

**Ideas
that
Move**

**Sustainability
Report
2014-2015**

Cheil

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Report
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Ideas that Move



Cheil Worldwide is moving forward to become a Global Marketing Solution Company driven by the Sustainability Framework

Cheil Worldwide aims to reach higher by making a 'Moon Shot Move' with new level of creatives and ideas.



Dear Stakeholders,

2014 was a significant year for Cheil Worldwide as we were recognized both internally and externally for our achievements in sustainable business. In July 2014, Cheil was the first agency to publish a sustainability report in the industry, which reaffirmed our leading position not just in advertising business but also in sustainability management. Cheil Worldwide will continue to communicate with all interested parties, and will strive to serve as the role model of sustainability management in advertising industry.

In September 2014, Cheil was named to the Dow Jones Sustainability Index (DJSI) for the first in domestic ad market. With the recognition from one of the most influential global sustainability benchmarks, Cheil was able to demonstrate its sustainability performance that meets global standards. Cheil created the Good Company Solution Center(GCSC) to continuously generate shared value for customers and the society. As one of our signature program, we launched the 'Univoca(South Korean North Korean translator) application in March to resolve language barrier of students who defected from North Korea. This moved the hearts of many Koreans who still feel the pain of tragic division in the country and the program won a Bronze at the Cannes Lions.

Cheil Worldwide set the 2015 business principle as 'Moon Shot Move' and has been striving to become a global marketing solution company. Our network offices, including China and UK, are working closely with Seoul HQ in the lead, while fulfilling their role in each region, to target the entire global market. Cheil promotes collaboration between headquarters, overseas network and partner companies and works hard to develop new business. Beyond Cheil Project, an internal idea competition, was held last year which led to actual performance and organization of Beyond Cheil Division.

Cheil will aim to provide a distinctive solution with our leading competitiveness, new and exceptional creatives, and problem solving capabilities. Cheil will make a leap forward to a new level like the Apollo 11 that escaped the Earth with stronger propulsion than the gravity. We would like to ask for your continued interest and support in cheil's relentless pursuit of challenges and sustainable growth.

Thank you.

President & CEO,
Cheil Worldwide Inc. **Daiki Lim**

Global Highlight

Cheil Worldwide is expanding as a global marketing solution company with platforms beyond Korea. Stable business bases are being secured through global networks across the globe, while mutual synergy is maximized through collaboration.



Scaling up world revenue

In 2014, Cheil Worldwide's revenue doubled through the acquisition of overseas projects, worth over USD \$100,000, with global players such as Coca Cola and Disney.

Strengthening its market presence in China

In 2014, thanks to its increased competencies in the international market, Cheil Worldwide has achieved excellent results by ranking first in revenue in the overseas single business area. The company has additionally garnered outstanding outcomes by hiring top talent and further expanding its scope of business.

Securing competencies through M&As

Cheil Worldwide's acquisition of Iris - a globally integrated consumer marketing firm in the U.K. - has enabled the company to secure a global competitiveness which encompasses the overall consumer marketing fields, including the devising of marketing strategies and campaigns in retail stores.

Establishing a network for emerging markets

As of 2015, Cheil Worldwide has formed a broad global network of 48 offices in 41 countries, driven by advances into emerging markets such as Africa, Latin America and the Middle East.

Offering innovative marketing solutions

Cheil Worldwide prides itself on identifying global trends wherein consumers prefer to recognize products through experiences, and subsequently provides innovative concepts such as Center Stage, a new distribution marketing solution.

Cheil Worldwide's subsidiary in China focuses on diversifying advertisers and reinforcing its presence in the world's second-largest market. Cheil Worldwide anticipates a rise to one of the top three agencies through preemptive market entry fueled by preparation for new services such as social media, digital services, and e-commerce.

Securing new clients

KKBox

Cheil Hong Kong

The online Taiwanese music site KKBOX is ranked No. 1 in Hong Kong for music downloads. Cheil Worldwide's Hong Kong office, Cheil Hong Kong, was honorably selected as agency representative for KKBOX, despite challenges from global leading competitors.

Disneyland Hong Kong

Cheil Hong Kong

Winning its pitch against top-notch agencies, Cheil Hong Kong was recently appointed as Disneyland Hong Kong's IMC partner. The company was driven by strategic planning combined with excellent and creative ideas to achieve this goal. Over the next two years, Cheil Hong Kong plans to increase the influx of overseas visitors by marketing to tourists.

Winning in advertising festivals

ROI Festival

Cheil Greater China

Cheil Greater China was awarded the Best Creative Agency of the Year at the 2014 ROI Festival, which is China's largest advertising festival. Additionally, Cheil Greater China won the highest number of prizes, the total amounting to 14 awards, including 8 Golds against both local Chinese firms and global advertising companies.

China International Ad Festival

Cheil Greater China

The International Ad Festival is one of the top two representative festivals in China. In 2014, Cheil Greater China won 28 prizes, including two Grand Prize awards. The company was also given top accolades in the following categories: Advertiser, Creative, Digital, and Campaign.



Innovative Solutions

Donate Your Sense

Cheil Greater China

Client : Sense International

Award : Cannes Young Lions _ Gold

This campaign was designed to generate interest in a British organization named 'Sense International' which sponsors people with hearing or visual disabilities. Under the 'Donate Your Sense' campaign, once the word 'sense' is included in text typed on a smartphone screen the word is underlined. Once the word is clicked, it links to the 'Sense International' website. This campaign has been effective in enhancing awareness among youth in sponsoring people with hearing or visual disabilities.

Please Take Me Home

Cheil Greater China

Client : Soargon

Award : Spikes Asia _ Silver, Bronze

Dementia has topped the social agenda as Korea has now become an aging society. Cheil Greater China has launched a campaign with Soargon, a shoemaker to prevent dementia patients from getting lost. A free GPS chip is embedded in shoes and linked to a mobile app and SNS, thereby helping the elderly with dementia to find their house when they are lost. This campaign raised awareness about caring for and respecting the elderly in this hectic modern world.

Judas

Cheil Hong Kong

Client : Stabilo

Award : 2014 Spikes Asia _ 2 Bronze
2015 Adfest _ 2 Bronze

Cheil Hong Kong created a campaign to creatively display the functions of Stabilo, a highlighter. Contrasting effects were generated by highlighting a particular portion (Juda's betrayal of Jesus) of the Bible in a black-and-white version, directing the public's attention to this section. The campaign was able to convey a unique message by combining the well-known highlighter function with the Bible story.



As of 2014, Cheil Worldwide has secured global network offices in 13 European countries as part of its continued network expansion plan in the region. Among those included in this system are the U.K., Germany, the Czech Republic, France, and Spain. In an effort to target the European market, Cheil Worldwide will strengthen its brand for clients by presenting marketing solutions covering above the line, digital and retail.

Securing new clients

Wickes

Iris Worldwide

Iris plans to remodel and increase the scale of its brand communication to transform Wickes into a leading name in interior design.

Heineken

Cheil UK

Cheil UK is now in charge of new product communication strategies and creative ideas for Heineken.

Lufthansa Airlines

Cheil Germany

Cheil Germany was selected as a digital partner of Lufthansa Airlines to take part in the digital application platform business.

Deutsche Bahn

Cheil Germany

Cheil Germany is in partnership with Duetsche Bahn, a German railroad company, to engage in its digital platform business, developing smartphone application for the disabled.

Award-Winning Advertising

iF Communication Design Award

Cheil Germany

Cheil Germany won a Gold at the iF Communication Design Awards on mobile application developed for Deutsche Bahn that provides traffic information.

New Media Award

Cheil Germany

Cheil Germany's 'Slow Down Dad' campaign is a speed limit application in sync with the audiobook library which alerts the driver when the car exceeds the speed limit by fast forwarding the audio, making it difficult for the child to follow the story. This campaign won a Bronze for the Best Use of Creative Technology.

Cannes Lions International Festival of Creativity

Cheil Poland

The 'Very Good Manners' campaign by Cheil Poland was awarded a Silver in Media and a Bronze in PR at the Cannes Lions International Festival of Creativity.

Cheil Spain

The 'Smart Toy' project by Cheil Spain won a Bronze in Mobile at the Cannes Lions International Festival of Creativity.

Innovative Solutions

Just ROO it !

Cheil Germany

Client : KangaRoos

Award : Ad Stars _ Silver

'Just ROO it' is a campaign of a sports brand KangaROOs. The campaign conveys the message to rediscover the genuine joy of running as runners these days are more concerned about their heartbeats or distances measured using advanced digital devices as they exercise. 'Just ROO' believes that the joy of working out cannot be measured digitally but must be experienced as a full body sensation. This campaign conveyed a sense of empathy and garnered praise.

Simon the Ogre

Beattie McGuinness Bungay

Client : Tomson

Award : Cannes Lions _ Silver

A campaign for the travel agency Thomson, Beattie McGuinness Bungay (BMB), a UK partner company of Cheil Worldwide, told the story of a male breadwinner from a banal family stressed out from his responsibilities and dulled by everyday life. In the campaign, the father first appears as a fatigued monster-like creature, and then turns into a human being after having a vacation with his family. The campaign communicates on the true value and importance of a journey, with the underlying message that having a vacation is essential in life.

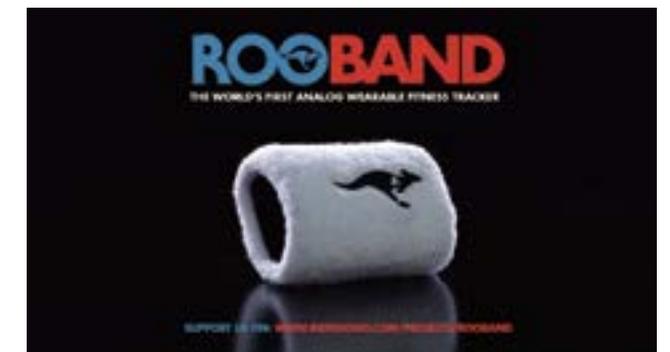
Life in Every Pixel

Cheil UK

Client : Samsung Electronics

Award : Clio Awards _ Bronze
New York Festivals _ 2 Third

The 'Life in Every Pixel' campaign refers to the outstanding technology of Samsung OLED TV, and implies that life is embedded in each and every pixel. The campaign showcases Samsung OLED TV's details, vividness, and color tones to consumers in scenes where pixels made of organic, light-emitting diodes evolve into a complicated living species and then roam and float across the screen in various colors and living organisms.



Cheil Worldwide is continuing its successful trajectory into the Americas using seamless localization strategies. In 2014, partner company McKinney succeeded in adding globally-acknowledged brands to its client list, including ESPN, the largest North American sports channel, and Crocs, a global shoes brand. Cheil Worldwide's marketing caliber was reaffirmed by winning a Silver at the Effie Awards.

Securing new clients

Crocs

McKinney

McKinney developed Crocs account, a brand that sells more than 100 million pairs of shoes in a year. McKinney will take the lead in rebuilding Crocs' brand positioning and communication strategies. McKinney hopes to expand the business into remodeling retail shops of Crocs in the future.

ESPN

McKinney

McKinney was additionally selected as a new campaign partner for launching SEC Network of cable sports channel ESPN. McKinney will build and execute campaign strategy that covers both online and traditional media including TV, and newspaper.

Advertising Festivals Awards

Effie Award

McKinney

McKinney won a Silver for the beer company Big Boss' 'The Last Bar Fighters' campaign. McKinney was inspired by the arcade game that was popular in the past to combine the idea of beer dispenser with arcade game.

Innovative Solutions

Sherwin-Williams Color Chip

McKinney

Client : Sherwin-Williams

In the 2014 Sherwin-Williams 'Color Chip' campaign, images from a kaleidoscope were used to demonstrate the moment when people scrutinize the colors printed on color chips before starting a painting project. In addition, Sherwin-Williams received raving reviews by consumers for developing an application which analyzes the colors in a consumer's personal photo to create a chip card with Sherwin-Williams colors.

Let Your Ears Be Loved

McKinney

Client : Sennheiser

German audio company Sennheiser, which provides the highest quality sound to consumers, launched the new headphones brand 'Urbanite' which conveys the fundamental value of experiencing the finest sound. McKinney promoted the campaign 'Let Your Ears Be Loved' on and offline, and thus displayed that headphones can enlighten the ear through unique and humorous situations.

Cheil Worldwide proposes integrated marketing solutions for clients in South Asia. Its employees pledge their best efforts to achieve 'Ideas that Move' in fields such as digital engagement, media, creative content, experiential marketing, and shopper and retail solutions.

Securing new clients

TIMEX

Cheil India

Cheil India developed a new account with Timex Group and was tasked with reinvigorating visual merchandising for the renowned American luxury watch brand. Cheil India plans to expand the scope of work to retail business in the future.

SingTel

Cheil Singapore

Cheil Singapore successfully attracted SingTel, Singapore's largest telecom operator, as a new account and will hereafter reinforce SingTel's social media presence.

AIA

Cheil Taiwan

AIA, a multinational insurer, appointed Cheil Taiwan as its integrated marketing service agency to cover branding TVC and digital marketing.

Advertising Festivals Awards

Asian Retail Congress Award

Cheil India

Cheil India's 'Tap3 Showcase' campaign won the Impactful Retail Design & Visual Merchandising award at the 2014 Asian Retail Congress Awards, and the 'Galaxy Note3 & Gear Window Display' campaign was awarded the Innovative Retail Concept of the Year.

Innovative Solutions

Safer City

Cheil India

Client : Halonix

Award : Spikes Asia _ Bronze

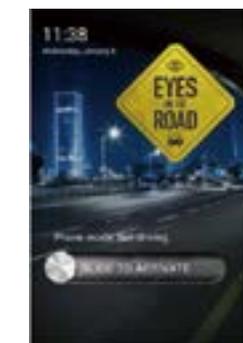
Along with Halonix, a lighting device maker, Cheil India installed billboards in locations selected by citizens via SNS to serve as street lights at night to make dark streets in New Delhi brighter and safer. The 'Safer City' campaign offered benefits to 1.7 million residents at 1,167 various sites.

Eyes on the Road

Cheil Singapore

Client : Samsung Electronics

The 'Eyes on the Road' campaign gained global attention as a smart application to spread the culture of transportation safety by removing any interferences or distractions for car drivers.



Cheil Worldwide is reaching out to regions such as the Middle East and Africa that are not widely explored in the advertising market. Under the global strategy of 'localization,' the company offers one-stop services to local advertisers while pursuing ideas that move consumers, brands, and markets by recruiting competent local personnel.

Securing new clients

du

Cheil UAE was appointed as the agency to execute experiential marketing for du, the UAE's state-owned telecommunications provider. The UAE's largest advertiser has asked Cheil to cover exhibitions, events and promotion. Development of du as a new account will trigger Cheil UAE's expansion of business into ATL, digital, and retail and thus raise its brand recognition in the region.

Coca Cola

In partnership with Coca Cola, Cheil UAE has conducted diverse social marketing via Facebook and Instagram for the third season of Coke Studio, a music-oriented show aired on the largest broadcasting network in the Middle East, MBC. In line with the show's objective to gain mutual understanding of cultures through the exploration of Arabian and pop music, the campaign showcased collaboration between artists while using Middle East-oriented content.

Innovative Solutions

Hala B Hali

Cheil UAE Client : Samsung Electronics Samsung Electronics featured this campaign during the Ramadan period in the Middle East. It was executed by Cheil UAE as a social campaign to awaken people to the value of family. The campaign featured a family photo captured long ago using conventional film which was then converted to digital canvas.

Galaxy S5 Super Selfie

Cheil UAE Client : Samsung Electronics This campaign adopted the current popularity of taking a selfie to communicate on Samsung Electronics' Galaxy S5's advanced camera features and lifestyle. Users were encouraged to upload unique selfies on a website and popular selfies were chosen to be featured on the billboard in the main the street of Dubai, which created lots of buzz marketing.



Cheil Worldwide has strived to raise consumer awareness of its local brands since its entry into the CIS region. Cheil Worldwide serves prestigious advertisers including Samsung Electronics, GM, Coca Cola's Dobry Juice, Hankook Tire, and Orion. A variety of marketing specialists provide differentiated solutions in ATL, digital, brand, and retail experience.

Securing new clients

GM 'RAVON'

Cheil Russia Cheil Russia was selected as a brand strategy consulting partner for the soon-to-be-launched brand 'RAVON' by GM.

Coca Cola 'Dobry'

Cheil Russia Securing Coca Cola's 'Dobry' as a new account is a direct result of Cheil Russia's superb solution competencies and outstanding creativity. Cheil Russia will support all the creative fields of Dobry brand as a strategic creative partner.

VTB24

Cheil Russia Cheil Russia was chosen as a partner in the visual creative field for VTB24, Russia's second largest bank. Cheil Russia will be responsible for all creative visuals including print advertisement, digital banners and outdoor advertisements.

Innovative Solutions

Youth Project (Samsung Galaxy A series)

Cheil Russia Client : Samsung Electronics This campaign, targeting youths aged 18~24, successfully promoted Samsung's Galaxy A series with the endorsement of target-specific celebrities and a Galaxy song. Platforms were created using both digital and promotional contact points in which celebrities and consumers collaborated on the creation of music clips. These interactions maximized the participation of target consumers, resulting in 600,000 visitors to the website, 1.3 million views of the music video, and 150,000 consumer-produced UCCs.



Award

Achievements in Advertising Awards in 2014

Cheil Worldwide made great achievements in leading international advertising awards in 2014. Cheil won six Lions and one Gold in the Young Lions at the Cannes Lions International Festival of Creativity. Cheil Worldwide was the only Korean agency to have won these prizes, proving its competencies as a global company for seven consecutive years. Other accolades include nine wins at the CLIO, and 10 awards in Spikes Asia.

Invisible People

Cheil HQ
 Client : UNHCR
 Award : Cannes Lions _ 2 Bronze
 Ad Stars _ Grand Prix, 2 Gold, Silver, 4 Bronze
 Spikes Asia _ Silver
 AdFest _ Silver, Bronze

This campaign was designed to raise public awareness on the suffering of global refugees. The exhibition, organized by the Seoul Office of the United Nations High Commissioner for Refugees (UNHCR), depicted the daily agony of refugees using scanning and 3D printer technologies. Video footage of their daily lives was played to touch the hearts of spectators.

Smart Toys

Cheil Spain
 Client : Samsung Electronics
 Award : Cannes Lions _ Bronze
 Cheil Worldwide developed a solution called 'Smart Toys' to strike a balance between the hi-tech world and the well-being of children. The amount of time a child spends playing with Smart Toys is recorded and sent to an app in the Tab through an imbedded chip. Thus, children are allowed to use their Tab for an equal amount of time they spent on Smart Toys. This enables parents to keep track of the time their child plays actively and ensure that they stay healthy.

Alfred the Mobile Photographer

Cheil UK
 Client : Samsung Electronics
 Award : Clio Awards _ Silver
 Alfred has become a world-renowned mobile photographer using his Galaxy S3 smartphone to take pictures of people who feel less reluctant being photographed on the phone. His story was produced as an online film instead of a conventional campaign which was soon shared by people across social media. It has significantly led to increased participation in an online talent discovery program held in many countries titled 'Launching People.'

The Light Bag

Cheil India
 Client : Salaam Baalak Trust
 Award : Spikes Asia _ 4 Bronze
 The key concept was to reach out to the children in slum district without spending additional money or resources. The campaign produced a schoolbag containing photovoltaic panels and LEDs, which are cost-efficient and self-sufficient. The bag recharged during the child's commute to school then provided light during evening studies at home. In providing a light source for children, this bag brightened their commitment to learning.

Signature Bottle

Cheil Greater China
 Client : Aershan
 Award : Ad Stars _ Gold, 4 Bronze
 Ad Fest _ Innova Lotus, 2 Silver
 Unfinished water bottles are usually thrown away at the end of any big events because it is difficult to tell who owns which bottle. Cheil Greater China painted a layer of coating on the label that could be easily scratched off to resolve this issue. People were able to use their finger to mark their bottle however they wanted, making each bottle unique and easy to distinguish. This minute label alteration reduced severe wastage unfinished water bottles and enhanced brand recognition among consumers for its efforts in sustainability.

2014 Domestic and International Awards

Domestic	International	Total
29	119	148

(Unit: Number of prizes)

Achievements in Major Advertising Awards in 2014

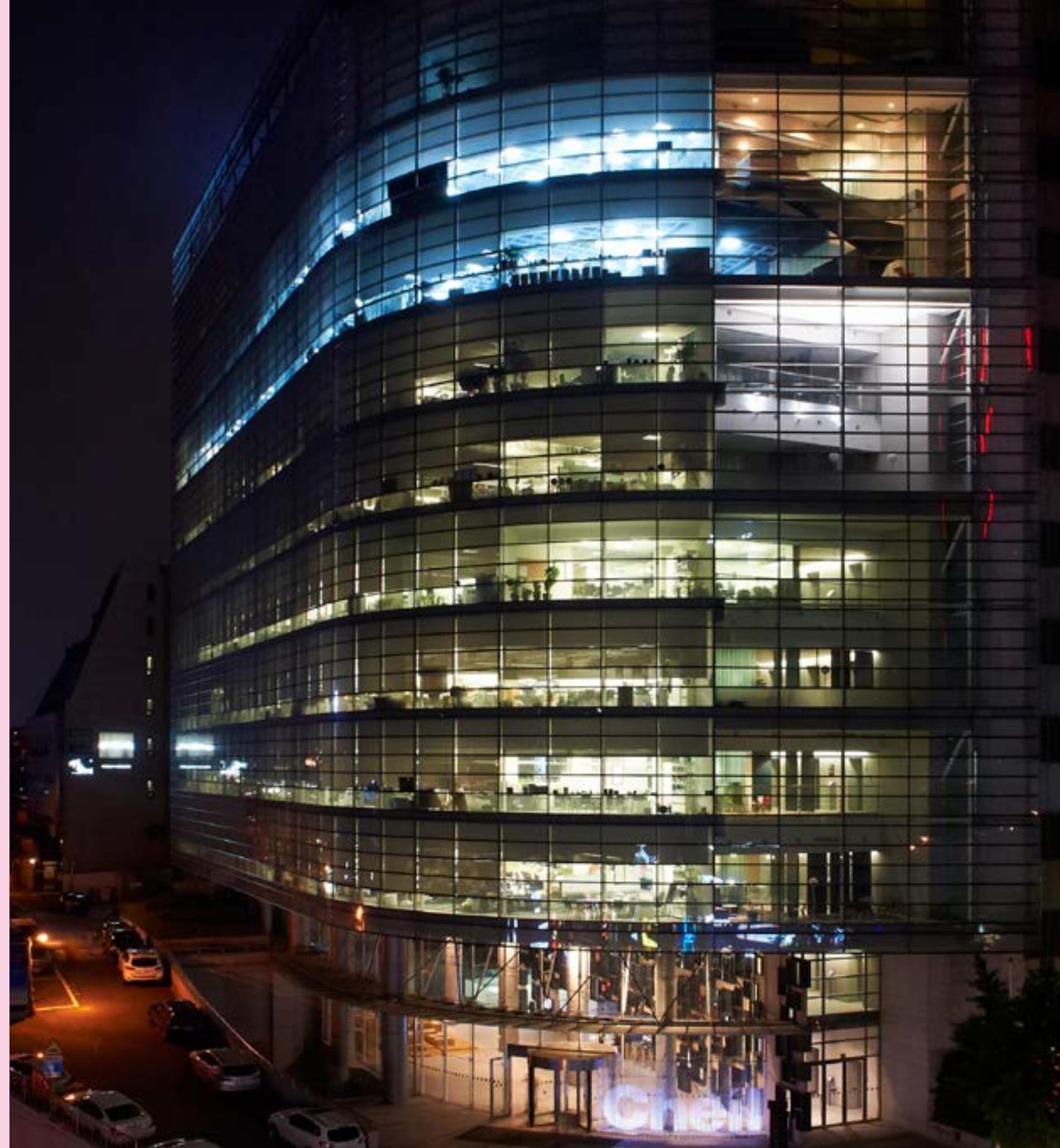
Cannes	Gold*	1
	Silver	2
	Bronze	4
Clio	Silver	3
	Bronze	3
Spikes Asia	Silver	2
	Bronze	8
Ad Fest	Silver	1
	Bronze	1

* Young Lions Gold Medal (Unit: Number of prizes)



Business Platform

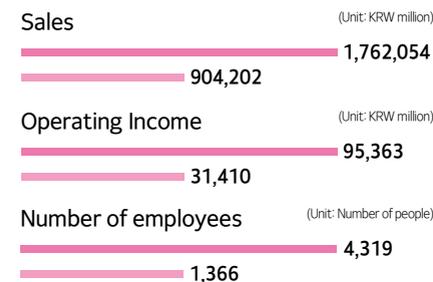
Creative ideas exclusive to Cheil Worldwide move consumers and markets, thereby bring success to our clients. Furthermore, They resolve clients' issues and offer invaluable lifestyles and cultures to consumers and society at large. Cheil Worldwide will present the best practices with critical responses in this rapidly changing market.



Financial Achievements

2014 was a challenging year for Cheil Worldwide amid the prolonged economic downturn at home and abroad. However, development of wide-ranging advertisers in major global markets such as the Americas and China with accumulated 40 years of marketing know-how, helped minimize potential aggravations of Cheil Worldwide's management performance. Cheil is putting forth its utmost efforts to provide optimal solutions to our clients amid global uncertainties.

2014 Global Performance ■ International ■ Domestic



Analysis of Financial Indicators

Growth Potentials and Profitability

Total operating income increased 6.6% while total assets grew 8.2%. This resulted from increased cash and short-term financial instruments of approximately KRW 180 billion year-on-year. Despite economic downturn in 2014, operating margin was same as last year at 4.8% and Cheil was able to maintain short term profit at the same level as last year by decreasing expenses.

Stability and Liquidity

Cheil Worldwide's debt ratio in 2014 significantly dropped from 155% to 109% year-on-year. The liquidity ratio soared to 168% from 137% the previous year. Despite market uncertainties, financial stability was further improved and the company is capable of meeting financial challenges even amidst prolonged economic depression.

Consolidated balance sheet

	2014	2013
Current assets	1,523,221,690,313	1,343,932,024,684
Non-current assets	320,630,413,331	360,598,943,832
Total assets	1,843,852,103,644	1,704,530,968,516
Current liabilities	904,851,128,370	983,075,244,137
Non-current liabilities	56,311,153,547	52,895,504,869
Total liabilities	961,162,281,917	1,035,970,749,006
Total shareholders' equity	882,689,821,727	668,560,219,510

Consolidated income statement

	2014	2013
Sales	2,666,255,721,566	2,709,281,436,375
Cost of Sales	1,873,404,072,435	1,965,682,325,880
Revenue (Gross Profit)	792,851,649,131	743,599,110,495
SG&A	666,079,151,714	613,612,521,930
Operating Income	126,772,497,417	129,986,588,565
Income before income taxes	140,098,812,190	138,572,890,822
Net income	102,022,308,936	102,269,218,895

Business Field

Cheil Worldwide has built robust marketing in digital and media to provide distinctive creative and optimized brand experience based on its 40 years of experience and abundant know-how. Driven by these core competencies, Cheil Worldwide offers innovative and pragmatic marketing solution services beyond clients' needs in diverse fields such as campaigns and digital.

Campaigns

As clients and brands develop different communicating strategies with customers, Cheil Worldwide is committed to conveying clients' brand values with preemptive campaign strategies and solutions.

Digital

Cheil Worldwide presents integrated solutions encompassing various media including online, mobile and social. The company is boosting its competitiveness in digital marketing; for example it has been ranked third in the YouTube Creative Agency list released by YouTube in 2014.

Marketing Services

Cheil Worldwide provides various forms of marketing services in addition to campaign strategies. In 2014, the company spearheaded effective marketing by sponsoring international sporting events including the Olympics and Asian Games.

Strategy

Cheil Worldwide accurately analyzes markets, trends and consumer needs, identifies insights and offers optimal solutions.

Creative

Cheil Worldwide's creative minds foster new and intriguing ways to touch the hearts of markets and consumers. Its distinctive ideas transcend media boundaries and enhance the value of clients and brands.

Digital

Cheil Worldwide is pursuing digital solutions which enable real-time communication. To this end, the company is running integrated digital marketing platforms crossing the limits of media boundaries.

Experiential

Cheil Worldwide provides optimized brand experience that converges online and offline based on broad range of data and field experience on consumer behaviors and experiences.

Media

Cheil Worldwide discovers optimized media solutions to address all consumer points of contact, including digital media, retail, and events. The company delivers client satisfaction with pragmatic media solutions in rapidly changing marketing situations.

As a global marketing company, Cheil Worldwide implemented many strategies in 2014 to enhance its competitiveness. The company is responding to the changing marketing environment through cross-field collaboration, as well as alignment of its organization into solution and service divisions. Multifaceted solutions address complicated and sophisticated issues, especially in retail, digitization, and data.

Focal Areas of Marketing

Retail

Cheil Worldwide offers retail marketing solutions according to client requirements based on sufficient know-how in Korea and beyond, as well as understanding of consumers' purchasing behaviors. The company develops optimized, customized strategies throughout the entire marketing segments ranging from store design, production, and operation with the help of its global networks in over 40 countries.

Digital

Cheil Worldwide pursues digital solutions where clients' brands are able to communicate with consumers in the digital world. Thus, the scale of its digital convergence competencies is augmented to where creative ideas and cutting-edge technologies are combined. The company, driven by an optimal mix of creative minds and wide-ranging media, offers pragmatic know-how by developing digital marketing platforms to resolve issues.

Data

As a resource, data in the digital era is as important as crude oil was in the past. The quality of solutions and marketing results will differ depending on the amount and methods of data collected. Cheil DnA Center conducts multifaceted approaches and analyses by proprietarily establishing digital consumer panels and social media analysis systems to understand rapidly changing markets and consumers. Cheil Worldwide offers creative strategies to appeal to the ever-changing preferences of consumers.

Retail Solutions

Cheil Worldwide offers customized retail solutions that are optimized for client and brand concepts. The company reviews broad shopper insights, reflects upon the values pursued through products and brands then uses this data to establish a store identity and product display designs. In-store promotions are planned and executed through online and offline communication designs and content production aligned with digital media. Cheil Worldwide will continuously develop differentiated competencies to secure dominance in the field of global marketing.

RX Design Techniques

Cheil Worldwide proposes RX design techniques where consumers can make purchases in stores by analyzing their RX (Retail eXperience). The company develops solutions to stimulate consumers' purchase behaviors by collecting and analyzing information such as products, people, and numbers then contemplates why targeted brands exist and what values they could bring to consumers. The company builds up consumer data through various technologies, scientifically measures the data, and consequently devises techniques to appeal to consumers. Maximum efforts will be extended to provide optimal RX solutions.

Beijing's Samsung Galaxy Lifestyle Store

Cheil Worldwide proposed the creation of optimized flagship spaces for the Chinese to experience Galaxy's distinctive technologies and services. The company enhanced brand awareness among consumers in China by having differentiated designs from the existing stores, planning and designing interactive media and customized experiential programs, and developing store promotions and management strategies.

Managing the Setup of B2B EBC (Executive Briefing Center)

Samsung established B2B2C projects as its future management strategies. Accordingly, Cheil Worldwide set up the Executive Briefing Center (EBC), a B2B retail space which supports its management. Cheil Worldwide has transferred guidance on introducing and managing a new global EBC, and has provided retail solutions to facilitate B2B projects.



Digital Solutions

Interactive Communication

Consumers in today's world respond to interactive communication with brands, searching for compelling experiences they can relate to. Cheil Worldwide contemplates advanced UX solutions to increase product appeal and technological prowess. Instead of offering mere purchasing experiences to the consumer, the company sets an ecosystem between brands and consumers, selects significant information among users' data with data-driven solutions, and offers special values aligned with the brands.

Creative Technology

Cheil Worldwide researches measures to combine technologies and creativity in order to provide the most emphatic brand experiences. Campaigns that are necessary for clients are created by applying ideas to innovative product experiences and creative media platform technologies.



Smart Mirror

At the Samsung Smart Lounge at the CES in 2014, Cheil Worldwide adopted the Smart Mirror UX system. Under the UX-based solution, an entrance ticket can be tagged onto the Smart Mirror for authentication, which is followed by an eye-grabbing interaction and a pleasing message to ease potential reluctance among users. Information regarding various visitors is collected and analyzed to offer insights regarding user profiles.

Connected Wear

Cheil Worldwide waged a campaign in the form of the Internet of Things (IoT) which touches the emotions of consumers through a creative combination of technology and clothing. The 'Connected Wear' is a jacket intended for a couple who are connected through their smartphones and blue tooth. This concept provides a much-needed communication solution for a couple who are distant from each other, enabling them to share their daily life and emotions through clothing.

Data Solutions

DnA Center

Clients demand solutions that enable and encourage consumers to experience and purchase their brands. Successful marketing requires a prompt and accurate understanding of consumer behaviors. Cheil Worldwide's DnA Center is an organization which specializes in data science and offers data analysis solutions in the form of mega data to drive clients' successful business and raise their ROI. Seeking to accurately understand the rapidly transforming market and consumers, Cheil Worldwide has proprietarily established its digital consumer panels and social media analysis systems to collect and analyze data. Real-time data is collected and analyzed beyond the existing questionnaire-type of consumer research in order to discover subtle and quickly changing consumer needs. This ensures the company is able to provide hidden consumer insights through consumer behavior analytics solutions and marketing channel optimization solutions.



Representative Campaigns

CenterStage

The CenterStage offers interactive and engaging retail experiences in a virtual world to test home appliances created by Samsung Electronics. In a limited space, limitless ranges of products in actual sizes are experienced with a greater vibrancy of picture quality than the actual product. Items operating in the real world are fully reflected in the machine: for example, a washing machine that is running with laundry inside and a refrigerator showing a packed food store once its door is open. The kitchen design alters to different styles depending on the refrigerator selected. It is an innovative digital retail platform that enables a lifestyle experience with products on hand. The CenterStage gives inspiration and enjoyment that is not generally experienced when purchasing home appliances. Other brands provide mere information on the production functions, while the CenterStage presents new experiences to the consumer.



Chef Collection (Taste the New)

The Chef Collection is a product embodying the original features expected of a refrigerator. It is a super-premium product guaranteeing the freshness of food, which is definitely a must for a refrigerator. After brainstorming on the value of ultimate freshness, Cheil Worldwide proposed that the exclusive value of the Chef Collection was the solution, and thus coined the phrase, 'ultimate freshness is the new taste'. Next, the company considered an object and a place to showcase how to maximize the experience of enjoying the new taste and scent. In the campaign, children from two vastly different backgrounds were introduced: Mongolian children who had never before seen the sea and children from Greenland who had never traveled to the mainland. The taste and the scent of the sea maintained through the Chef Collection could be experienced by the Mongolian children, while the Greenlander children could be awakened by the tastes and scents of the mainland. The campaign successfully conveyed the following message to consumers: 'an extraordinary experience where the new taste offered by ultimate freshness is to encounter a new world.'



Galaxy 11

Cheil Worldwide produced a unique campaign with 'global superstars in soccer pitting against aliens,' simultaneously promoting Samsung Galaxy's innovative technologies and soccer. The campaign unfolded through trans-media storytelling, utilizing various types of platforms and spaces. Since November 2013, the company has released mysterious circles and enigmatic men as soccer-related images in some of the world's prestigious places. Additionally, a mega story was executed for 10 months which included the following three stories: the 'Recruiting' of 13 selected players, 'Training' driven by the cutting technology of Galaxy; and 'The Match' against a foreign opposing team, all of which was showcased using 3D animation.



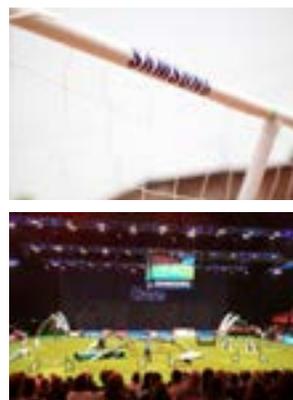
Sports events are an effective way to communicate with people around the world and raise brand recognition. Cheil Worldwide conducts global sports marketing, utilizing the Olympics, the Chelsea Football Club, and the Asian Games for multi-faceted sports marketing to make globally superlative client brands.

Cheil Sports Marketing

Sports marketing is an attractive means for a company to advertise, but successful marketing requires different approaches in numerous fields. Cheil Worldwide has grown as a global sports marketing company based on its decades of seasoned experience at organizing various international sporting events, starting with the Seoul Olympics in 1988. Leveraging abundant sports marketing experiences with global networks covering over 35 countries, Cheil Worldwide develops ideas enabling clients and brands to relate and appeal to their consumers.

Solution Providing

Cheil Worldwide has been engaged in marketing for various events including the Olympics, Chelsea sporting events, UEFA, AFC, CAF, the Asian Games and KFA. Its marketing expertise lies in wide-ranging fields related to sports marketing, including consulting, sponsorship, event organizing and managing, conducting tasks as an agency for associations or teams, sports advertisement, and sales and hospitality services. The company will present innovative sports sponsorship solutions alongside marketing solutions so that more clients and brands are able to generate an effective marketing performance.



Olympic Marketing

Cheil Worldwide has conducted marketing for the Olympics nine times as the Olympic marketing partner of Samsung Electronics. While reinforcing emotional ties to Samsung through communication and leveraging on behalf of participating athletes, the company offered intriguing Olympic experiences to sports fans all over the world through exhibitions and experiential events in diverse programs during the Olympic period.

Sochi Winter Olympics

At the 2014 Sochi Winter Olympics, Cheil Worldwide created product experiential zones under the Olympic theme, which helped enable visitors to experience the product anew while enhancing their brand preference and purchasing intent to a significant degree. For the first time in Olympic history, Samsung smartphones were offered to all athletes, which was conducive to spreading to the world the Olympic story of Samsung, including product marketing, PR events, the 'Mobilers' blogger program, and production of a viral film entitled 'Keep On Pushing'.



Asian Games Incheon

Cheil Worldwide devised a 'think-outside-the-box' strategy to expand the Asian Games Incheon into a global campaign. The campaign goal was to encourage the participation of many Asians with country-specific 'Pride Stories' to take full advantage of the event as a gathering of various countries and athletes.

Team Samsung Campaign

The core asset to present the 'Pride Stories' was 'Team Samsung' consisting of 31 individuals from six countries, ranging from rookies to the world's top-notch athletes. The 'Team Samsung' campaign played a pivotal role in awakening national pride among the citizens of Asian countries during the Asian Games.

Dream Exchange Program

The 'Dream Exchange Program' enabled exchanges of uniforms among athletes and was an occasion to deliver dreams and friendship to athletes from each country.



Samsung-Chelsea FC Dream the Blues

Cheil Worldwide formed a global youth marketing platform aligning football and youths to reinforce Samsung's brand recognition in key regions around the world. Under the goal of encouraging 'football-loving youths to achieve their football dreams,' the 'Dream the Blues' campaign was launched to open a football clinic for about 600 youths aged 9 to 15 in three countries (China, Thailand and Columbia), with the English premier league club Chelsea FC players in London as coaches. Four children were selected from each of the countries and presented with an opportunity to not only watch matches of Chelsea FC, but also to train with Chelsea players in its first team's training stadium.



In 2014, Cheil Worldwide strived to develop new growth engines beyond the existing business scope to benefit from the rapidly changing business environment. We additionally endeavored to create a new business ecosystem with the company at the center by aligning with global networks to explore and commercialize innovative businesses.

Public Opening for New Business Ideas

Cheil Worldwide organized an in-house public bid in February 2014 to explore new projects and form consensus on changes required in the company. As a result, 61 business proposals were submitted by 55 teams (161 individuals). Evaluations took place based on a proposal's feasibility as a future project, along with specifics of business content. Finally, six teams were selected whose ideas were chosen to be commercialized.

Adoonga Project

Cheil Worldwide decided to develop a fictional character that will not have linguistic or racial barriers for making entries into global market and will lead to long term character business. This new character in the story is a gorilla named 'Adoonga' who just arrived from the jungle and finds his way to the middle of New York to become a star on YouTube. Through the character of Adoonga, Cheil Worldwide aims to convey to its stakeholders positive energies and the value of taking on challenges.



Cheil Worldwide's management principle for 2015 is 'Moon Shot Move', which means achieving what seems an unachievable goal with 'moonshot thinking.' In 2015, some key strategic directions were established to go beyond Cheil and become global. Key strategies included strengthening the global core network offices, collaborating company-wide, and securing new business. Cheil Worldwide aims to achieve the 'Moon Shot Move' by unwaveringly practicing self-innovation without becoming complacent.

Reinforcing the Global Core Network Offices

Seeking to target overseas markets, China and the UK were selected as core network offices for Cheil Worldwide. With the Chinese market being the center of heated entries and competitions among global competitors, Cheil Worldwide will set three directions for growth: securing diverse advertisers, expanding new projects and services, and grasping overseas network offices. This will enable Cheil Worldwide to secure top-notch competitiveness in China. Meanwhile, in the advanced UK market, Cheil Worldwide formed the 'Growth Team' consisting of six individuals, including experts from Cheil UK and a Chief Digital Officer and Chief Collaboration Officer from the Korean Headquarters. The team was formed to attract more global clients, develop new products, and scale up the scope of service. Cheil Worldwide will target the global market as a whole by reinforcing its core network offices.

Facilitating Collaboration Company-wide

Cheil Worldwide plans to develop programs to facilitate company-wide collaboration between overseas network offices and subsidiaries led by the headquarters. Cheil Worldwide will strike harmony and balance within this frame by specifically creating systems in the areas of collaboration, processes, compensation, and evaluation structures in each of the overseas network offices.

Diversification of Advertisers

Driven by transforming its fundamentals, Cheil Worldwide will rise to a new level by incorporating diverse advertisers and encompassing new business fields including mobile and social commerce which extends beyond Cheil's current 48 overseas major network offices in 41 countries.

Launching and Activating the Beyond Cheil Division

The Beyond Cheil Division is a unit launched as a new project discovery program in the form of an in-house public bid, the purpose of which is to oversee the company's new projects. Its goal is to generate new growth engines in tandem with industrial paradigms of the 21st century, i.e. the sharing of openness and collaboration. It is seeking to establish a multi-layered value chain connecting innovative companies with clients at home and abroad, while initiating new projects through investment, M&A, and joint venture startups.

CSV Platform

Cheil Worldwide's drive to create social changes steered by passion and genuineness is creating a resonance that can be felt throughout the world. In order to generate an improved world in which everyone in society can live in harmony, Cheil Worldwide proposes appropriate directions for a sustainable society and a better future.



Cheil CSV Project



 **LOOK AT ME**

Samsung Electronics 'Look At Me'

The Challenge

"Can we make people's dreams come true using Samsung Electronics' technologies? First, Cheil Worldwide recognized that autistic children enjoy interacting with digital devices as much as anyone else. Later, the idea was developed to create an app that will help children with autism make eye contact and communicate more effectively with the world. This app enables anyone to download it and begin training immediately, without being limited by location, time, or expense.

The Idea

Using Samsung digital devices, 'Look At Me' introduces a fun and easy-to-use app to help children with autism interact with people. In collaboration with doctors, professors, and app developers, seven tasks were created which use the device's camera function to train the children to make better eye contact and improve their communication skills. The strength of the app lies in the fact that users must continue communicating with others in order to complete the tasks.

Did it Move?

After reviewing clinical tests conducted at Seoul National University Hospital and Yonsei University, 60% of the children who used the app made better eye contact afterwards and 40% showed improvement in expressing themselves emotionally. The app has been translated into English and is now available in 160 different countries. The 'Look At me' campaign is an exemplary CSV case presenting how technology can make people's lives better.



**DO GOOD,
WHILE YOU
SLEEP.**

LAUNCHING
Power Sleep

Samsung Electronics 'Power Sleep'

The Challenge

Today, most university research institutes that conduct research on cancer, Alzheimer's, and other incurable diseases face the challenge of dealing with an enormous amount of data. On the other hand, 2 billion people globally are using smartphones every day, most of which are equipped with very strong CPUs. This campaign was initiated by Cheil Austria, who contributed the idea of donating idle CPUs from smartphones to research institutes all over the world.

The Idea

The Power Sleep app was designed as an alarm clock app. If users set their alarm before they sleep, the CPU which is idle overnight is automatically donated to university servers until the next morning. A single person's participation might amount to as little as 1MB a day, but participation from the world's vast smartphone user community could turn it into the world's largest supercomputer, helping university research institutes all over the world.

Did it Move?

The app received over 250,000 downloads in 126 countries within eight weeks of its launch. Even one year after the launch, the majority of users still operate it every day, and the program has been expanded to other research centers including centers for Ebola treatment. In this innovative CSV approach, users are not donating cash as would occur in typical donation campaigns, but idle digital resources that they simply have an abundance of. Moreover, it was an idea that utilized a core product from Samsung Electronics to contribute to society, thereby solidifying its standing as a CSV project.

Reversible Barcode

REVERSING THE ENVIRONMENTAL IMPACT OF EVERY PURCHASE



Life Nutrition 'Reversible Barcode'

The Challenge

Rising global consumption is one of the biggest threats to our planet. We're now buying and wasting more than ever—over 4 trillion gallons of industrial waste is produced each year. Our challenge from Life Nutrition was to help offset this environmental impact and somehow give back to the earth.

The Idea

For the first time ever, we introduced the concept of Reversible Barcodes—a barcode that can reverse the environmental impact of every purchase. When customers make a purchase and scan it as usual, they pay the normal price. However if they turn the barcode upside down, one extra dollar will be charged and donated to one of Asia's leading environmental protection groups to help offset the impact of every purchase.

Did it Move?

The campaign was hugely successful, with many customers participating by voluntarily turning their barcodes upside down. Who would have thought turning a simple barcode upside down could turn an environmental problem on its head?



Korean Animal Welfare Association 'Adopt me'

The Challenge

Every year 100,000 dogs are abandoned in Korea, which has become a huge social problem. Despite many people wanting to adopt such dogs, many are not sure about the ways and means of adopting them. Therefore, Cheil Worldwide created a campaign, along with the Korean Animal Welfare Association, to enable the easy adoption of abandoned dogs kept in animal protection centers.

The Idea

Posters with an NFC (Near Field Communication) chip and an attached speaker were created. The posters were able to convey not only the photos and information regarding abandoned dogs, but also their sounds through the speaker. The NFC chip could also enable immediate application for adoption using a mobile device, thus maximizing its overall convenience.

Did it Move?

The animals' environment, displayed through pictures of dogs in fences which looked like cages, easily caught the attention of passers-by. The campaign rapidly spread with passionate feedback from the public through both online and offline channels.



G Market '1.25 Miracle Market'

The Challenge

One-half of the African population survives on less than USD 1.25 per day (the poverty line for a day set by the U.N. is USD 1.25). Cheil Worldwide brainstormed ways to give the gift of a single day to the most impoverished populations, and thus organized the '1.25 Miracle Market,' enabling an easy donation to be contributed one year before the closure of the UN's Millennium Development Goals (MDGs).

The Idea

The '1.25 Miracle Market' allows anyone to upload his or her self-generated digital content (e.g. music, photos, writings and paintings) and trade it at USD 1.25 (or KRW 1,250) on an online, donation-focused open market. The revenues from the sales are donated as a daily meal to impoverished children in Malawi, Africa, who live under the poverty line of less than USD 1.25 per day.

Did it Move?

The '1.25 Miracle Market,' making a day of miracles for someone with minor talents, is a talent donation platform to lower the barriers for donations and offer new donating experiences. This platform helps to reduce the numbers of people in the world living in abject poverty, and it also helps to provide individuals with an opportunity to exhibit their talents.



Samsung Electronics 'TV ROAD'

The Challenge

Over one million analogue TVs are discarded each year when people buy new digital TVs. This causes a severe environmental problem as they are often abandoned instead of being properly recycled. This could place a burden on new product purchasers and the companies that sell them. To solve this problem, Cheil Worldwide introduced the 'TV Road' campaign to upcycle discarded TVs.

The Idea

The campaign is the world's first upcycling program to create eco-friendly paths by regenerating analogue TVs. Discarded TVs with excellent water penetration capacities can cool down hot cities in the form of eco-blocs. To inform consumers about this process, the 'TV ROAD' was formed as a permanent outdoor advertisement at the Suwon World Cup Stadium.

Did it Move?

The fact that the manufacturers themselves took part in recycling their products in the campaign proves that it was an incredible success. Such upcycling activities will eventually evolve into a means of enhancing the manufacturers' brand value beyond fulfilling social corporate responsibilities.



Busan Metropolitan Police Agency 'Ma! Light'

The Challenge

Busan Metropolitan Police Agency and Cheil Worldwide mulled together over an idea to reach out to Busan citizens under the common goal of resolving social issues in the city. As a result, after reviewing several sites, they initiated the 'Ma! Light' project for the safety of citizens, using the Crime Prevention Through Environmental Design (CEPTED).

The Idea

The 'Ma! Light' is installed in areas which are dark at night, prone to crimes, and contain a scarcity of people. The 'Ma! Light' provides lighting as a guard in normal times, but when people pass by it, the body recognition sensor reacts with the letters 'Ma!' shown along with 'Podo-ri,' a police mascot. Along with the guard light, a signboard with 112, the emergency number to dial the police, was attached, and an intriguingly creative slogan was added: 'Busan police [are] faster than the LTE network.'

Did it Move?

Cheil Worldwide believes that encouraging people's voluntary action is as critical as legal enforcement and punitive solutions, which is why the company developed the 'Ma! Light.' It not only guards the security of Busan citizens, but also changes people's thoughts and actions, offering laughter and joy as a bonus.

Good Company Solution Center

The Good Company Solution Center (GCSC), launched under the slogan of being 'a good-hearted organization to make a good-hearted company,' offers systematic solutions based on Cheil Worldwide's 40 years of seasoned experience and know-how, including corporate CSR/CSV strategies, gathering of feedback via SNS, and network alignment programs.

Goals and Directions

Corporate social responsibilities require a great deal of organization and forethought to execute successfully, thus potential obstacles are sure to arise. To address these potential setbacks, the GCSC provides systematic solutions and consultations for specific action plans. Cheil Worldwide offers pragmatic solutions for companies, and brands for their products, by analyzing over 500 cases of social contribution programs worldwide and modeling the results accordingly.

Networks

The GCSC increases the scale of implementation capacity for CSV ideas by forging collaborative ties with various institutions and organizations in media and entertainment, NGOs, NPOs, medical centers, and foundations. As the social connector between companies and society, Cheil Worldwide broadly shares the social values generated by the GCSC.

Major Achievements in 2014

In the two years since it was launched, the GCSC has provided solutions for ethical management to different institutions throughout society. Cheil Worldwide's 'Ma! Light' solution, in collaboration with the Busan Metropolitan Police Agency, contributed to crime prevention and improvement of the police's public image. The company also successfully launched a campaign to raise awareness about PMS (Pre-menstrual Syndrome) with Chong Kun Dang Pharmaceutical Corp. In 2015, Cheil Worldwide will spearhead socially responsible activities by preemptively proposing high-quality solutions and establishing platforms for problem solving.

GCSC Implementation Plan

We create ideas that change the world, and with the help of clients who collaborate to implement these ideas, 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, then offered to various clients.

Sustainability Platform

Cheil Worldwide initiates activities for sustainability management in five key areas - Client Value, Sharing Value, Employee Value, Environmental Value and Mutual Growth Value in order to excel as a socially engaged company beyond just being a good company.



Sustainability Management

Directions for Sustainability Management

Cheil Worldwide initiates activities for sustainability management in five key areas - Client Value, Sharing Value, Employee Value, Environmental Value, and Mutual Growth Value. The company offers additional value to society through sustainability management activities fully reflecting its business features, including CSVs through the GCSC.

Sustainability Management System

Cheil Worldwide conducts various activities to reinforce implementation capabilities for sustainability management which include establishing a system for sustainability management, publishing reports, performance reviews and reports through the Sustainability Committee, and monitoring. The Sustainability Report is published every year to disclose the relevant performance through which the company prompts proactive participation of internal and external stakeholders and employees.

Sustainability Committee

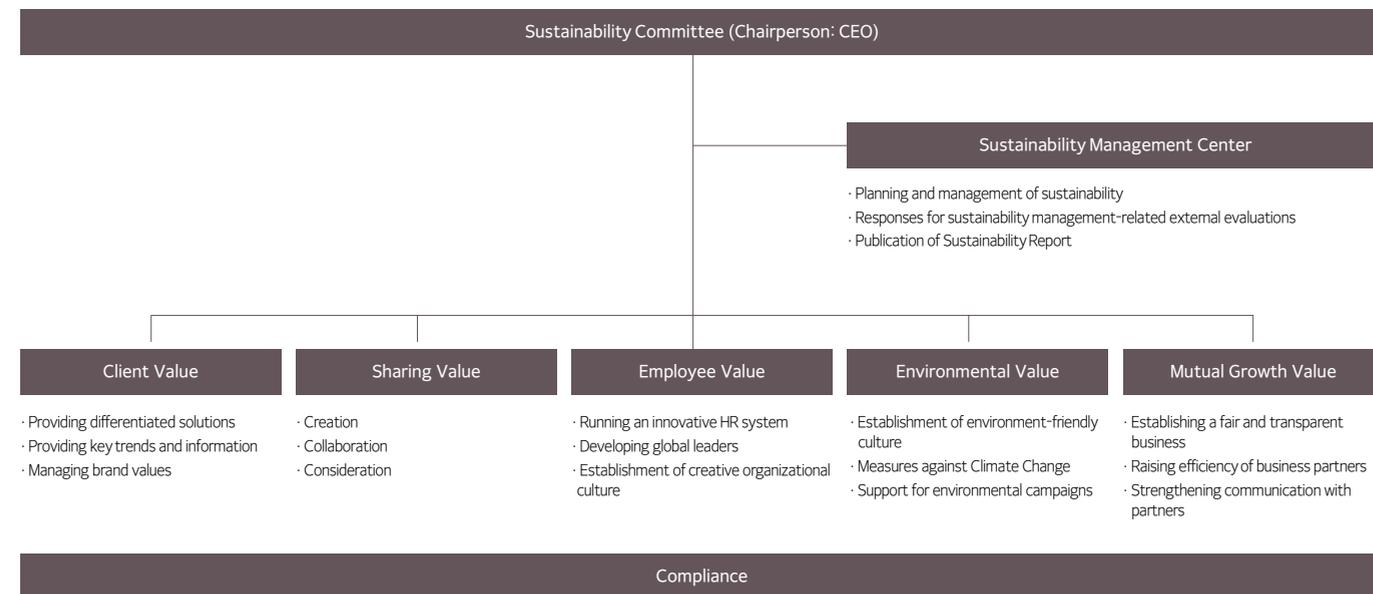
The Sustainability Committee oversees all areas of sustainability management, and designs annual plans accordingly. Reports on the company's major activities and achievements are shared with the CEO and board of directors through the Sustainability Committee.

Performance in Sustainable Management

Cheil Worldwide was incorporated into the Dow Jones Sustainability Index (DJSI), the first company in the advertising industry to be thus included. As a result of evaluations in 2014, the company was listed in the DJSI Asia Pacific, and DJSI Korea. Cheil Worldwide aims to become a global marketing solution company equipped with world-class competitiveness in sustainability management.

MEMBER OF
Dow Jones Sustainability Indices
 In Collaboration with RobecoSAM

Sustainability Committee Structure



WHY

In order to take the lead in the world of diversified media, client satisfaction through innovative marketing solutions is critical. Thanks to advanced and wide-ranging information media, clients can now compare and analyze their options across marketing solutions, requiring companies to secure their own distinctive creative capabilities.

Material Issues

- Strengthening capabilities to achieve differentiated creativity
- Establishing customized marketing solution models, including media solutions

Management Approach

Cheil Worldwide is managing brand values and providing innovative solutions to amplify its continued performance.

Providing Differentiated Solutions

Cheil Worldwide seeks to maximize product and brand value by placing its clients as the highest priority and presenting differentiated solutions. The company proposes preemptive ideas and solutions and creates new forms of media strategies and platforms by responding to advanced digital technologies and market changes. In 2014, Cheil Worldwide provided optimized services to clients by establishing the Media Cube platform, thereby moving several steps closer to becoming a leader in the global digital market.

Launching Media Cube

Media Cube, launched in June 2014, is a media purchasing solution which executes digital ads efficiently through real-time bidding (RTB). Media Cube's exponential performance was achieved by acquiring 700 clients within its first year of operation. Cheil Worldwide is committed to providing improved digital marketing solutions by steadily intensifying Media Cube services.

A Pool of Korea's Largest Newspaper Ads

In comparison with other advertising agencies' networks which secure newspaper space in a single ad exchange market, Media Cube is linked to the Global Ad Exchange with more than 30 ad exchanges per transaction. Moreover, a wide range of cross-over channels including online, mobile, videos, and social networks were incorporated so that ads can be exposed selectively for each target user group, depending on the object of the campaign.

Cross-Channel Advertising

Currently in digital marketing, platforms for each medium are confined to themselves, leading to limitations when devising marketing strategies. However, Media Cube offers a different solution by channeling media such as PC, mobile, video, and SNS that is procured and managed via the single platform of Media Cube in an integrated manner. This reduces the burden on operating resources and enables integrated digital marketing strategies of different formats.

Audience Targeting

The essence of Media Cube is best described by Audience Targeting. Clients can easily convey their message to target audiences through Media Cube. Using a broad pool of data, Media Cube selects which audience is most viable to be targeted. Cheil Worldwide is committing the Cheil DnA Center's focused attention towards fine-tuning this process of target selection.

Core Actions to Value



Providing Key Trends and Information

Cheil Worldwide provides information on domestic and global markets and consumer trends, along with the key issues which follow these trends. Cheil produces and distributes the Advertising Yearbook, which encompasses comprehensive information on the overall advertising industry, and publishes booklets covering various creative case studies on technologies and their implications, among other business-related issues. The Sustainability Report is additionally published to review company-wide CSR issues.

Advertising Yearbook

The Advertising Yearbook is Korea's one-of-a-kind compilation of advertising and marketing publications covering each field in the advertising industry at home and abroad. It has been published on an annual basis since 1979 as a guide for advertising practitioners, due to its glimpse of yearly advertising trends. It is distributed to clients, advertising-related associations, academia, media companies, and public institutions for the purpose of communicating relevant marketing information.

Minority Report

Cheil Worldwide publishes a 'Minority Report' on marketing issues which features emerging trends and marketing insights. The report is produced and distributed by Cheil and covers the most effective ideas and solutions for a new business environment, including cases of first movers and those who reversed trends by thinking outside the box. Cheil Worldwide utilizes this publication as a stepping stone for the expansion of new business.



Managing the Brand Value

Cheil Worldwide provides top-notch marketing solution services to clients. The performance generated is conveyed to the public through domestic and global press, alongside various media, as a means of communicating with targets and enhancing the brand value. Branding activities which integrate online and offline services using promotional tools including Global, Experiential and Digital implements are currently underway. These undertakings will effectively expand the points of contact for prospective clients, including stakeholders.

Global

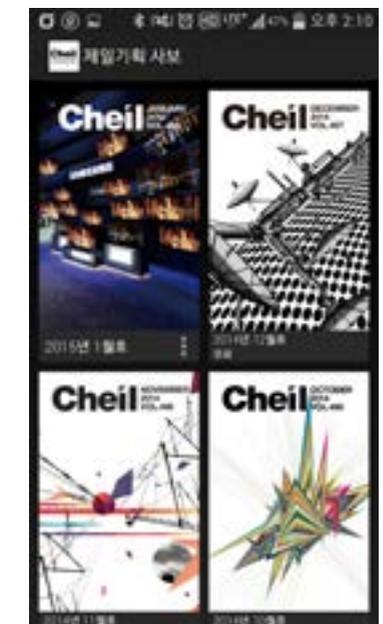
Cheil Worldwide organizes seminars at international advertising festivals such as Cannes Lions International Festival of Creativity, Spikes Asia, and AdFest to spread its marketing competencies. Marketing experts at Cheil Worldwide serve as seminar speakers who communicate solution know-how and share insights for global ad marketers. Cheil Worldwide's corporate branding influence is broadened through multiple angles by nominating judges for ad festivals and fostering future ad talents through sponsorships of international ad festivals.

Experiential

Amid the flood of diverse information, the value of hands-on experience is gaining wider attention. Cheil Worldwide's Exhibition Hall allows visitors to obtain such hands-on knowledge by experiencing its 42 years of performance and competencies firsthand. This display helps improve clients' understanding of Cheil's corporate business and future visions. Clients are able to identify Cheil Worldwide's competencies through the latest experiential marketing technologies and content. Moreover, its employees serve as instructors in seminars to introduce marketing trends and success cases to visitors to make them aware of Cheil's capabilities and share thoughts and ideas over the same. Cheil's Exhibition Hall is such a popular destination that not only clients, but also middle, high school, and university students, as well as the general public, find time to visit it.

Digital

Cheil Worldwide runs wide-ranging digital platforms including websites, blogs, SNS channels, and newsletters to complementarily communicate with online fans. Last year, the company launched an app for its printed newsletter that was previously serviced for clients and marketers. This has now made it more convenient to access the latest campaign information of Cheil Worldwide.



WHY

Various corporate activities are undertaken which create all types of values that impact their communities. Advertising and marketing activities, in particular, significantly influence communities and consumers to a great extent. If Cheil Worldwide strives to use its aptitudes to address community issues, its brand values will subsequently increase, and a favorable corporate image will be established, which, in turn will have a positive impact on its business.

Material Issues

- Conducting socially responsible activities, reflecting on the nature of the advertising business (assisting public interest campaigns and donating talent, etc.)
- Expanding projects on Creating Shared Value (CSV) to generate social values

Management Approach

Cheil Worldwide generates CSV through new programs that can contribute to communities, while collaborating with communities and considering and reaching out to the underprivileged.

Creation

New social value creation, utilizing the expertise and abilities of employees

Love Design Pro Bono

Cheil Worldwide's 'Love Design' project to produce and support logos for small-sized and social enterprises has been upgraded to the 'Pro Bono' program. In one example, the company helped a farm which, despite its excellent product quality, was struggling in sales. To remedy this problem, Cheil helped by producing premium packaging for the farm's organic wine vinegar and developing a story to highlight its philosophy and production process. This effectively ramped up sales as well as the farm's image. In the period from 1999, when the Love Design Project kicked off, until 2014, Cheil Worldwide produced a total of 221 logos free of charge.

Collaboration

Synergy effects by collaborating with various stakeholders

Love Bazaar with a Flea Market

The Love Bazaar is a signature philanthropic year-end event which collects and sells props used in advertising shoots throughout the year, along with donations from advertisers, celebrities, and employees of Cheil Worldwide. In 2014, flea market sellers and artists took part to tap into new sales channels, and employees were offered opportunities to be exposed to new trends. Since 2010, the funds raised from the bazaar have been donated to the St. Francisco Community Center to treat 46 children with rare incurable diseases.

Consideration

Sincere and consistent sympathy and consideration for social minorities

Multicultural Cooking Contest

Utilizing the distinct multinational character of Itaewon, the neighborhood where the headquarters building of Cheil Worldwide is located, the company organized the 2014 Multicultural Cooking Contest in conjunction with Yongsan Multicultural Family Support Center. Participating teams consisted of immigrant women from six countries and Cheil employees, and the mission given to them was to prepare the best noodle dish of their own design. Multinational cuisines and cultures were made available in food booths for visitors and locals, and opportunities were up for grabs for participants to conduct social networking activities to improve awareness about various cultures.

Core Actions to Value



Signature Social Contribution Programs

Univoca: South Korean-North Korean Translator

Cheil Worldwide launched a new app titled 'Univoca: South Korean-North Korean Translator' as a signature social contribution program that fully reflects its business objective of solutions driven by communication and ideas. North Korean teen defectors usually struggle in language communications, which has become a social issue in the communication sector. Launching this app has helped resolve part of this communication issue.

Development Background

Due to the language purification movement in North Korea, North Korean student defectors have learned to communicate using limited words, and the linguistic gap between the two Koreas has dramatically widened during the past 70 years of division. They additionally find it challenging to adjust to the linguistic changes in South Korea that stem from using many newly coined words and words of foreign origins, which only exacerbates the problem. The student defectors understand only half of the Korean language used in classes in the South, and most of these students are necessarily transferred to other educational programs such as alternative schools. It was evident to all that a solution to address the students' language problem was necessary.



Generating Synergies through Partnerships

Volunteers from the two Koreas took part in a collaborative program geared towards gaining better linguistic understanding of North Korean student defectors. Many participated in the project, including students and teachers from North Korea, PhDs from the Institute for Unification Education, university student volunteers from South Korea, and DreamTouchForAll, a non-profit educational organization. In the project, 3,300 words found in Korean language textbooks for high school students were selected on a basis of being determined difficult for North Korean student defectors to comprehend. The project's participants then converted these words into North Korean terms, and Cheil's employees donated their talent by adding example phrases or sentences and drawing pictures for converted words to provide better understanding. Progressing forward, more words will be added to cover not only Korean language textbooks, but also social science textbooks and major newspapers.



Functions of Univoca

When users operate the app to scan an unfamiliar word, that word is immediately shown in North Korean with meanings, examples and pictures. Furthermore, users have the option to manually input text for translation. They can even request which words should be added in the app database in future updates via the 'Question' menu.



In a separate menu entitled 'Words of the Month,' southern cultural topics and words which the defectors find difficult to understand are explained using cartoons and videos, i.e. 'something between ~ (romantic chemistry),' 'shamming,' and 'order a pizza.'



Generating Social Interest and New Values

Cheil Worldwide's employees conducted an app seminar and training on how to use the app when visiting alternative schools for North Korean defectors. Afterwards, the students were invited to Cheil Worldwide to continue the mentor-mentee relationships developed during the seminar. Due to significant interest in Univoca, the app has been covered by the press at home and abroad over 50 times since its launch. The app is expected to help not only students such as those mentioned, but also all North Korean defectors to more easily adjust to the southern life. Moreover, the Univoca app was a prize winner at the Cannes Lions International Festival of Creativity in 2015, the world's largest awards festival of its kind.



Employee Value

WHY

The core competitiveness for marketing solution providers lies in people, requiring differentiated creative capabilities, because people's ideas are the most essential element from campaign planning to execution. Corporate survival must be backed by individual employees' competencies amid the rapidly changing management environment. They must be supported to be engaged in achieving a company's common goals voluntarily, while sharing the implications of corporate growth. This will lead to employees' satisfaction and corporate growth through profit maximization.

Material Issues

- Supporting employees' work-life balance
- Developing global talents

Management Approach

Cheil Worldwide initiates the operation of innovative HR systems, development of global leaders and formation of a creative corporate culture for continued corporate success driven by taking full advantage of employees' competencies.

Managing Innovative HR Systems

Cheil Worldwide's sustainable growth is driven by the creativity wielded by its employees. The company runs a differentiated HR system for boosting the morale of employees. A dramatic compensation system is aligned with performance, and a career management program is executed that supports employees in designing their own job trajectory.

Evaluation and Compensation

Cheil Worldwide's compensation system for employees' performance is two-fold, i.e. target incentives reflecting semi-annual organizational evaluation outcomes, and performance incentives reflecting the outcome of annual evaluations at both the corporate and individual levels. To ensure reasonable compensation in line with performance, fair evaluation takes place based on objective and clear-cut criteria.

Evaluation on Individual Performance and Competencies

Performance and competency evaluation takes place in the form of Management by Objectives (MBO). Measurable goals are set by individuals and departments at the beginning of each year, and are then comparatively evaluated by the head of each department at the end of the year. Also implemented and given to team directors assigned to elevated positions is a multi-dimensional diagnosis on leadership that is stereoscopic and comprehensive. The diagnosis outcome is provided to each individual to assist in complementing his or her leadership competencies.

Career Path Plan

The Career Path Plan (CPP) is a program which helps in setting short-and long-term career paths by gathering feedback on the career plan and job satisfaction of employees. It is also a heart-to-heart communication channel for listening to employees' concerns and inquiries regarding their career. Moreover, consultation with a CP coach is offered to jointly find solutions as needed regarding job transfers.

Core Actions to Value



Development of Global Leaders

Cheil Worldwide's employee populations are its most critical strengths and the source of its competitiveness in the market. Cheil Worldwide intends to gradually increase the training hours and systematically operate its training program in an effort to procure creative ideas and pragmatic solutions for markets and consumers in the age of changes and innovation, and to develop employee talents that will lead corporate growth in the global marketing world.

AE Competency Build-up Program

Cheil Worldwide runs a program to build up role changes and core competencies of the Account Executive (AE) in a bid to promptly respond to the changing global marketing world, and to steadily secure new business opportunities.

New Business Modelling

Cheil Worldwide conducted a total of three courses on business modeling: basic concepts on new business strategies, brainstorming on business ideas, and designing business models.

Raising Competencies in Retail

Training took place on seven occasions in 2014, once for heads of divisions and team directors, and six times for employees and executives. The trainees were introduced to changes and trends in the global Retail Experience (RX) and best business practices, and they also participated in Action Learning.

Developing Digital Competencies

Training was performed four times on topics such as the rapidly changing digital communication environment & global digital trends, giving employees an introduction to benchmarking cases of overseas agencies and how to utilize social media.

Introductory Training for New Employees

One-month training is conducted for all new employees to familiarize them with Cheil's unique culture and principles, and effectively rouse their core job competencies.

Fostering a Global Mindset through Behavioral Changes

Cheil Worldwide boosts morale among subordinates and enhances their global mindset by sharing the experiential knowledge of on-site experts and local experts, while also providing overseas training for new employees to gain hands-on experience of globally successful practices.

Implementing the Action Learning for Core Areas

Cheil Worldwide operates a project-based training system to establish the most effective practices and strategic solutions for each core area (digital, retail, data and CSV). This system is driven by the Action Learning scheme to help new employees upgrade their competencies.

Extraordinary Initiation Ceremony for New Employees

Cheil Worldwide's most recent initiation ceremony for new employees was carried out in an extraordinary manner, perfectly capturing the concept of 'dominating the space beyond the globe' toward the 'Moon Shot Move.' The ceremony is customarily planned and organized by the previous season's new recruits.



Establishing a Creative Corporate Culture

The power of Cheil Worldwide is derived from the creative ideas of its employees. Various corporate culture programs are executed to prompt extraordinary ideas driven by the free thinking of employees. In addition, Cheil Worldwide conducts the SCI corporate culture diagnosis to continuously improve its corporate culture, and based on these results, proceeds to implement or initiate consequent directions for improvement.

i-pub, an Online Communication Zone

As Cheil Worldwide's signature idea portal and online communication zone, i-pub acts as a hub where employees freely propose ideas and share thoughts using nicknames and characters, regardless of job ranks or types.

Idea Refill

Cheil Worldwide shares information on cultural content, including exhibitions, movies, and performances to instill fresh ideas among employees. A free ticket event is conducted at least once a month so that employees may attend cultural events or performances.

IDEAs of 1,000 People

Cheil Worldwide operates a public opening section that invites employees to submit pragmatic ideas on ongoing projects, offering chips in return, which are commonly used as a currency within the i-pub.

GWP Programs Leveraging Sports Teams

Driven by the acquisition of a professional soccer team and men's and women's professional basketball teams in 2014, Cheil Worldwide has organized and executed sports programs for employees and their families. The participants are provided with opportunities to rest and get recharged by watching games played by Cheil's teams and by watching kids' events where employees' children are invited to participate.

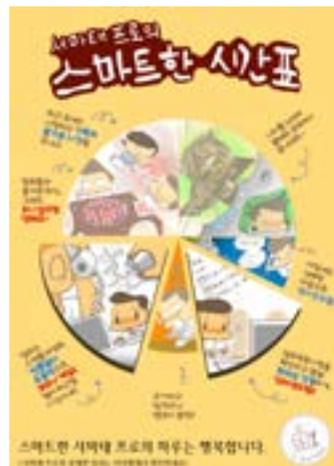
Mania Club

Cheil Worldwide supports club activities for employees so that they are able to feel refreshed due participation in various hobbies. Employees are proactively engaged in diverse clubs including sports clubs for baseball, soccer, etc. in addition to theater, rock band, and meditation clubs.



Labor-Management Committee ‘Sarang Sarang’

At Cheil Worldwide, where ideas and communication are most critical, a corporate culture of mutual respect is imperative. Various in-house campaigns have been organized by Cheil’s labor-management committee ‘Sarang Sarang’ to build a sound corporate culture. Campaign examples include: ‘A single day of Smart Pro’ to improve work efficiency, and ‘Finding Meetings Futile’ to improve the meeting culture. Moreover, members of the committee regularly negotiate with the management team on employees’ welfare benefits, healthcare, and safety improvements.



WOW Concert

Cheil Worldwide has provided regular in-house special lectures since 2010 to offer its employees innovative inspiration. Top-notch experts in each field are invited to speak at seminars and talk shows. Last year, special lectures discussions included: creativity learnt through history and O2O service marketing utilization strategies.



Working Mom Care

Wide-ranging programs are currently functioning to strike a work-life (i.e. childcare) balance for working moms. The company encourages working moms to be positively and simultaneously immersed in both their work and home life through various events such as psychological diagnosis & counseling, self-leadership coaching for self-development, special luncheon talks on childcare concerns and know-how, and dispensation of childcare books free of charge.



Stress Care Center, Hyu

Cheil Worldwide operates Hyu, a professional care center, which was established in 2010 to provide stress management and counseling services for employees. Various programs are available for employees including psychological counseling, training, and consulting. A highly qualified counselor with a PhD degree is also available to provide one-on-one professional care. The center utilizes a three-tiered platform of Caring-Healing-Going beyond to provide healing and growth that encompasses more than just counseling as a problem solving option.

Hyu ‘Caring’ Program

The center runs the ‘Caring’ program to resolve any psychological problems employees might be experiencing. The program is three-fold i.e. Individual Care (customized stress management for individuals), Team Care (team workshops to promote understanding and communication among team members), and Family Care (psychological diagnosis and counseling for employees regarding their family life to help resolve various household challenges and complications).

Hyu ‘Healing’ Program

The center operates three healing programs, which directly reflect the CEO’s commitment to the importance of the holistic health of Cheil’s employees.

Saving Private Cheiler

The center additionally offers a two days and one-night healing camp for individuals or teams which encourages employees’ continued hard work while preventing them from experiencing burnout.

Love Family Counseling

The center also runs a program to facilitate communication between couples and children. A working mom-targeted group counseling program, Love Family Counseling facilitates stress management for working moms, and helps them find solutions to their work-family issues.

Crunch Healing Class

Crunch Healing Class adopts wide-ranging external programs to offer employees experiential opportunities. This enables employees to share their healing experiences and put effective practices into action with passion.

Hyu ‘Beyonding’ Program

Hyu offers a coaching program which promotes employees’ competency development and holistic growth. The scope of the program has been enhanced to cover self-development and growth beyond problem-solving.

Individual Beyonding

Solution coaching is offered on various commonly confronted themes of self-development, goal achievement, and happiness that might be encountered throughout an employee’s work-life horizons.

Team Beyonding

Team workshops are conducted to share and effectively discuss communication which enables team envisioning of ideas to improve self-feedback, or self-diagnosis on the current status of teams, along with team feedback.

Family Beyonding

Hyu provides coaching for family communications and counseling on children’s career aptitudes, consequently paving the way for family growth.



Environmental Value

WHY

Various systems and institutions are implemented in Korea, namely the GHG and energy target management system and the GHG emission trading scheme. Social interest in the environment is gaining more importance, e.g. international standards are prescribed to environmental management systems. Companies have begun to fully utilize their eco-friendly image in marketing. Cheil Worldwide is obliged to proactively conduct environmental management activities aligned with business to cater to such corporate needs. Specifically, the company has a duty to be engaged in supporting the creation of campaigns on environmental protection, climate change, and energy efficiency.

Material Issues

- Conducting environmental activities utilizing the nature of the advertising business (supporting the creation of campaigns on environmental protection, climate change and energy saving)

Management Approach

Cheil Worldwide establishes an eco-friendly culture, responds to climate change and supports environmental campaigns for the conservation of the natural environment.

Establishing an Eco-friendly Culture

Various programs are currently underway to assist employees in raising self-awareness about environmental protection. Processes are being improved and systems are regularly streamlined in a bid to minimize any potential wastage of resources that occurs during functioning business hours.

Waging an Internal Green Campaign

Various activities are carried out to protect the environment including: operating automatic lights-off systems at the headquarters building, adopting an e-billing system, and utilizing double-sided printing options. Moreover, ideas on eco-friendliness are collected and practiced via the corporate idea portal 'i-pub.' Cheil Worldwide plans to increase the number of ideas collected by 5% each year.

Responding to Climate Change

Although GHG emissions are not as high as the manufacturing and construction sectors due to the nature of the advertising business, Cheil Worldwide is proactively engaged in countering climate change. The company has completed setting up of inventory for accurate data collection on GHG emissions.

Awards Won for the CDP

Although Cheil Worldwide is not listed as a company mandated to be under target management, as it functions in a non-manufacturing business sector, its excellence in target setting and management of GHG was highly recognized, winning a special prize in the CDP disclosure in October 2014.

Supporting Environmental Campaigns

Cheil Worldwide conducts environmental protection activities reflecting the nature of the advertising business in order to maximize synergies in environmental management activities. Cheil produces campaigns to address various environmental issues including climate change and damage to the ecological environment, while additionally increasing the number of proposals for environmental campaigns in continuity.

S-Oil's 'Here Balloon'

Given that a single Seoul citizen drives 500m on average to find a place for parking, Cheil Worldwide produced the 'Here Balloon' campaign to minimize resource waste. The system enables balloons to go down when a parking space is full, and to go up when parking space is available, thereby saving the amount of petroleum spent on finding a parking space.

Core Actions to Value



Mutual Growth Value

WHY

Mutual growth has topped the agenda in today's world, putting in place various policies and institutions related to the concept. In the global setting where corporate competitions have intensified, it is critical to reinforce the competitiveness of the entire supply chain including the suppliers'. Cheil Worldwide has the social responsibility, as a leading player in the industry, to foster competitive hidden champions. This will be crystalized into positive synergies as the company builds up trust with suppliers.

Material Issues

- Practicing Fair and Reasonable Partnerships

Management Approach

Cheil Worldwide is striving to establish a fair and transparent business, raise work efficiency for suppliers, and strengthen communication with them to realize corporate partnerships through mutual growth.

Core Actions to Value



Cheil Worldwide strictly abides by relevant laws lest unfair practices occur in transactions with suppliers. The company also proactively utilizes the e-system for higher convenience at work. Cheil Worldwide shares legal compliance cases concerning advertising to prevent legal violations of creative product. The company regularly conducts VOC surveys of suppliers to listen to their possible complaints and improve work processes.

Establishing Fair and Transparent Business

Cheil Worldwide complies with the Fair Trade Commission's 'Supplier Selection and Management Guideline.' The company has lessened complaints of suppliers by revising the 'Supplier Management Rules' every year since 2007.

Raising Suppliers' Work Efficiency

Suppliers log in to Cheil Worldwide's 'Web Portal for Suppliers' to sign the standard subcontractor's contract and indivisual service contract. In addition, suppliers can efficiently take care of other business related work such as registering quotation, checking the status of production payments etc. related to project operation. In 2014, the existing PM Team was scaled up to be PM Group, raising job expertise and efficiency.

Strengthening Communication with Suppliers

Cheil Worldwide holds knowledge sharing seminars twice a year to share legal and pragmatic knowledge on advertising. From 2015, the company has started conducting VOC surveys four times a year to listen to work complaints and improve processes for suppliers.

Guideline on Sustainable Management for Suppliers

Cheil Worldwide suggests the Guideline on Sustainable Management for Suppliers to establish a culture of mutual growth based on corporate partnerships with suppliers. Suppliers are advised to respect mutual human rights and diversity and be engaged in Cheil Worldwide's ethical management as a trusted partner to form a creative and safe working environment while striving to comply with contractual laws.

CSR Training for Suppliers

Cheil Worldwide trained and shared content on corporate social responsibilities (CSR) to increase understanding among suppliers and to facilitate their compliance of CSR activities. The company guidelines and explanations regarding CSR and principles on human rights, environment, safety & health, and ethics are provided for suppliers so they may respond to CSR. In 2014, Cheil Worldwide provided CSR training to a total of 289 suppliers through Knowledge Sharing Seminars.

Cheil Worldwide is engaged in diverse value creating activities by utilizing broad networks and abundant personnel. The company is spreading the core values of Cheil Worldwide representing continued communication with key overseas clients, social contribution activities for communities, systematic programs to develop global talents, campaigns for environmental protection, and mutual growth with local suppliers.

Client Value

Inviting Overseas Clients to the Headquarters

Cheil Worldwide invites overseas clients on a tour of the headquarters to review portfolios and infrastructure in a credential presentation, which leads to an improved corporate image. Insights on projects in the advertising industry are presented to clients, further ramping up the possibilities of partnership signings. Cheil Worldwide raises its potential to expand the work scope of an advertising agency with its proven competencies as a marketing solution company. In 2014, Cheil Worldwide conducted this event on five occasions, inviting clients from Vietnam, Dubai, the U.S. and Germany.

Holding a Seminar at the Cannes Lions International Festival of Creativity

Cheil Worldwide showcased its competencies in marketing solutions by holding a seminar at the prestigious Cannes Lions International Festival of Creativity. Cheil Worldwide has been participating in the event since 2008 (the first Korean company to do so) and at its 7th seminar in 2014, Cheil Worldwide offered insights on how brands and products can have a critical positioning in real life beyond people's perception. At AdFest, the company spoke about the development of a process to utilize individual Markesumer beyond prosumers as individual consumers' roles have been upgraded in the digital world.



Sharing Value

'Meri Class' in India

To offer high-quality education, Cheil India donated IT equipment to girls that have comparatively less educational opportunities than their male counterparts. The company also provided educational management systems to ensure the girls' continued education. An online donation program was initiated where donations were made depending on the number of tweets via SNS, promoting engagement within the community. Cheil Worldwide also gave gifts on important Indian national holidays such as the Diwali Festival in October, Children's Day in November and Christmas in December, and donated company talent towards computer education and paintings.



'One Heart One Village' Volunteering in China

Cheil Worldwide conducted volunteering under the initiative of 'One Heart One Village' in its sister village, Zhuangtouyu in Miyun Province, China. Employees donated electronic products to the village's steering committee and visited financially struggling households to provide daily necessities including rice, cooking oil, clothes, and acoustic devices. Hands-on volunteering activities took place to provide practical assistance to the villagers, and included helping out in orchards and picking up garbage. The volunteering activities in 2014 were made more meaningful by marking the 9th year of the sisterhood relationship between Cheil Worldwide and Zhuangtouyu Village.



'Be My Date' in the Philippines

Cheil Philippines organized a unique social contribution program titled 'Be My Date' to celebrate Christmas. Its employees were divided into two groups and instructed to choose a day from December 18 to 20 to be engaged in volunteering activities by helping out in packaging rescue aids at GMA Kapuso Foundation, a local charity organization. Not only individual employees but also their acquaintances and beloved ones such families could come together to participate in volunteer service for approximately five hours a day.



Employee Value

Training on Job Competencies

Cheil Worldwide conducts systematic training programs to reinforce the competencies of its overseas employees. The Retail RX Forum was held for network leaders while a trainer course workshop was conducted for retail practitioners to train on retail trends and RX strategies. Cheil Worldwide also trained on retail business for about 500 retail sales representatives in key overseas offices especially in India, Russia, and the U.K. Pakistan's Coke Studio's insight discovery and application workshop was held for employees in the digital sector in Cheil UAE to reinforce digital marketing, a core strategy of Cheil Worldwide.

Leadership Training

The Leadership Training is a course to cultivate team directors by offering practical courses on efficient performance management and communication methodologies.

In 2014, the training was dedicated to team directors and those promoted in Cheil China. Team directors in Cheil Italy also participated in the Situational Leadership Training. The practice-based training enabled participants to recognize their working style through MBTI and practices, and helped them learn how to effectively communicate with team directors and subordinates.

Global Rotation Training

Cheil Worldwide provides opportunities for overseas employees to work in the headquarters or other offices within the network. The Global Mobility Program facilitates reverse dispatching, a process in which one or two local employees a year are sent to the headquarters for three to six months. From 2012 to 2014, three people were dispatched to HQ and worked there for six months. The Exchange Program enables exchanges of competent personnel within the CIS region where a common language is used. Competent employees end up enjoying a higher sense of belonging and satisfaction as they are inspired to share mutual working processes and know-how during a certain period of time.



Environmental Value

Global Environmental 'Pro Bono' Campaign

Cheil Hong Kong, in partnership with The Nature Conservancy and Ecozine, developed the 'Hong Kong Clean Up Challenge' campaign which was responsible for mobilizing mass participation of a 6-week event that helped clean the beaches, parks and cityscapes of Hong Kong. The slogan, 'Every Little Bit Adds Up', highlights the duality that although individual contribution to litter can incrementally add up, small yet positive efforts by individuals can also join forces to reverse its damage to the environment. Three key images - plastic bottles, boxes and cans - were used in online and offline campaigns from August to November 2014. The campaign generated a huge response from the public. In 2014, over 51,000 volunteers were recruited to make last year's Hong Kong Cleanup Challenge the biggest success in the event's 14 year history!



Mutual Growth Value

Fair Selection and Management of Suppliers

Seeking to select suppliers in a fair and transparent manner, Cheil Worldwide established a process to register and select suppliers across the network and requests them to follow the guideline provided. Overseas employees in charge of it are mandated to conduct due diligence along with documentation reviews to monitor the scale and process of suppliers. Suppliers selected in the supplier evaluation process are then registered in the system. When a part or entire documents of suppliers are discovered to be falsified or fabricated, or when the suppliers go bankrupt and violate provisions on quality, safety, and ethics and thus incur damage, the registration shall be cancelled, and the suppliers shall be notified.

Better Communication with Suppliers

The country manager of Cheil Russia organized seminars for all suppliers to gain understanding on Cheil Worldwide's visions and management strategies, and discuss measures for cooperation for mutual growth. Compliance training is conducted, in particular, on laws and regulations when initiating new local business. Online and offline channels are used to cater to complaints and challenges of suppliers that might occur in business, and for methods to improve the collaborative process.



Sustainability Governance

Continued improvement in sustainable management requires stable corporate governance and systematic performance management. Cheil Worldwide is growing as a trusted company by disclosing relevant information to stakeholders through the Sustainability Report.

Governance

Cheil Worldwide executes optimized decision-making by forming the board of directors with business expertise. Independent directors are appointed for transparent corporate governance, and an audit scheme is in place to oversee their duties. Seeking stronger efficiency in work, Cheil Worldwide operates the Management Committee, and has established the Compensation Committee for transparent compensation of executives.

Board of Directors and Composition of Auditors

Type	Name	Major Career
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	Executive Vice President, Cheil Worldwide
Outside Directors	Yunkeun Jung	Former President, KB Data System
	Byungdo Kim	Former Dean, Seoul National University College of Business Administration
Auditing	Sungsoo Hyun	Full-time auditor

Composition of the board of directors

The board of directors is comprised of six members: four inside directors and two outside directors. In order to guarantee independence between members, they are subject to a review to determine whether or not they have had any transactions with Cheil Worldwide over the past three years and/or if they share any interests with majority shareholders and major shareholders.

Operation of the board of directors

In 2014 alone, a total of nine board meetings were held. Major agenda included setting up the Compensation Committee, approval of operating regulations, appointment of duties for the board of directors, distribution of their compensation, and approval of product and service transactions with specially-related persons. The attendance rate in 2014 for outside directors was 94.4%.

Audit System

Cheil Worldwide has no audit committee in place, but one permanent auditor is appointed through a voting process at the general meeting of shareholders to conduct auditing work. The auditor attends the board of directors' meetings to oversee tasks of directors independently, and may demand submission of records and necessary documents. In 2014, the auditor attended all board of directors meetings, securing checks and balances in operating the board of directors.

Management Committee

The Management Committee is in operation to enhance promptness and efficiency in decision making on matters appointed at the board of directors' meetings. The committee consists of four inside directors, and its meetings were held 15 times in 2014. Key agenda in 2014 included the acquisition of professional football and basketball teams, and approval of payment guarantees for borrowings in overseas subsidiaries.

Compensation Committee

Cheil Worldwide approved the installation of the Compensation Committee at the 6th board of directors meeting held in October 2014. The committee consists of two outside directors and one inside director, ensuring a transparent compensation system for executives.

Insider Trading Committee

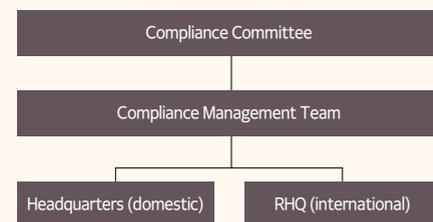
At the 9th board of directors' meeting, held in December 2014, the members approved development of the Insider Trading Committee for the purpose of raising transparency in corporate management by establishing an autonomous compliance unit for fair trade. The committee is comprised of two outside directors and one inside director. The committee oversees all affairs on insider trading at Cheil Worldwide with due rights imposed including the right to listen to reporting on insider trading, the right to command ex officio investigation for insider trading, and the right to propose corrective actions for insider trading.

Cheil Worldwide is aware that the fundamental driver of corporate sustainable growth is compliance management, and hence strives to embody this tenet in its corporate culture. In 2014, Cheil Worldwide initiated diverse compliance management activities including developing overseas compliance supporting schemes, strengthening networking with overseas law firms, and devising a scheme for the preliminary review of advertisements.

Compliance Management Team

The Compliance Management Team is a company-wide unit tasked with responding to compliance issues. It engenders autonomous preventions for compliance by division, and is poised to ensure immediate responses for emergencies. Moreover, the team inspects future plans and compliance management performance at all times through the compliance officer system and the Compliance Committee, the top-decision making body in compliance.

Organizational Structure



Operation of the Legal Portal System

The legal portal system provides regular updates along with a practical guideline and checklist covering compliance-related laws for employees to heed, which includes the Fair Labeling and Advertising Act, the Copyright Act, and cases on violation, as well as punitive measures upon violation. In addition, the monthly compliance trends are now offered on a weekly basis to boost employees' understanding of the relevant trends and issues and prevent potential risks.

Preliminary Review of Advertisements

Preliminary review of advertisements is necessary to check legal issues in advertisements prior to airing the final version. A preliminary checklist for advertisements has been developed and operated within the portal system, and it has been disclosed to employees along with the relevant training and seminars.

Compliance Training

As of 2014, Cheil Worldwide has increased compliance training for employees from once to twice annually. Compliance training for subsidiaries also takes place as the company strives to establish a compliance culture within and outside the company. Systematic training is underway to address possible legal violations regarding the Subcontract Transaction Act, Fair Trade Act and tariffs.

Compliance Training Performance (Unit: Number of persons, based on the yearly figure)

	2012	2013	2014
Basics on corruption & irregularities and CP	2,506	2,879	4,123
Intensive courses on CP (subcontracting, personal information, etc.)	-	3,678	3,967

Self-Check for Compliance

Cheil Worldwide minimizes legal violation risks by providing a checklist for self-check testing of employees so they can conduct self-inspection on compliance via a portal system. Results of self-check for about 274 items including funds, accounting & settlement, and compliance management targeting overseas offices are scored, and the monthly progress is checked. In 2014, the self-check testing was conducted for employees to identify their level of knowledge acquisition.

Checklist for Self-inspection

- Subcontracting Act
- Copyright Act
- Portrait right
- Personal Information Protection Act
- Business secret protection
- Fair Labelling and Advertisement Act
- Sexual harassment in workplace
- Bribery
- Safety accidents in production

Enlargement of Support for Global Compliance

Cheil Worldwide runs the overseas support system to suggest alternative solutions for risk resolution through identifying weaknesses in compliance for overseas offices and spread the importance of compliance abroad. Target constituencies include newly emerging regions including China and Russia. The compliance personnel at the headquarters visit overseas offices to identify the status quo, analyze weaknesses, suggest alternatives, and provide training. In 2014, Cheil Worldwide supported 12 countries on compliance including Kenya, Jordan, and Ukraine.

Strengthening Networks with Local Law Firms

In order to make seamless responses to compliance in offices which pose high possibilities of legal risks, the existing case-specific contract-signing scheme was converted into that of a retainer agreement. This can save cost and boost work efficiency and expertise. Cheil Worldwide has signed or is negotiating on signing annual retainer agreements with 21 overseas offices. In China, Russia, Kazakhstan, Ukraine, and India, in-house lawyers are appointed to handle legal risks as needed.

In a time when global economic uncertainties are intensified, effective risk management is a core element driving this generation's corporate values. Cheil Worldwide identifies and manages financial and business risk factors including market risks in exchange rate variation, interest rate, credit regarding clients or counterparties, and liquidity.

Early Warning System

Cheil Worldwide has broken down all the risks that might occur in work processes into 100 categories including HR, information, finance, etc. Cheil periodically prevents and manages these categories by systematizing them into three stages (cycle- process-scenario). In 2015, Cheil plans to establish an IT system by integrating management criteria on operating measures that have been previously scattered and constantly inspecting and responding to risks concerning business of overseas offices, as well as company-wide items for primary management.

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 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

Risk Culture

In a bid to facilitate and strengthen an efficient risk management culture company-wide, Cheil Worldwide ensures that risk items are reflected in employees' KPIs and managed accordingly. Moreover, a corporate training program is periodically conducted based on management principles by risk sector, including information security, in an effort to form a continued risk management culture. Upon conducting evaluations or deliberations, the company additionally identifies and manages the presence of violations based on internal items.

Risk Management Area

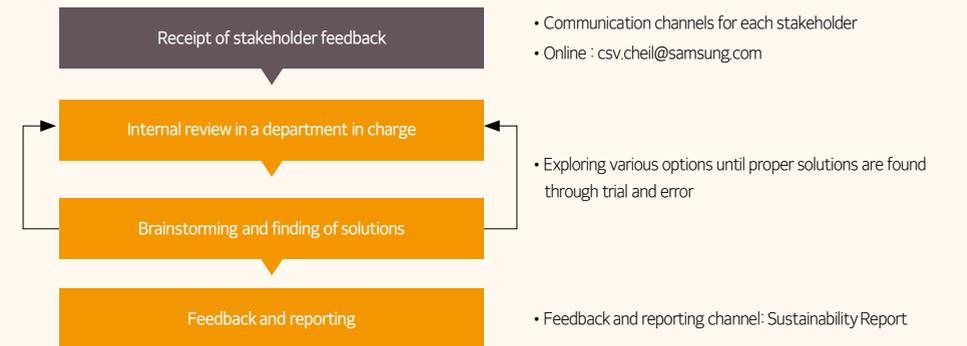
- Information Protection**
 - Leakage of company and client data
- Production**
 - Violation of copyrights and portrait rights, false and imitated ads
- Sales**
 - Violation of the Fair Transactions in Subcontracting Act, Violation of the Act on Contracts to Which the State Is a Party
- Righteousness Management**
 - Bribery (receiving and/or giving money or other articles) and collusion
- Organization 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

Successful sustainable management requires adherence to the ideas of diverse stakeholders which is reflected in management activities. Cheil Worldwide classifies stakeholders into clients, employees, communities, suppliers, and investors, and runs multiple communication channels to effectively collect the views and opinions of these parties.

Stakeholder and Communication Channels

Classification	Communication Channel
Clients	<ul style="list-style-type: none"> • Cheil Worldwide Website • Client satisfaction surveys • AE (Account Executive)
Employees	<ul style="list-style-type: none"> • Labor-Management Committee 'Sarang Sarang' • 'i-pub' Internal idea portal: i-pub • Business Announcement Conference • SCI Employee Satisfaction Survey
Communities	<ul style="list-style-type: none"> • Cheil Worldwide Website / SNS • Volunteer activities • Regular meetings with Community
Suppliers	<ul style="list-style-type: none"> • Knowledge Sharing Seminar • Supplier Portal Site • VOC surveys
Investors	<ul style="list-style-type: none"> • Annual Reports • Business information sessions • General meetings

Stakeholder Engagement Process



Cheil Worldwide conducted the materiality analysis to identify priorities of various sustainable management issues raised by internal and external stakeholders and effectively respond to them. Objectivity of the analysis was secured with the engagement of all the stakeholders in a balanced manner. For a total of 35 sustainability management issues, evaluation was made based on the interest level of external and internal stakeholders.

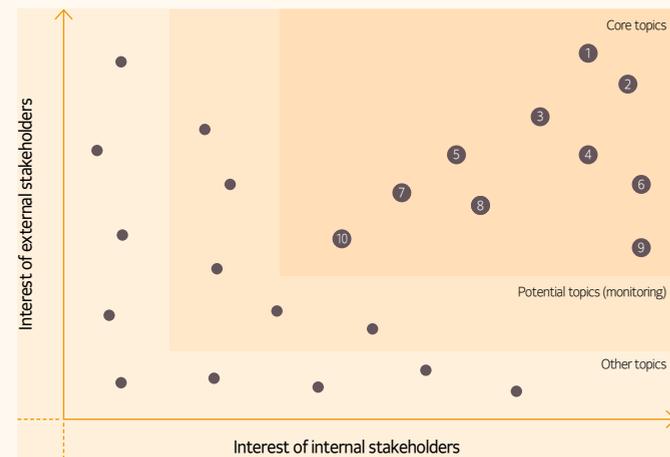
Materiality Test Process

Surveys of key stakeholders of Cheil Worldwide were conducted to include employees, communities, suppliers, and investors for the purpose of selecting core issues to be covered in the Sustainability Report 2014-2015. Through the survey, key areas of interest were identified by sector, that is, economic, environmental, and social. Internal literature surveys were conducted to evaluate the interest level of internal stakeholders, while benchmarking of advanced companies, media surveys, and international standard surveys were used for that of external stakeholders.

Analysis of Core Issues

As a result of the materiality analysis, Cheil Worldwide arrived with 10 core issues: among them, five were recognized as new core issues. Since the company seeks to become 'a global marketing solution company,' the topic of 'establishing customized marketing solution models' has become a new core concern. In the field of environment, issues such as alignment of business aspect, 'executing activities utilizing the nature of the business,' were recognized to be of interest. As a result of the 2014 materiality analysis, core issues were devised as follows i.e. four issues related to business and clients, two employee-related issues, and one issue for compliance management & environmental management, mutual growth management, and sharing management, respectively.

Results of the materiality analysis



2014 Material Issues

Core Issues	
1	Practicing fair and rational partnerships*
2	Conducting socially responsible activities reflecting the nature of the advertising business (supporting public interest campaigns, donating talent, etc.)
3	Expanding the business of Creating Shared Value (CSV) to generate social values*
4	Reinforcing capabilities to generate differentiated creative
5	Providing solutions reflecting social changes and trends
6	Supporting employees' work-life balance
7	Intensifying the global presence through M&As of overseas advertising agencies and expansion of overseas networks*
8	Establishing customized marketing solution models including media solutions*
9	Executing environmental activities reflecting the nature of the advertising industry (supporting the creation of campaigns on environmental protection, climate change and energy efficiency)*
10	Developing global talents

* New Core Issues

Client Satisfaction Surveys

Cheil Worldwide conducts client satisfaction surveys once a year with external survey agencies to identify the needs and satisfaction levels of its clients. Their satisfaction level is measured on a seven-point scale, targeting clients in the client portfolio according to the internal standard.

Client Satisfaction Survey Process

First, Cheil Worldwide establishes survey planning and selects survey respondents. Client surveys and interviews are conducted for those selected. By reviewing the outcomes of survey questionnaires and interviews, results of the Client Satisfaction surveys are analyzed. The results are also reported to internal executives and shared with each team. The data is used to review basic materials for greater client satisfaction, and to improve client services.

Handling of Client Complaints

Complaints received through the website, along with those transferred to the AEs of advertising teams are promptly handled. The PR Team in charge of the website identifies what has been received and then transfers the matter to team directors or executives in charge. Depending on the criticality and urgency of the matter, the client may be transferred to the CEO via phone or e-mail. Cheil Worldwide strives to address client complaints promptly and accurately.

Addressing Client Complaints

Cheil Worldwide has a client-exclusive team, which addresses client demands and complaints case by case. AEs of the dedicated team serve as a primary client communication channel to listen to all types of demands and complaints, and specialists on the team from different fields promptly respond to specific client needs.

Protection of Personal Information

Corporate bylaws are in place and complied with for 'protecting business secrets and intellectual properties' and 'protection of personal information for clients and employees' to protect personal information. In-house training is conducted every year to prevent the disclosure of corporate business secrets, confidential information, etc. and to protect IPRs of others. Moreover, information protection policies are in place for the security of PCs, documents and systems, etc. and all employees are required to comply with them. In 2014, there were no cases of client complaints on the violation of personal information protection.

Advertising Regulatory Compliance

Domestic advertisements are subject to the Fair Labeling and Advertising Act, the general law for advertising, and various other regulations by advertising medium and industry. Cheil Worldwide violated none of the ad-related laws and regulations in the past three years.

Sharing Value

Social Contribution Programs

Cheil Worldwide plans on new social contribution programs to make a better world through creative ideas. Programs utilizing employees' talents are up and running, including the Love Design project and the 'Univoca' application as signature social contribution programs.

Volunteering

As a result of company-wide encouragement for employees to take part in voluntary service, the rate of participation in volunteering, along with the number of participation hours, soared in the past three years. Individual volunteering hours went up 20%. In 2015, the participation rate and volume of volunteer hours will continue to rise. In particular, employees' overall volunteer hours are expected to increase by 5%.

Donation of Employees

Employees' donations, which exhibit the practice of sharing in their daily lives, slightly increased compared to the previous year. Employees' donation rates increased from 83% in 2013 to 84% in 2014, and one-on-one matching of employees who sponsor the underprivileged is up and running in the company.

Social Contribution Program	2012	2013	2014
Number of programs (Unit: Count)	35	46	54
Volunteering			
Number of participants (Unit: Number of persons)	551	1,121	1,308
Participating ratio (Unit: %)	44	85	96
Participating hours (Unit: Number of hours)	4,462	13,919	17,779
Participating hours per individual (Unit: Number of hours)	3.8	10.5	13.0
Community Organization			
Number of community Organization (Unit: Count)	28	31	32

Support Ratio for Different Groups	2012	2013	2014
Community (Unit: %)	19	39	38
Future generation (Unit: %)	56	35	36
Low Income class (Unit: %)	25	26	26
Employee Donation			
Number of donors (Unit: Number of persons)	976	1,100	1,157
Participation ratio (Unit: %)	77	83	84

Employee Value

Current Status of Employees

The total number of employees, including non-regular employees, has not changed from the previous year. However, the ratio of regular employees is increasing while that of non-regular employees is decreasing, hinting at a higher quality of employment. Moreover, the ratio of employees on indefinite contracts increased as Cheil Worldwide consistently strives to ensure job security for its employees.

Childcare Leave

The ratio of female to male employees exceeds 43% at Cheil Worldwide and hence, the company is doing its utmost to create a respectable workplace for female employees. Taking childcare leave is strongly recommended for female employees in order to prevent career interruption resulting from childcare. As a result, the return ratio of female employees after taking childcare leave and the ratio of working for over 12 months after returning from leave significantly increased year-on-year.

Performance Evaluation

The annual performance evaluation consists of evaluation of performance and competencies. Objectivity is guaranteed through an annualized evaluation process based on objective data and guaranteed client and project data. The number and ratio of employees subject to evaluation have steadily increased in the past three years. In 2014, 1,225 employees, which are 89.7% of the total employees, received a reasonable amount of compensation through performance evaluation.

Current status of employees	2012	2013	2014	
Number of total employees (Unit: Number of Persons)	1,262	1,325	1,366	
By employment type	Regular (Unit: Number of persons)	1,104	1,217	1,295
	Non-regular (Unit: Number of persons)	158	108	71
Gender	Male (Unit: Number of persons)	741	764	782
	Female (Unit: Number of persons)	521	561	584
By age	Below 30 (Unit: Number of persons)	284	287	298
	Aged 30 to 50 (Unit: Number of persons)	730	751	754
	Above 50 (Unit: Number of persons)	248	287	314

Childcare Leave	2012	2013	2014
Number of employees who request Childcare Leave (Unit: Number of persons)	29	47	51
Ratio of employees who return from Childcare Leave (Unit: %)	86	81	87
Ratio of employees retained over 12 months after returning from childcare leave (Unit: %)	88	85	97

Total number and rates of employee's voluntary turnover	2012	2013	2014
Number of voluntary turnovers (Unit: Number of Person)	95	86	80
Ratio of voluntary turnovers (Unit: %)	7.6	6.5	6.0

Performance evaluation	2012	2013	2014
Total employees			
Number of employees subject to performance evaluation (Unit: Number of persons)	1,044	1,161	1,225
Ratio of performance evaluation conducted* (Unit: %)	82.7	87.6	89.7

Employees who entered the company after July are excluded from performance evaluation, and if so, the ratio of conducting performance evaluation reaches 100%.

Environmental Value

Selected as a Company of Excellence in Eco-Mileage in the 2nd Half of 2014

As a result of making steady efforts to render buildings eco-friendly through smart energy usage, Cheil Worldwide was recognized by the Seoul Metropolitan Government as a company of excellence in eco-mileage in December 2014. The cash prize for the incentives was reinvested to replace LED lighting in company buildings, a move which emphasized the company's commitment to environmental sustainability. Through such activities, Cheil Worldwide is making continued efforts to become a respected company in the community.

Engaging in Seoul Metropolitan Government's Transport Demand Management Program for Companies

Cheil Worldwide recommends employees to take part in environmental campaigns and is itself engaged in the Seoul Metropolitan Government's Transport Demand Management Program for Companies. An effort to increase flexible work hours is also underway to minimize self-driving among employees and limit the parking space usage in the headquarters building, while recommending the usage of public transport. There will soon be a plan implemented to minimize carbon emissions by adopting carpooling scheme.

Other Performances in Reducing the Environmental Impact

Cheil is strongly committed to reducing the usage of electric power and gas, which take up the biggest share in a company's environmental impact. In order to reduce the amount of electricity used, LED lighting was replaced by alternate pole-lighting, and unnecessary lights were additionally switched off. Cooling and heating temperatures were adjusted, and shorter operating hours were implemented for air conditioning and heating so as to reduce the amount of gas used. As a consequence, the company was able to reduce the amount of electricity and gas used for July and August when the energy demand increased by 9.1% and 27.6%, respectively, year-on-year.

Amount of direct and indirect GHG emissions	2012	2013	2014
Direct (LNG) (Unit: tCO ₂ e)	1,029	940	898
Indirect (electric power) (Unit: tCO ₂ e)	1,401	1,376	1,222
Total (Unit: tCO ₂ e)	2,430	2,316	2,120

Amount of GHG reduced	Scope	2014
Conversion and reinforcement of equipment (Unit: tCO ₂ e)	Scope2	154
Others (Unit: tCO ₂ e)	Scope1	42

Amount of energy consumed directly and indirectly by stationary energy	2012	2013	2014	Amount of energy reduced in 2014*
LNG (Unit: T.J)	14.1	12.7	10.2	2.5
Electric power (Unit: T.J)	28.7	28.2	25.2	3.0
Total (Unit: T.J)	42.8	40.9	35.4	5.5

* Rationale for calculation: 2013 track records - 2014 track records

Amount of waste discharged by waste type and treatment method	2012	2013	2014
Incineration (Unit: ton)	3.16	3.65	4.19
Landfill (Unit: ton)	-	0.71	-
Total (Unit: ton)	3.16	4.36	4.19

Amount of water withdrawn by water source	2012	2013	2014
Waster used (Unit: m ³)	25,719	25,392	25,345

Expenses and investment for environmental protection (by type)	2012	2013	2014
Environmental expenses (sewage) (Unit: KRW Thousand)	27,278	31,451	35,751
Environmental expenses (waste) (Unit: KRW Thousand)	1,400	1,400	1,600
Total (Unit: KRW Thousand)	28,678	32,851	37,351

Number of ideas proposed to establish an eco-friendly culture	2013	2014
Ideas (Unit: Number of Proposals)	103	169

Mutual Growth Value

Supporting Suppliers' Work

Seeking to secure transparency and fairness in mutual growth based on cooperation, Cheil Worldwide prescribed the 'Business Rule for Supplier Management' and strives to ease suppliers' complaints by revising the rules every year. Cheil Worldwide handles project execution efficiently and transparently via the supplier portal (partner.cheil.com), covering the standard subcontractor's contract and individual's service contract.

Conducting Knowledge Sharing Seminars for Suppliers

Knowledge Sharing Seminars were held biannually to introduce the Subcontracting Act and provide detailed information and support for work. Work-related legal information is provided, experiential knowledge is transferred to reinforce suppliers' management competencies and financial structure, and support is provided to improve their financial systems. In 2014, 289 companies attended the first seminar and 236 companies attended the second one.

Key issues in managing and supporting suppliers in 2014

January and June, 2014

Cheil Worldwide held Knowledge Sharing Seminars for suppliers to share practical knowledge on ad related laws including the Subcontracting Act and Copyright Act, etc. and tax rules, and regulations on international payment, etc.

March 2014

Cheil Worldwide improved working processes of suppliers by revising the Business Rule for Supplier Management.

July 2014

Cheil Worldwide added highly performing companies as suppliers in the first half of the year to ensure greater project efficiency.

December 2014

Cheil Worldwide heeded VOCs and surveys in order for suppliers to gather their complaints concerning work and matters for improvement in processes, and then reflected their feedback in subsequent business interactions.

Number of suppliers	2012	2013	2014
Suppliers (Unit: Number of companies)	235	259	299

Purchase status for transactions with suppliers	2012	2013	2014	
Purchases	Amount (Unit: KRW million)	1,784,558	1,965,682	1,873,404
	Ratio (Unit: %)	100	100	100

Appendix

GRI G4 Index

● Fully Reported ● Partially Reported

General Standard Disclosures

ID.	Disclosure Items	Page	Reporting Status	External Assurance
Strategy and Analysis				
G4-1	CEO Message	6~7	●	√
Organizational Profile				
G4-3	Name of the organization	7	●	√
G4-4	Primary brands, products, and services	23	●	√
G4-5	Location of the organization's headquarters	87	●	√
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	9	●	√
G4-7	Nature of ownership and legal form	69	●	√
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	9~17	●	√
G4-9	Scale of the organization	22	●	√
G4-10	Status of employment type, contract, and region	77	●	√
G4-11	Percentage of total employees covered by collective bargaining agreements	58	●	√
G4-12	Organization's supply chain	79	●	√
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	8	●	√
G4-14	Precautionary approach or principle is addressed by the organization	72	●	√
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	61	●	√
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	83	●	√
Identified Material Aspects and Boundaries				
G4-17	List of all entities including the organization's consolidated financial statements or equivalent documents	9	●	√
G4-18	Process for defining the report content and the Aspect Boundaries	74	●	√
G4-19	Material Aspects identified in the process for defining report content	74	●	√
G4-20	Aspect Boundary within the organization	74	●	√
G4-21	Aspect Boundary outside the organization	74	●	√
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	87	●	√
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	87	●	√
Stakeholder Engagement				
G4-24	List of stakeholder groups engaged by the organization	73	●	√
G4-25	Basis for identification and selection of stakeholders with whom to engage	73	●	√
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	73	●	√
G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns	73	●	√
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	87	●	√
G4-29	Date of most recent previous report	87	●	√
G4-30	Reporting cycle	87	●	√
G4-31	Contact point for questions regarding the report or its contents	87	●	√
G4-32	GRI G4 INDEX	81~83	●	√
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	84~85	●	√
Governance				
G4-34	Governance structure of the organization	69	●	√
Ethics and Integrity				
G4-56	Internally arranged mission, core value, code of conduct, and principles regarding economic, environmental, and social performance and activities	44	●	√

Specific Standard Disclosures

Category : Economic

ID.	Disclosure Items	Page	Reporting Status	Omissions	External Assurance
	Economic Performance				
	Generic DMA	22, 46	●		√
EC1	Direct economic value generated and distributed	22	●		√
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	60~61	●		√
	Indirect Economic Impacts				
	Generic DMA & Aspect-specific DMA	50	●		√
EC7	Development and impact of infrastructure investments and services supported	76	●		√
EC8	Significant indirect economic impacts, including the extent of impacts	4~40, 50~53, 65	●		√
	Procurement Practices				
	Generic DMA & Aspect-specific DMA	62	●		√
EC9	Proportion of spending on local suppliers at significant locations of operation	62,79	●		√

Category : Environmental

ID.	Disclosure Items	Page	Reporting Status	Omissions	External Assurance
	Energy				
	Generic DMA & Aspect-specific DMA	60	●		√
EN3	Energy consumption within the organization	78	●		√
EN6	Reduction of energy consumption	60	●		√
	Water				
	Generic DMA	60	●		√
EN8	Total water withdrawal by source	60	●		√
	Emissions				
	Generic DMA & Aspect-specific DMA	60	●		√
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	78	●		√
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	78	●		√
EN19	Reduction of greenhouse gas (GHG) emissions	60	●		√
	Effluents and Waste				
	Generic DMA	60	●		√
EN23	Total weight of waste by type and disposal method	78	●		√
	Products and Services				
	Generic DMA	60	●		√
EN27	Extent of impact mitigation of environmental impacts of products and services	61	●		√
	Overall				
	Generic DMA	60	●		√
EN31	Total environmental protection expenditures and investments by type	78	●		√

Category : Social

Labor Practices and Decent Work

ID.	Disclosure Items	Page	Reporting Status	Omissions	External Assurance
	Employment				
	Generic DMA	54	●		√
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	77	●		√
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	54~59, 77	●		√
LA3	Return to work and retention rates after parental leave, by gender	77	●		√
	Occupational Health and Safety				
	Generic DMA	54	●		√
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	58	●		√
	Training and Education				
	Generic DMA	54	●		√
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	55~56, 58	●		√
LA11	Percentage of employees receiving regular performance and career development reviews	77	●		√
	Diversity and Equal Opportunity				
	Generic DMA	54	●		√
LA12	Composition of governance bodies and breakdown of employees	69, 77	●		√

Society

ID.	Disclosure Items	Page	Reporting Status	Omissions	External Assurance
	Local Communities				
	Generic DMA	50	●		√
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	50~53, 65	●		√

Product Responsibility

ID.	Disclosure Items	Page	Reporting Status	Omissions	External Assurance
	Customer Privacy				
	Generic DMA	75	●		√
PR5	Results of surveys measuring customer satisfaction	75	◐	quantitative data	√
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	75	●		√

Membership Status of Committee and Colloquium

KOREA ASSOCIATION OF ADVERTISING AGENCIES	KOREA ADVERTISING SOCIETY	KOREA FEDERATION OF ADVERTISING ASSOCIATIONS	THE KOREAN ADVERTISING PR PRACTITIONERS SOCIETY
AD STARS ORGANIZING COMMITTEE	THE KOREA CHAMBER OF COMMERCE & INDUSTRY	THE FEDERATION OF KOREAN INDUSTRIES	KOREA INVESTOR RELATIONS SERVICE
KOREA EXCHANGE	KOREA ECONOMIC RESEARCH INSTITUTE	KOREA LISTED COMPANIES ASSOCIATION	KOREA MESENAT ASSOCIATION

Assurance Statement- Independent Assurance Statement

Introduction

DNV GL Business Assurance Korea. (hereinafter DNV GL) is commissioned to carry out the assurance engagement of the Sustainability Report 2014-2015 (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'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 2014. The scope of DNV GL's Assurance Engagement includes the followings:

- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS) 2008 with Type 1, a moderate level of assurance as stated in AA1000 Assurance Standard (AS) 2008.
- Verification of disclosures to check the Report is prepared 'In accordance' with the GRI Guidelines G4 (Core option) (Verification on aggregated level of data and activities that refers to the period between January and December in 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 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 2014 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 Environment and Social performance are not verified, while the aggregated data are used for the verification. The qualitative statements directly addressed in the GRI Content Index are not verified but the audit team has just confirmed that the indicator is reported in the GRI Content Index. DNV GL expressly disclaims any liability or co-responsibility 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 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 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.
- Visit to Cheil Head office in Seoul, Korea in April 2015.

Conclusion

In DNV GL's opinion, the Report provides a reliable and fair representation of Cheil's Sustainability policy, practices and performance in 2014. DNV GL

confirms that the report is 'in accordance' with the Guidelines - Core. Further conclusions and observations on the Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000APS (2008) are made below:

Inclusivity: Regarding sustainability issues, Cheil has engaged with a wide range of stakeholders. Five Stakeholder groups which are Clients, Employees, Local communities, Suppliers and Investors are defined in the Report. Various ways of engaging stakeholders and key issues associated with respective stakeholder groups are also presented in the Report.

Materiality: The materiality determination process is clearly presented in the Report. Cheil reviewed internal issues (Newsletters and Website) and external issues (International standards, Peer group benchmarking, Media coverage) and conducted the stakeholders survey to identify material issues. Selected 10 material issues are identified and prioritized based on the stakeholder's opinion.

Responsiveness: Stakeholders' views, interests and expectations have been considered in the preparation of the Report. Cheil presents sustainability management approach, performance and activities which correspond to key material issues grouped into five key aspects (Client value, Sharing value, Employee value, Environmental value, Mutual Growth value).

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.

- It is desirable that 'Sustainability Committee' has comprehensively managed the sustainability management and reported key performance to the board of directors. To maintain its capability as a sustainability leading company, Cheil needs to strengthen integration of sustainability into corporate strategy; set specific sustainability targets; and manage/report their level of achievement in comparison to the target.

- Cheil has worked with a lot of small sized suppliers due to the nature of business. It is important to encourage sustainability management of suppliers and carry out activities for mutual growth.
- It is expected to continue sustainability management activities based on the CSV (Creating shared value) and employees' talent donation.
- To determine material issue with relevance and significance to organization and stakeholders, it is recommended to obtain a comprehensive and balanced information by expanding the stakeholder engagement activities.

Statement of Competence and Independence

DNV GL 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 was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

June 2015
Seoul, Republic of Korea



In-Kyoon Ahn

Country Representative
DNG GL Business Assurance Korea Ltd.



Assurance Statement- Greenhouse Gas Inventory

Introduction

DNV GL Business Assurance Korea Ltd. (DNV GL) was commissioned by Cheil Worldwide Inc. (Cheil Worldwide) to verify the Cheil Worldwide's Greenhouse Gas Inventory Report for the calendar year 2014 (the report) base 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 GL 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), Energy indirect emissions (Scope 2 emissions) from the Cheil Worldwide boundary:

- Organizational boundary for reporting : Cheil Worldwide Inc. (in Korea)

Verification Approach

The verification has been conducted by DNV GL in April 2015 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 reasonable verification opinion with 5% materiality level, 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 Greenhouse Gas Management System.
- We have reviewed and verified the Cheil Worldwide's GHG Inventory Report.
- We have reviewed and verified the process to generate, aggregate and report the emissions and energy data.

Conclusions

Based on the above verification core elements, it is DNV GL opinion that the data and the information reported in the GHG assertion are free of errors, omissions and misrepresentations providing a fair and balanced quantification, in compliance to the above reported verification criteria. The GHG Emissions of Cheil Worldwide for the year 2014 were confirmed as below:

Greenhouse Gas Emissions of Cheil Worldwide from Yr 2014

Cheil WORLDWIDE	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
Year 2014	898	1,222	2,120

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

※ Total emissions - Scope 1 + Scope 2

29th April 2015



Lead Manager **Se-Hee Park**

Verifier Country **In-Kyoon Ahn**
DNV GL Business Assurance Korea

This Assurance Statement is valid as of the date of the issuance (6th May 2015). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of CHEIL WORLDWIDE is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English and Korean version, Korean shall be given precedent.

About this Report

Features of the Report

The Sustainability Report 2014-2015 is Cheil Worldwide's second report of its kind. The report covers economic, environmental and social activities to showcase Cheil Worldwide's progress abroad as a global company.

Standards of the Report

The report was documented in accordance with the G4 Core option of the Global Reporting Initiative (GRI), and specifics of the reporting standard are described in pages 81 to 83.

Reporting Period

The reporting period for this report is from January 1 to December 31, 2014, and three years of data are disclosed (from 2012 to 2014) on performance where the trend analysis is required. For some details, data from the first half of 2015 and more is also included.

Scope of the Report

The report covers sustainable management activities for mostly domestic sites (excluding companies it has invested in and subsidiaries), and contains sustainable management activities and performance of overseas sites within a limited scope.

Assurance of the Report

Third-party assurance process took place from DNV GL, an independent assurer to raise the reporting process' appropriateness and integrity, along with the content accuracy and reliability. Assurance outcome is available on pages 84 and 85.

Inquiries on the Report

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



