cheil's stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data from the calendar year 2013. The scope of DNV GL BA Korea's Assurance Engagement includes only for operations under control in Korea the review and assessment of followings:

- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS) 2008 with a moderate level of assurance and Type 1 as stated in AA1000 Assurance Standard (AS) 2008
- Review of the extent to which the principles and requirements of the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting (GRI G3.1) are reflected in the Report
- Visit to Cheil Head office in Seoul, Korea in April 17 2014

Limitation

The engagement excluded the sustainability management, performance and reporting practices of Cheil's suppliers, contractors and any third-parties mentioned in the Report. DNV GL BA Korea did not interview external stakeholders as part of this Assurance Engagement. Any financial information from Cheil's annual report and company reporting on operations in 2013 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for the verification. DNV GL BA Korea expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Assurance Statement.

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the DNV GL BA Verification Protocol for Sustainability Reporting (VeriSustain™ V.4.1) and AA1000AS (2008). As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In accordance with the Protocol, the Report was evaluated with regard to the following criteria: DNV GL BA Korea has examined and reviewed documents, data and other information made available by Cheil. We acquired the information and technical data from the certified management systems. We performed sample-based audits of:

- The process for determining the materiality of the contents to be included in the Report:
- The process for generating, gathering and managing the quantitative and qualitative data included in the Report
- The accuracy of data verified
- Checked that the Report fulfills the requirement of GRI Application Level

Conclusion

In DNV GL BA Korea's opinion, the Report provides a reliable and fair representation of Cheil's policy, practices and performance in 2013. Based on the work undertaken as part of this Assurance Engagement, DNV GL BA Korea believes that the Report generally meets the principles, content and quality requirements of GRI G3.1. We have evaluated the Report's adherence to the AA1000APS (2008) principles:

Inclusivity: Cheil has engaged with a wide range of stakeholders on the sustainability issues. The stakeholder engagement is practiced throughout the organization. The Report covers the ways it engages with stakeholders. The documented process of stakeholder engagement is confirmed in the report. 5 Stakeholder groups, Clients, Local communities, Employees, Suppliers and Shareholders are identified. Material issues with respective stakeholders are stated in the Report.

Materiality: The materiality determination process is clearly presented in the Report. Inputs from a wide range of sources are considered including global standard analysis, global company benchmarking, media analysis, internal documents analysis, survey and interviews. Therefore, the material issues are identified and prioritized based on the stakeholder's opinion.

Responsiveness: Stakeholders' views, interests and expectations are considered in the preparation of the Report and in formulation of Cheil's sustainability management approach. The Report meets the principle of Responsiveness in general. The Report needs to provide more detailed information with regard to how the material issues disclosed in the previous

report were managed and what performance were resulted from the sustainability management during the reporting period. Cheil is recommended to set objectives corresponding to respective material issues and regularly monitor and measure the performance.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to Cheil's management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

Improve stakeholder engagement and materiality determination process

- When analyzing the survey, the influence of stakeholders should be adequately considered and materiality determination process should be implemented transparently
- The issues identified from a year-round stakeholder engagement process (communication channel) should be integrated into the materiality determination process
- For comprehensive stakeholder engagement, the mid- and long-term aspects of material issues can be derived
- Materiality determination process should be systemized to implement consistently

Materiality determination process should be designed to align with the process for organizational decision making and strategy development Set up the data gathering guideline and enhance the accuracy of data

- Introduction of systematic process for data collection, analysis and reporting process
- Set the criteria to consistently generate data for each index Perform the internal audit on data control process and reported data to ensure the accuracy and reliability of information (in accordance with the management system)

Establish reporting framework for constant issuance of report

- It is necessary to develop its own reporting framework and procedure along with making effective use of global guidelines and external consultancy, in case the responsible for publishing the report changes

Statement of Competence and Independence

DNV GL BA is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL BA Korea was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL BA Korea maintains complete impartiality toward stakeholders interviewed during the verification process.

June 2014
Seoul, Republic of Korea

In-Kyoon Ahn
Country Manager



Note: Assurance engagement was conducted based on the Report written in Korean. In the event of ambiguity or contradiction in the Report between English version and Korean version, Korean one shall be given precedent.

Greenhouse Gas Inventory

Introduction

DNV Certification, Ltd. ("DNV") was commissioned by Cheil Worldwide Inc. ("Cheil Worldwide") to verify the Cheil Worldwide's Greenhouse Gas Inventory Report for the calendar year 2011~2013 ("the report") based upon a limited level of assurance. Cheil Worldwide is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004 and the principles set out in ISO 14064-1:2006. Our responsibility in performing this work is to the management of Cheil Worldwide only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions):

- Reporting period under verification: Calendar Year 2011~2013
- Organizational boundary for reporting

Organizational Boundaries	Address / Remark	Verification activity
Headquarter	222, Itaewon-ro, Yongsan-gu, Seoul, 140-739, Korea	Desk Review, Site visit, and Data Verification

Verification Approach

The verification has been conducted by DNV from 5th March through 24th March 2014 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a limited verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process:

- We have reviewed and verified the Cheil Worldwide's GHG inventory Report (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions data set out in Cheil Worldwide's report are not fairly stated. The GHG Emissions of Cheil Worldwide for the year 2011~2013 were confirmed as below;


Greenhouse Gas Emissions of Cheil Worldwide Inc. from Yr 2011~2013 (Unit: ton-CO₂ equivalent)

Cheil Worldwide Headquarter	2011	2012	2013
Direct Emissions	759	1,029	940
Indirect Emissions	1,244	1,401	1,376
Total Emissions	2,004	2,430	2,361

* In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 tCO₂


* Total emissions = Scope 1 + Scope 2 + Scope 3

24th March 2014



Tae-Ho Kim
Lead Verifier

In-Kyoon Ahn
Country Manager
DNV Certification, Ltd.



This Assurance Statement is valid as of the date of the issuance (24th March 2014). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of Cheil Worldwide Inc. is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

About this Report

2013 Cheil Worldwide Sustainability Report is the first report on sustainability management by Cheil Worldwide and has been prepared in accordance with G3.1 Guidelines of GRI (Global Reporting Initiative).

Duration of the Report

This Sustainability Report focuses on its operations and performance from January 1, 2013, to December 31, 2013. In order to show the trends of time series, information and data from the previous three years (January 2011 - December 2013) have been leveraged. Some of the data contains information up to April 2014.

Significant Change that Occurred During the Reporting Period

No critical change was witnessed during the reporting period in terms of Cheil Worldwide's corporate size, organizational structure, and ownership structure.

Reporting Scope and Boundary

This Sustainability Report deals with Cheil Worldwide's operations and performance achieved in Korea and the contents are limited to the activities by Cheil Worldwide. In an effort to accurately deliver the findings, it includes a brief description of ethical management activities at overseas branches and the six subsidiaries acquired up to now (TBG, Bravo Asia, BMB, COT, McKinney, and One Agency).

Third-Party Validation

To ensure objectivity and fairness of this Sustainability Report, a credible third-party with expertise in the business but not affiliated with Cheil Worldwide, validated this Report. Refer to pages 80 and 81 for validation results and comments.

How the Report Is Created

This Sustainability Report is focused on how "ideas," which are Cheil Worldwide's key competitive edge, can enhance society's sustainability. Dividing the Report into Business, CSV, and Sustainability, the Report addresses Cheil Worldwide's economic, environmental, and social activities, as well as their outcomes in a systematic way with an emphasis on completeness, accuracy, and the right balance.

Cheil Worldwide's Communication Channel

Details regarding Cheil Worldwide's sustainability management can be found on the website and corporate magazine. In addition, a variety of communication channels such as social network services (SNS) is available, including a blog and Twitter.

Website: www.cheil.com
 Investor Relations: ir.cheil.com
 Facebook: www.facebook.com/CheilWorldwide
 Twitter: twitter.com/cheilworldwide
 Blog: cheilblog.com
 YouTube: www.youtube.com/Cheilworldwide

For any comments or inquiries, please contact the Sustainability Management Center of Cheil Worldwide.

**Sustainability Management Center,
Cheil Worldwide**

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This Sustainability Report has been printed on forest management-certified environmentally friendly paper using soy ink.



