

**Environment
Social
Governance**

**Sustainability
Report
2022**





cheil

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- About this Report



CEO Message



Dear esteemed stakeholders,

Greetings from John Jonghyun Kim,
President and CEO of Cheil Worldwide.

2022 was a very significant year for Cheil Worldwide. In addition to achieving external growth, the company also won many awards at leading advertising festivals at home and abroad. In particular, we have made great efforts to put ESG management directly into practice, achieving an “A” in the 2022 KCGS rating. This is particularly meaningful because it demonstrates that our efforts to be a “good growth” company have been worthwhile.

This is our fourth report which is even more special. Since the ESG Secretariat was established in April 2021 to promote comprehensive ESG management, around 20 departments across the company have been working together on various ESG-related activities. In particular, to ensure that these activities do not have empty words, we strive to keep ESG-responsible management in mind and practice from the top management by including material ESG-related issues on the Board of Directors’ agenda for discussion and review. In addition, we share ESG-related content through internal campaigns and training and all employees work together toward the same goal.

In the environment (E) sector, we strive to make everything from “business” to “daily life” “green” beyond specific projects or areas. Minimizing carbon emissions from our operations is not something we do alone. As an industry leader, we have entered into the first “Environment-Friendly (ESG) Practices Agreement” with around 96 of our partner businesses in 2021. In addition, we set annual goals and implement them in stages, such as promoting a “lifestyle habit of environmentally friendly practices at production sites” in 2022. We also offer a 50% discount at the in-house cafe when using tumblers to help people practice environmental protection in their daily lives.

In the social (S) sector, as an industry-leading company, we take responsibility and lead efforts to ensure safety and compliance. As a result, we did not have a single safety-related accident (injury) in 2021 and 2022, achieving an accident-free workplace for two consecutive years. In addition, as a company whose main business is advertising and marketing, we have established a system to proactively review advertisements so that we can comply with labeling and advertising laws and conduct campaigns with accurate information without falsehoods or exaggerations. This system is a unique process at Cheil Worldwide, as it involves face-to-face meetings with lawyers from our legal team to review images, videos, etc. from the pre-airing stage of an ad, as opposed to the usual written legal advice. In 2022 alone, we had around 100 pre-airing review meetings to ensure that our campaigns are legal and safe.

We are always thinking about how we can make a good impact on society. In a partnership with the Seoul Metropolitan Government since 2019, we digitally restored “Donuimun Gate”, which was forcibly demolished by the Japanese, and earlier this year, we digitally restored “Gungisi”, which was used to manufacture weapons during the Joseon Dynasty but was lost during the Japanese occupation. Through our creativity and technology, we contribute to the preservation of cultural heritage and the revitalization of history and culture in a sustainable way.

In addition to conducting these activities in a transparent and fair manner, we are also committed to good governance (G) to minimize business risks. We operate an “Early Warning System” that monitors and manages risks on an ongoing basis to effectively prevent risks

before they occur. In particular, as the business environment has changed rapidly in recent years, new and unprecedented management risks have arisen, so we continuously monitor relevant laws and regulations and update the system to ensure that we do not overlook these risks. In addition to risks, we also share important matters with our employees and operate various communication programs such as the “Management Briefings” and “Message from the CEO” to facilitate two-way communication.

‘People say 2023 is going to be a tough year. Everywhere you look, there are concerns about prolonged inflation and a global recession, and companies are cutting back on expenses in response. This situation is making us rethink “what our role is” and perhaps by being continuously competitive and growing relentlessly, we can achieve the best ESG management for our society. Especially in 2023, which will be the 50th anniversary of Cheil Communications. As we close the past half-century and prepare for the next, we will continue to think about and practice ESG management as a sustainable business. Let’s do our best to help us all grow together as a company and as members of society.

We would like to extend our appreciation to you, our employees, executives, and other stakeholders for unfaltering interest in and support of Cheil Worldwide, and ask for your continued encouragement going forward.

Thank you.

Cheil Worldwide Inc.
John Jonghyun Kim,
President and CEO

A handwritten signature in black ink, reading '김종현' (Kim Jonghyun).

Company Overview

About Cheil

Company Name: Cheil Worldwide

Address: 222, Itaewon-ro, Yongsan-gu, Seoul, Korea

Global network: 46 countries

* Established a subsidiary in Maghreb, Morocco in Jan 2023

Financial Performance (as of 2022, based on consolidated financial statements)

- Operating revenue: KRW 4.2534 trillion
- Gross operating profit: KRW 1.5383 trillion
- Operating profit: KRW 311.4 billion

Clients

- Domestic: Samsung Electronics, KT, Dongsuh Foods, Shinhan Financial Group, Korea Ginseng Corporation, GM Korea, Hankook Tire, Google Korea, Amore Pacific, etc.
- Global: GM, Volkswagen, Beiersdorf, ENEL Group, IKEA, Pfizer, NIKE, Choice Hotels, ESPN, Adidas, Bentley, Columbia Sports, LinkedIn, Delta, Philip Morris International, Jack Daniels, Hotels Combined, Amazon Prime, etc.

Our Family (Affiliates)

96 companies, including Barbarian, Cheil PengTai, BMB, One RX, McKinney, Iris, Experience Commerce, Cheil Centrade and ColourData

* See Business Report for a complete list of subsidiaries

Sports Marketing

Suwon Samsung Bluewings Football Team, Seoul Samsung Thunders Basketball Team, Yongin Samsung Life Bloominx Basketball Team, Daejeon Samsung Fire Bluefangs Volleyball Team, Samsung Lions Baseball Team

CONNEC+

Cheil is more than just an advertising company.

We are a business-connected agency that maintains close contact and integrates with our clients, devising creative and effective solutions to boost the business performance of our customers. Cheil's unique connected solutions combining advertising with retail, digital tech, and data provide consumers with optimized brand experiences and clients with real marketing outcomes directly linked to business performance.

CONNEC+ is about connecting brand experience with technology and marketing outcomes, and is our basis for creating new and innovative value for consumers, clients, and the world and promoting worldwide progress.

CONNEC+
We Create Connected Experiences that Matter



Connected Solution

Cheil brings together data, tech and creativeness to provide business performance-enhancing solutions.

Data Driven Marketing

Campaigns are executed based on digital client behavior analysis data using automated marketing tools. Client response is consistently measured and monitored for ongoing adjustments to strategy and execution.

DMP (Data Management Platform)

Cheil uses Adobe DMP for data integration and analysis, delivering the campaigns best suited to client circumstances. This streamlines advertising costs, attracts customer revisits, and induces extended site visit duration.

AI Optimizer

Our AI Optimizer is a solution for integration and analysis of internal data and media data. At Cheil, we improve campaign outcomes by analyzing the effects of media implementation on customers visiting websites using analytical tools developed in-house.

Sales Tracker

Client-owned CRM data and media company-owned data are matched to assess whether campaigns have actually induced purchases, and potential customers similar to purchasing customers are identified and targeted for follow-up campaign implementation.

Online user visit records and ADID data are used to select advertising targets and improve advertising performance.

AdTech Campaign

Digital Panel

Drawing on an in-house panel of around 8,000 people representing the Korean consumer, we maintain real-time awareness of what our target consumers are doing where, how, and when.

Marketing Mix Model

Revenues specifically from marketing are isolated from gross revenue to develop guidelines for efficient budgeting for each type of marketing activity.

4 Screen Optimizer

The 4 Screen Optimizer was designed with the intent of providing combined planning across TV, PC, mobile, and theater media. Effectiveness is compared using the same criteria across all media types, providing optimized budget distribution guidelines. Comparative analysis against competitors is also supported.

Private DMP

Clients' internal data and media data are collected to analyze individual purchase propensity and to select customers with high purchase probability. Ads are executed automatically for selected targeted consumers through DSP.

CYLNDR

CYLNDR is a complex-competency organization operating in-house studios. Seven CYLNDR centers are operated globally, providing coverage for all world regions, with one-stop editing, recording, and social/digital content production services.

Media Dashboard

This tool provides real-time web monitoring of campaign execution statistics for KPI management. The media cost of ATL, digital and marketing effects can be viewed all in one place.

Connected Solution

Platform Operation

A variety of blended services are provided through standardized operation methods and tools.

CMS

Adobe Experience Manager allows us to systematically produce and distribute tens of thousands of different content types differentiated by country. Full-process services are provided, from design and development to production and execution.

Control Tower

A global monitoring tool developed in-house allows for collective monitoring of multiple global site pages, with auto-generated screenshots and reporting on predefined PPT template documents.

Global Publishing Center

Drawing on our SW capacities for web publishing in HTML, CSS, JS, and others, we provide 24-hour services to all regions of the globe.

Space & Log

This is our work process management tool to enable multiple organizations to operate on a single work process. This global co-work tool is based on solutions by Atlassian, and allows us to standardize work processes with our clients.

Retail Management

We utilize a suite of digital solutions to streamline management operations, providing services in workforce management, training management, asset management, performance management, and more.

Field Force Management Tool

We offer workforce management services in 28 countries around the world. This includes basic attendance management using GPS and photographic evidence, optimized lines of movement for mobile workforces, and timeline and scheduling features.

Asset Management Tool

These tools allow for effective management of assets invested in stores. In addition to providing monitoring for assets already invested, store competition circumstances are ascertained so as to also allow clients to establish timely sales promotion strategies.

Training Platform

With new products being launched constantly, training is a must. Cheil offers global training services to on-site sales personnel and managers.

Data Platform

All manner of data—including attendance and performance data for on-site sales personnel, store asset and competitor trend data, training outcome data, and loyalty program participation data—is gathered in our databases for management and analysis.

Connected Solution

Omni-Channel Commerce

A variety of store-integrated solutions are provided to ensure uninterrupted customer experiences on any channel.

eCombus

Product information systems and order management systems are provided for consolidated management of product information, orders, and settlements across multiple channels. These systems are directly connected to corporate product DBs and ERP systems, providing customers with access to product, inventory, and price data synchronized across all channels.

Digital Signage

Kiosks integrated with online sites are provided for offline stores to serve customer purchase behavior across both online and offline channels.

Digital Wall Bay

.com and other online content are used in offline store displays as well, helping to save on costs for redundant production of offline content. Cheil provides content recommendation algorithms through its in-house Data Mart system.

Digital Spec Card

Our E-ink panels are simple to install and require no charging, and allow for easy editing of panel content. With competitive pricing thanks to mass production, these panels can substitute in-store printed media.



Corporate History

<p>1973 Founded as Cheil Communications</p> <p>1975 Published first issue of in-house newsletter "Cheil Communications" First open recruitment</p> <p>1977 First in industry to conduct Annual Consumer Research</p> <p>1978 First Collegiate Competition for Advertising Academic Papers and Advertising Works</p> <p>1979 First in industry to publish advertising almanac</p> <p>1988 First in industry to open overseas network (Tokyo, Japan)</p> <p>1989 Joint venture subsidiary Cheil-Bozell founded</p> <p>1991 First in industry to establish marketing institute Opened joint marketing professional curriculum with University of Pittsburgh, US</p> <p>1992 New York office opened</p> <p>1994 New Advertising Services Declaration</p> <p>1997 First Korean company to win Gold Lion award at Cannes Lions International Festival of Creativity</p> <p>1998 First Korean advertising agency listed on stock exchange (KOSPI)</p>	<p>2000 Joint venture Hakuodo Cheil founded Brand Marketing Institute founded</p> <p>2002 Lead production agency for opening ceremony, 2002 Korea-Japan World Cup</p> <p>2004 Production for opening ceremony, African Cup of Nations football competition (ANC 2004)</p> <p>2005 Execution of cultural events for APEC South Korea 2005 Execution of Cheonggyecheon Stream reopening event</p> <p>2007 Adopted "Pro" job title system</p> <p>2008 English company name changed to "Cheil Worldwide" Acquired London-based BMB (Beattie McGuinness Bungay) First Korean company to win Gold Pencil Award at One Show First Korean company to win Silver Lion award at Cannes Lions International Festival of Creativity YLC (Young Lions Competition)</p> <p>2009 First in industry to win grand prize at Korea Advertising Awards for three consecutive years Acquired US advertising agency TBG (The Barbarian Group) Acquired China-based Cheil PengTai</p> <p>2010 General publicity agency for G20 Summit Seoul</p> <p>2011 First in industry to win Grand Prize at Cannes Lions One Agency founded in Dubai, UAE</p>
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<p>Publicity marketing and presentation for PyeongChang 2018 Winter Olympics host city selection</p> <p>2012 Most-awarded Korean agency at Cannes Lions (12 awards) Acquired US agency McKinney, 2012 First Korean agency to win Grand Prize at Spikes Asia</p> <p>2013 40th Anniversary: Changed CI, created a PR exhibition First in industry to win Grand Prize at all major advertising awards (Cannes Lions, Spikes Asia, Clio, etc.) DnA Center (Data and Analytics Center) established</p> <p>2014 Acquired Samsung Life Blueminx football team, Samsung Thunders Men's basketball team, and Samsung Bloominx Women's basketball team Acquired global agency Iris Worldwide</p> <p>2015 Look at Me campaign wins multiple awards at international advertising awards: Cannes Lions, D&AD, One Show, etc. Cheil Greater China wins grand prize at China's two largest advertising awards and named Advertising Company of the Year for the second consecutive year Acquired Samsung Fire Bluefangs volleyball team</p> <p>2016 Acquired Samsung Lions baseball team Iris, a subsidiary, acquired UK B2B marketing firm Founded</p>	<p>2017 Iris, a subsidiary, acquired Canadian B2B marketing consulting firm PSL (Pricing Solutions Limited) Iris, a subsidiary, acquired UK digital marketing firm Atom42</p> <p>2018 Managing agency for opening and closing ceremonies of PyeongChang 2018 Winter Olympics Acquired Romanian digital marketing firm Centrade Acquired Indian digital marketing firm Experience Commerce</p> <p>2019 40th Anniversary of Cheil Worldwide Idea Festival (Collegiate Idea Competition)</p> <p>2020 Acquired Chinese social big data analytics firm ColourData Won 3 Grand Prizes at the Korea Advertising Awards</p> <p>2021 First in industry to sign Environmental-Friendly Practices Agreement Signed an investment and business cooperation agreement with digital convergence company "HIVELAB"</p> <p>2022 Signed an investment and business cooperation agreement with metaverse company "EVR Studio" Won 6 Grand Prizes at the Korea Advertising Awards Achieved an A (Excellent) rating from "KCGS", Korea's leading ESG rating agency</p>
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2022 Awards

Event	Segment	Award	Campaign Title	Advertiser
Cannes Lions	ENTERTAINMENT LIONS FOR SPORT	Silver	Samsung FastFrame	Samsung Electronics Benelux
	Mobile	Silver	QUEST FOR DYSLEXIA	SAMSUNG
	Health & Wellness	Bronze	The Battle Inside	CRIS Cancer Foundation
	ENTERTAINMENT LIONS FOR SPORT	Bronze	Samsung FastFrame	Samsung Electronics Benelux
	BRAND EXPERIENCE & ACTIVATION	Bronze	QUEST FOR DYSLEXIA	SAMSUNG
	Media	Bronze	QUEST FOR DYSLEXIA	SAMSUNG
	SUSTAINABLE DEVELOPMENT GOALS	Bronze	QUEST FOR DYSLEXIA	SAMSUNG
Spikes Asia	Creative Data	Creative Data	SLOW ROAD	JEJU TOURISM ORGANIZATION
	PR	Gold	SLOW ROAD	JEJU TOURISM ORGANIZATION
	Media	Silver	THE COST OF BULLYING	SAMSUNG
	Outdoor	Silver	ABANDONED STATION	VOLKSWAGEN
	Outdoor	Silver	STREET FIGHTER / CLAW MACHINE / RACING CAR	CHUPA CHUPS
	Brand Experience & Activation	Bronze	SLOW ROAD	JEJU TOURISM ORGANIZATION
	Brand Experience & Activation	Bronze	SLOW ROAD	JEJU TOURISM ORGANIZATION
	Brand Experience & Activation	Bronze	SLOW ROAD	JEJU TOURISM ORGANIZATION
	Brand Experience & Activation	Bronze	THE COST OF BULLYING	SAMSUNG
	Brand Experience & Activation	Bronze	THE COST OF BULLYING	SAMSUNG
	AdFest	BRAND EXPERIENCE	GOLD	SLOW ROAD
MEDIA		GOLD	SLOW ROAD	JEJU TOURISM ORGANIZATION
PR		GOLD	SLOW ROAD	JEJU TOURISM ORGANIZATION
MEDIA		GOLD	THE COST OF BULLYING	SAMSUNG
DESIGN		SILVER	ABANDONED STATIONS	VOLKSWAGEN
PRINT & UTDOORCRAFT		SILVER	ABANDONED STATIONS	VOLKSWAGEN

Event	Segment	Award	Campaign Title	Advertiser
AdFest	PRINT & UTDOORCRAFT	SILVER	JOY STICKS	CHUPA CHUPS
	BRAND EXPERIENCE	SILVER	SLOW ROAD	JEJU TOURISM ORGANIZATION
	DIGITAL	SILVER	SLOW ROAD	JEJU TOURISM ORGANIZATION
	DIRECT	SILVER	SLOW ROAD	JEJU TOURISM ORGANIZATION
	MOBILE	SILVER	SLOW ROAD	JEJU TOURISM ORGANIZATION
	PR	SILVER	SLOW ROAD	JEJU TOURISM ORGANIZATION
	DIRECT	SILVER	THE COST OF BULLYING	SAMSUNG
	MOBILE	SILVER	THE COST OF BULLYING	SAMSUNG
	PRESS	BRONZE	CLAW MACHINE	CHUPA CHUPS
	DIGITAL CRAFT	BRONZE	SLOW ROAD	JEJU TOURISM ORGANIZATION
	BRAND EXPERIENCE	BRONZE	THE COST OF BULLYING	SAMSUNG
	DIRECT	BRONZE	THE COST OF BULLYING	SAMSUNG
	MEDIA	BRONZE	THE COST OF BULLYING	SAMSUNG
	D&AD	Entertainment / Apps	Wood Pencil	The Cost of Bullying
Gaming / Health & Wellbeing		Wood Pencil	The Cost of Bullying	Samsung
Casting / Film		Wood Pencil	Flip, Fold, Snap, Clack	Samsung Electronics America
One Show	Gaming	Best of Discipline	The Cost of Bullying	Samsung
	Gaming	Gold	The Cost of Bullying	Samsung
	Gaming	Silver	The Cost of Bullying	Samsung
	CREATIVE USE OF DATA	Bronze	Slow Road	JEJU TOURISM ORGANIZATION
	DIRECT MARKETING	Bronze	The Cost of Bullying	Samsung
Health&Wellness	Bronze	The Battle Inside	CRIS contra el Cáncer	

2022 Awards

Event	Segment	Award	Campaign Title	Advertiser
New York Festivals	START-UP: BEST USE	Gold	MYPIGGY – GERMANY'S FIRST SMART PIGGY BANK	myPiggy – Germany's First Smart Piggy Bank
	COLLABORATIONS & PARTNERSHIPS: BEST USE	Silver	QUEST FOR DYSLEXIA	Samsung
	THE FUTURE NOW: BEST USE	Silver	QUEST FOR DYSLEXIA	Samsung
	DESIGN: BRAND DESIGN	Bronze	我ID. – THE CHINESE MAKEOVER	Volkswagen
	DIGITAL/MOBILE: BEST USE	Bronze	QUEST FOR DYSLEXIA	Samsung
London International Awards	Health & Wellness	Gold	The Battle Inside	CRIS CANCER FOUNDATION
	Creative Use of Data	Silver	Quest for Dyslexia	Samsung
	Evolution	Silver	Quest for Dyslexia	Samsung
	Non-Traditional	Silver	Quest for Dyslexia	Samsung
	Health & Wellness	Silver	The Battle Inside	CRIS CANCER FOUNDATION
	Health & Wellness	Silver	The Battle Inside	CRIS CANCER FOUNDATION
	Pharma & Medical	Silver	The Battle Inside	CRIS CANCER FOUNDATION
	Creativity in PR	Silver	No More Red	Adidas Football
Digital	Bronze	Quest for Dyslexia	Samsung	





Samsung Bespoke, “Bespoke Original Series”

Created as the Bespoke refrigerator brand entered its fourth year, this campaign grew out of the search for the most “Bespoke” way to realize specific features and unique technology. By borrowing a short film format to tell the stories of different owners, each with their own distinct tastes and lifestyles, intertwined with key features and wit, we wanted to express the spaces and lifestyles of our various target audiences with a “Bespoke” look.



Samsung Galaxy S22, “Play Your Own Angle”

The Galaxy S22, “Play Your Own Angle” campaign focuses on the flexibility of folding and unfolding of the Z-Fold 4, which is not possible with traditional bar-shaped phones, to provide the MZ generation with a unique and different experience and incorporate it into their lifestyle (play, perspective, thinking, etc.) with an “angle” under the slogan “Play Your Own Angle”.



Samsung Bespoke Grande AI, “Living with Grande AI”

This “Living with Grande AI” campaign is designed to showcase our #1 brand dominance and the differentiated and enviable laundry lives of Grande AI users. To show the confident and laid-back lifestyle of Grande AI users, we used high-speed filming techniques, created a premium tone and manner, and repeatedly used “Today, nobody...” copy to create a sense of hipness for Grande AI as the washer/dryer of today. Andrew Bird’s “Sisyphus,” the music for the commercial, was a huge hit and generated a lot of buzz online.

Dong-A Pharm Bacchus, ‘Teacher’

As we approach the end of the pandemic, the campaign tells a story that only Bacchus, Korea’s leading burnout remedy, can tell, showing that it is back to relieve burnout. We wanted to connect consumers with Bacchus by using a theme that everyone can relate to – burnout – and expressing it with a playful, warm feeling that is unique to Bacchus. We used an elementary school teacher as a symbol of modern burnout to bring it to life, and used Internet memes to send a message of support.

About This Report

Scope of reporting This report presents the sustainable management efforts and outcomes (including environmental outcomes) of the domestic establishments of Cheil (not including Cheil-invested companies and subsidiaries). The sustainable management activities and outcomes of overseas establishments are reported as well, to a limited extent.

Verification of the report To enhance the conformity and integrity of the reporting process and the accuracy and reliability of matters reported, the present report has been subjected to an independent third-party verification process by the Korea Management Registrar. Verification results are presented on pages 176 through 181.

Characteristics of the report The 2022 Sustainability Report is the fourth sustainability report* issued by Cheil. The 2022 report systematically details our efforts and future plans in each of the areas of Environment (E), Social (S), and G (Governance). Cheil plans to regularly issue and disclose sustainability reports annually.

*The previous report was the 2021 Sustainability Report, issued in July 2022. The report is available on our website.

Report preparation standards This report has been prepared in accordance with GRI Standards 2021 and the SASB's Advertising & Marketing standard, the U.S. standard for sustainability accounting. Details on the reporting standards can be found on pages 172 through 174.

Reporting period The reporting period for this report is from January 1 to December 31, 2022. For some important matters, the report also covers periods prior to 2022 or in the first half of 2023.

Report-related inquiries **Department:** ESG Secretariat, Cheil Worldwide
Address: 222, Itaewon-ro, Yongsan-gu, Seoul
Email: cheil.esg@samsung.com



ESG

- Sustainable Management System
- Stakeholder Participation in ESG Management
- ESG Management Status
- Selection of Key Issues



Sustainable Management System

Cheil has a company-wide sustainable management system, starting with the ESG Secretariat and spanning our entire organization up to the Board of Directors. All of our employees strive together to realize sustainable progress for Cheil. This includes the ESG Secretariat, charged with planning and managing ESG affairs; each coordinating department for efforts in environment, social, and governance; the respective departments responsible for specific ESG operations; and all members of the Board of Directors.

Role of upper management in ESG management

Review ESG by the Board of Directors

Cheil Worldwide strives to enable the Board of Directors to practice responsible ESG management by submitting ESG-related key issues and statuses, such as ESG management activity plans, ESG materiality, and risk management activities, as agenda items to the Board, which is attended by all directors, including outside directors, so that ESG issues can be discussed and reviewed at the Board level.

We regularly present ESG-related issues to the Board, and the content of ESG-related issues regularly reported to the Board is as follows.

Date	Matters Reported
1H	<ul style="list-style-type: none"> - Annual plans for key ESG activities * Share plans/schedules for holding annual ESG meetings and publishing the Sustainability Report
2H	<ul style="list-style-type: none"> - Consider and select ESG materiality by reviewing and reflecting on the company's ESG risks - Report on the company's risk management activities - Share the ESG evaluation result of KCGS for the present year

Incorporate ESG performance in directors' KPIs

We reflect the ESG performance reviewed by the Board as described above in the KPIs of the CFO, Corporate Management Division, who is also an inside director and the General ESG Secretary. We require the General ESG Secretary to report to the Board on the responsible management of the company's economic, environmental and human impacts, and we include ESG management challenges in the evaluation of General ESG Secretary. In addition, non-financial factors important to ESG management, such as safety management activities to prevent major disasters, are also reflected and managed as mandatory KPIs for the General ESG Secretary.

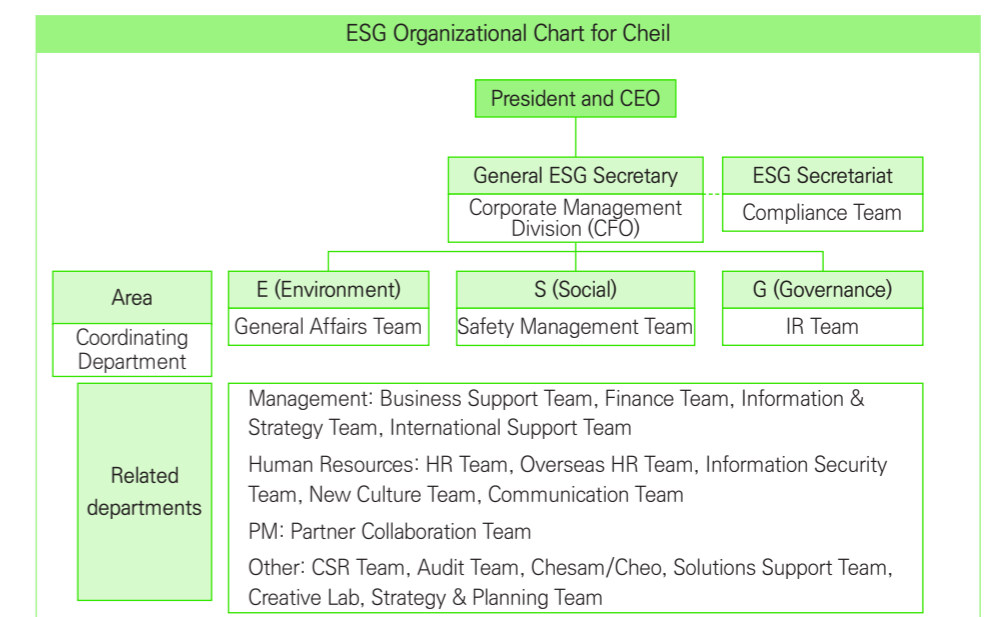
We regularly assess the performance of individual directors and the organizations they lead against specific KPIs, and the results of these assessments are directly linked to the calculation and delivery of their incentive awards. As such, Cheil Worldwide includes ESG management items as an important factor when evaluating directors.

Composition of company-wide ESG organization

The CFO (Chief Financial Officer) of the Corporate Management Division serves concurrently as the General ESG Secretary for Cheil, managing and supervising ESG affairs in the organization. The Compliance Team, reporting directly to the CEO, serves as our permanent ESG Secretariat, and plans, manages, and inspects our ESG operations. Operations in the areas of Environment, Social, and Governance are coordinated by the General Affairs Team, Safety Management Team, and IR Team, respectively. These teams coordinate activity in their respective areas and handle evaluations by ESG evaluation bodies. The coordinating departments orchestrate a combined effort of about 20 ESG activity-related departments throughout the organization. These departments are the Business Support Team, Finance Team, International Support Team, Information & Strategy Team, HR Team, Overseas HR Team, Information Security Team, New Culture Team, Communication Team, Partner Collaboration Team, CSR Team, Audit Team, Chesam/Cheo, Solutions Support Team, Creative Lab, and Strategy & Planning Team.

Regular ESG meetings

Our ESG organization holds regular meetings three times a year to discuss the ESG agenda of Cheil in depth. The outcomes of these meetings are reported to upper management including the CEO and the Board of Directors. This allows top management and the Board of Directors to maintain management and supervision over sustainability issues.



Stakeholder Participation in ESG Management

Cheil Worldwide is committed to listening to the opinions of various stakeholders with an open mind. The following stakeholder inclusion process applies to all Cheil management activities. Through various communication channels, we identify the areas of interest and thoughts of various stakeholders to be reflected in the company's decision-making processes.

Key stakeholders For effective communication, our stakeholders are classified as shareholders, customers, local community, employees, and partners. Issues relating to each are gathered and managed systematically.

Participation Method By operating various communication channels that take into account the characteristics of each stakeholder, we listen to their opinions and reflect them in Cheil Worldwide's management activities.

Stakeholder	Participation Method
Shareholders	Business reports, general meetings of shareholders, IR briefings
Customers	Website, customer satisfaction surveys, AEs (Account Executives)
Local community	Website and social media, volunteer activities, local community councils
Employees	Joint labor-management council, i-pub Idea Portal, business information sessions, SCI corporate culture diagnostics, Occupational Health and Safety Committee
Partner businesses	Work meetings, partners portal site, health and safety consultative body

Stakeholder participation in ESG processes At Cheil, we hold ESG meetings attended by about 20 teams including the ESG Secretariat, ESG coordinating departments, and ESG-related departments. Our ESG agenda is discussed in-depth at these meetings. At our quarterly ESG meetings, members of our organization share opinions and thoughts on our ESG items and closely coordinate with other related departments.

Subject matter for quarterly ESG meetings	
Session	Agenda
1	- Annual plans for key ESG activities
2	- Updates from relevant teams regarding evaluation by each ESG evaluation agency
3	- Consider and select ESG materiality by reviewing and reflecting on the company's ESG risks - Share the ESG evaluation result of KCGS for the present year

Our Sustainability Report and ESG-related current issues are disclosed through our website and made available for key stakeholders such as shareholders, customers, local communities, partner businesses, etc. to understand our ESG management activities. Contact information for our ESG representatives is provided on the website, allowing stakeholders to contribute their opinions or ask questions about to our ESG processes or issues. Opinions gathered through these communication channels are reflected in our ESG management activities.

ESG Management Status

In addition to business reports, Cheil issued a "2022 Sustainability Report" providing non-financial information as part of our efforts to improve communication with stakeholders. The report will be made available on our website in the first half of 2023.

To this end, we have established our own "ESG Information Disclosure Indicators" drawing on the various sustainability information disclosure standards available in Korea and overseas (including the GRI Standards 2021, SASB, the "K-ESG Guidelines" from the Ministry of Trade, Industry and Energy, the "ESG Information Disclosure Guidance" issued by Korea Exchange, and the WFE) and the evaluation criteria of the major ESG evaluation bodies (KCGS, National Pension Service, MSCI, etc.) in Korea and abroad. All ESG-related data covered by these disclosure indicators has been gathered and included in our independently verified "2022 Sustainability Report". Cheil plans to issue and disclose sustainability reports once a year.

Selection of Key Issues

“Key Issues for Sustainable Management” are of utmost importance to business growth and stakeholder interests at Cheil. The economic, social and environmental agenda most important to us are identified through materiality assessment. These key issues are managed in systematic fashion toward sustainable growth.

Materiality assessment process

Issue pooling

By collecting various global ESG information disclosure indicators such as sector standards and topic standards of GRI Standards 2021, sustainable management trends of peer companies, and our internal issues, we have organized a Sustainability Management issue pool.

Materiality assessment

Five key issues were selected through media research, business criticality, regular meetings of internal stakeholders, benchmarking with global competitors, and review according to international standards from the SASB and others.

Results of Key Issues Selection

Our ESG key issues selected as a result of the above materiality assessment are as follows:

* The table below is prioritized based on the materiality of the issue.

Priority	ESG Key Issues	Related Stakeholders	Importance of the Issue	Management Plan	Pages of the Report
1	Marketing and Labeling	Customers and employees, etc.	As a marketing company, we comply with labeling and advertising laws to ensure that consumers receive accurate information about advertisers' products or services that is not false or misleading, and to help them make informed decisions about products and services.	<ul style="list-style-type: none"> - Operation of a pre-airing review process - Operation of a license notice system - Training for employees 	105-107
2	Customer Privacy	Customers and employees, etc.	As marketing using personal customer information increases, strict compliance with privacy laws and regulations when collecting personal customer information for marketing purposes has become an important issue in the marketing industry.	<ul style="list-style-type: none"> - Establishment/publication of policies and systems relating to privacy protection - Establishment and operation of a dedicated information protection organization - Personal information inspection and management activities, including development and operation of the "Personal Information Trustee Management" system - Activities to prevent privacy breaches - Training for employees 	90-99

Priority	ESG Key Issues	Related Stakeholders	Importance of the Issue	Management Plan	Pages of the Report
3	Socioeconomic Compliance	Partner businesses, state, etc.	Strictly comply with relevant laws, such as the Subcontracting Act, when dealing with partner businesses to achieve shared growth with them and contribute to the economic development of the country as a whole.	<ul style="list-style-type: none"> - Operation of dedicated organization for mutual cooperation with partner businesses - Establishment and enforcement of "Guide on Win-Win Management Practices" and "4 Practical Rules on Mutual Cooperation" - Adoption and operation of "Voluntary Fair Transactions Compliance and Infringement Prevention Program" and "Voluntary Fair Transactions Compliance Follow-up Monitoring System" - Honored as a top honorary company on the Korea Commission for Corporate Partnership's "Win-Win Growth Index" for three consecutive years - Awarded the "Fair Trade Agreements" by the Fair Trade Commission for four consecutive years 	108-120
4	Occupational Health and Safety	Employees, partner businesses, customers, etc.	By achieving zero safety incidents in the advertising production and office environments, we can promote the safety and health of employees/partners/customers.	<ul style="list-style-type: none"> - Organization of safety management - Establishment of a safety and health management system - Regular safety inspections and training at each workplace - Safety awareness activities for employees 	81-89
5	Management of Greenhouse Gas Emissions	Local community, state, partner businesses, etc.	Minimizing greenhouse gas emissions generated in the office environment and ad production sites can contribute to achieving the 2050 Carbon Neutrality vision of the local community and the national government	<ul style="list-style-type: none"> - Reduction of city gas and electricity usage through a variety of energy efficiency measures 	44-60

* For our 2021 report, we selected key issues based on our own materiality assessment process under the 2016 GRI Standards, but this year we selected key issues through a materiality assessment from the issue pool of topic standards from the revised 2021 GRI Standards. As a result, the number of key issues has been increased from four to five, and the key issues have been refined further.

Key Issues for 2021	<ul style="list-style-type: none"> - Sustainable Management - Environmentally friendly management - Safety and Health - Fair Transactions
Key Issues for 2022	<ul style="list-style-type: none"> - Marketing and Labeling - Customer Privacy - Socioeconomic Compliance - Occupational Health and Safety - Management of Greenhouse Gas Emissions

Environment

- Environmental Management System
- Environmental Management Activities
- Outcome of Environmental Management



Environmental Management System

Environmental management policy

Environmentally friendly management policy

In order to actively participate in the global effort to achieve carbon neutrality by 2050, Cheil Worldwide has established an “environmental management policy” that includes eco-friendly management goals, strategies, and implementation plans, and discloses them under the ESG banner on our website. Under this policy, we will continue to strive to be environmentally friendly.

Environmental management goals

Environmental management strategies

Cheil Worldwide promotes environmental management with the goal of reducing greenhouse gas emissions, energy usage, water usage, and waste by 2% each year.

In the medium to long term, we aim to achieve carbon neutrality by steadily reducing our greenhouse gas emissions by 2% per year, reducing our greenhouse gas emissions by 25%* by 2030 and 100%* by 2050.

* Reduction from 2018

Toward these goals, we calculate monthly energy/water usage and emissions/waste output figures and address any shortcomings if they occur. Our environmental goals are reflected in and managed as part of the KPIs for our environmental management officers.

* 10 points for reaching 2% target; 5 points for achieving between 1% and 2%; 0 points for achieving less than 1%

Our mid- to long-term objective is to transition to 100% new and renewable energies.

Detailed plan

In fiscal year 2022, we developed and implemented a plan to reduce greenhouse gas emissions and energy usage through facility efficiency improvements as follows:

- Jan. – Replaced air supply inverter for air handling units
- Feb. – Inspected boiler and replaced parts to increase efficiency
- Mar. – Inspected water heater and cleaned chiller pump strainer
- May – Replaced generator capacitor and office DVM
- Jun. – Replaced elevator machine room DVM
- Jul. – Replaced power substation DVM
- Sep. – Replaced water heater components (solution circulation pump)
- Oct. – Cleaned septic tank, replaced automatic control parts and incoming panel
- Nov. – Refurbished water heater
- Dec. – Replaced regular burner with low KNOx burner in the water heater

Environmental management strategy

Governance structure

On climate change, we have a company-wide ESG organization, from the dedicated environmental team to the Board of Directors, working together to decide agenda for environmentally friendly management.

Risk management

We identify ESG risk factors, including environmental risks, and manage them as mandatory evaluation indicators for the top management.

Setting indicators and goals

As part of our environmental management, we have set a target to reduce greenhouse gas emissions and energy consumption by 2%.

Strategy

Cheil Worldwide is establishing eco-friendly strategies (1) in the advertising production environment and (2) in the office environment to respond to the risks and opportunities associated with climate change and carbon neutrality.

In other words, (1) as a strategy for reducing carbon emissions from advertising production, we held the first Environmentally Friendly Practices Agreement Signing Ceremony with partner businesses in the advertising industry and distributed the “Guide on Environmentally Friendly Management Practices for Ad Filming Sites,” and (2) as an eco-friendly strategy in the office environment, we established an environmental management organization and evaluated its performance, conducted the “Green Cheil” campaign and environmental education for employees, and introduced an electronic contract system to save about 190,000 sheets of paper per year.

Environmental Management System

Evaluation of environmental management organizations and performance

Decision making organization for environmental management

We organize regular company-wide ESG meetings held three times a year, where ESG representatives from about 20 teams in the company's ESG-related departments discuss issues related to our environmental management. The Chief Financial Officer (CFO), who is also the General ESG Secretary and head of the Business Support Office, attends these meetings and makes decisions on environmental management issues in a coordinated manner. Since 2022, the content and results of the regular meetings have also been reported twice a year to the Board of Directors, our highest decision-making body, so that the entire company can jointly discuss and review pending issues related to environmentally friendly management.

In particular, the issues and performance of environmentally friendly management related to climate change and carbon neutrality are reported to the Board regularly (once a year) for review at the Board level.

Evaluation of working-level environmental management organizations and their environmental performance

The General Affairs Team is the lead working-level organization for environmental management at Cheil, in support of the General Affairs Team along with a number of ESG-related teams including the New Culture Team and Compliance Team.

As our lead working-level organization for environmental management, the General Affairs Team is tasked with execution of our environmental management-related activities. This includes planning, inspection, and performance management for environmental management at our workplaces. Specific environmental management goals include reducing energy usage, greenhouse gas emissions, water usage, and waste production by 2% per year, respectively and are reflected in the KPIs for our environmental management officer (10 points for achieving the 2% target; 5 points for achieving between 1% and 2%; 0 points for achieving less than 1%) to ensure that the achievement of environmental goals is reflected in the evaluation of managers and the annual salary increase based on the evaluation.

Considering environmental factors when investing

Cheil Worldwide examines environmental risks and opportunities when reviewing new investment projects in order to maintain our firm eco-friendly management values.

According to the "M&A Criteria," which is our review criteria for selecting new investment targets, we stipulate that the existence of environmental risks, etc. should be included in the target company's inquiry items when selecting M&A targets, in accordance with our ESG Guide.

Domestic leadership in environmentally friendly ad production to alleviate climate change

Environmentally Friendly (ESG) Practices Agreement

Cheil Worldwide's environmental management policy is to take the lead in reducing carbon emissions in the office environment where employees work, and also to reduce carbon emissions generated during the production of commercials, such as at filming locations.

We recognize that minimizing carbon emissions from the ad production process requires organic cooperation between us and our partner businesses. Together with around 96 of our partner businesses, we have entered into an "Environmentally Friendly (ESG) Practices Agreement". This is a first for the industry, and represents the environmentally friendly management commitment of the CEO and our organization. (Aug. 25, 2021)

The agreement commits us and our partners to: △ minimizing waste output from our production sites, △ improving energy efficiency and working toward a transition to environmentally friendly energy in the long term, △ increased collaboration in environmentally friendly idea development and content production, and △ improving workplace health and safety, including prevention of serious accidents. We have publicized the agreement through coverage by over 35 news outlets, firmly establishing the commitment of us and our partners to the environment. The agreement represents a mere portion of our efforts.

We also establish and implement annual (short-term) environmental objectives, including △ inspection and improvement of partner support systems in 2021 to build consensus on environmentally friendly practices and create environmentally mindful production environments, and △ establishing and making a lifestyle habit of environmentally friendly practices at production sites in 2022.

Leadership in creating environmentally friendly ad production environments through guidance for our partners

Environment-related evaluation of partner business operations

In 2021, the first year of the agreement, we planned to encourage voluntary eco-friendly practices by our partners based on our “Guide on Environmentally Friendly Management Practices for Ad Filming Sites”. The scope of this guide has been gradually expanded.

In 2022, small and medium businesses having acquired public certification for outstanding ESG business practices (“Certificate of Outstanding SME ESG Performance” issued by the Korea Commission for Corporate Partnership) were granted preferential treatment when registering as Cheil vendors and contractors. This is yet another effort on our part to encourage our business partners to partake in environmentally friendly management.

* Article 11, Paragraph 3 (Evaluation Criteria) of the Rules on Vendor/Contractor Selection and Operation revised to include provisions for firms certified for excellence in ESG

Evaluation of products supplied by vendors/contractors

The Cheil “Guide on Environmentally Friendly Management Practices for Ad Filming Sites” has been provided to all of our vendors and contractors (Sep. 1, 2021), laying the groundwork for ad content production in eco-friendly production settings by all of our partners.

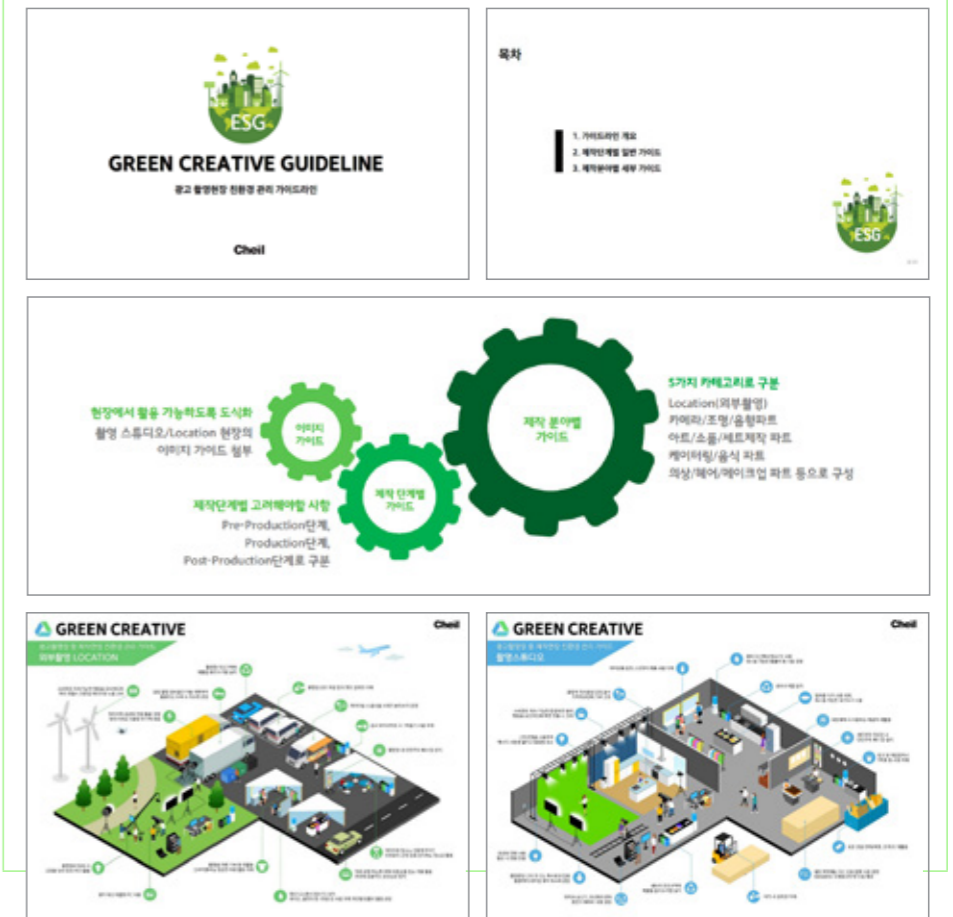
The “Guide on Environmentally Friendly Management Practices for Ad Filming Sites” includes △ a detailed guide on ad production phases and △ a detailed guide for each production area. Using the guide, partners will be able to more easily achieve reductions carbon emissions.

Due to the nature of the advertising industry, many relatively smaller partners inevitably have limited capacity to produce advertisements in an environmentally friendly fashion. As an advertising industry leader, we at Cheil have resolved to lead by example.

Highlights of “Guide on Environmentally Friendly Management Practices for Ad Filming Sites”

The guide provides for environmentally friendly practices at content production sites such as studios, and covers a broad range of topics ranging from actions that can be taken today to matters requiring long-term implementation.

Guidance is provided for each production stage and production area, and an image guide is also included. Partners can use the guide according to the specific purpose and circumstances at hand.



Environmental Management Activities

Green Cheil

Cheil Worldwide launched “Green Cheil,” an internal eco-friendly organizational culture campaign, in 2021 to involve employees in environmental management in line with ESG management, and has been conducting various activities. We will continue to expand our eco-friendly campaigns to build an organizational culture that involves the company and employees in environmental management.

Continue to promote the use of tumblers at worksites

We encourage employees to use tumblers in our office cafe to protect the environment by reducing the use of disposable plastic/paper cups, and we have increased the discount amount for using tumblers for this purpose. (500 won → 50% off the price of the drink)

We also installed pressure washers in the restrooms on each floor of the company to eliminate the hassle of cleaning tumblers, creating an environment where more employees can easily use tumblers without the burden of cleaning.



Campaigns to protect the environment by implementing environmentally friendly practices

In line with the implementation of the revised Resource Recycling Act, as part of our eco-friendly campaign to protect the environment, we have stopped providing disposable dining utensils at our office restaurants and cafes. In this way, we are raising environmental awareness among our employees. We encourage them to become more involved in protecting the environment in their daily lives.

Ongoing activities to create a paperless office

In order to establish a paperless office culture by minimizing unnecessary printing, which we have been implementing since 2021, we continue to carry out various activities. In 2022, we installed digital bulletin boards in elevator lobbies on all company floors to replace paper posters for internal announcements, and went further by reducing unnecessary printing, such as reporting on PCs instead of printing during work and meetings.



Environmental Management Activities

Environmental awareness building training

An environmental awareness-building program was incorporated into Cheil's 2H 2022 Compliance Training.

During the training, we introduced employees to examples of ESG management activities such as the environmental management activities of domestic and overseas media and entertainment companies, and the "Carbon Neutrality Practice Point System" of the Korea Environment Corporation.

Annual environmental awareness-building training will be administered to all members of our organization, building awareness of the environment and consensus on the need for environmentally friendly management practices.

Training period	Sep. 22 - Nov. 7, 2022
Participants	All Cheil employees (100% participation rate)
Content	Introduction to ESG trends in the Media & Entertainment industry Announcement of the 2021 Sustainability Report Introduction of the "Carbon Neutrality Practice Point System"

Investments toward environmental management practices

Cheil Worldwide made the following investments with the goal of reducing greenhouse gas emissions and energy usage by 2%.

Classification	Content	Amount (Unit: KRW 1,000)	Note
Energy efficiency	Replaced lighting with LED	47,058	
	Replaced electrical room substation	1,405,000	Added harmonic filters
	Increased thermal efficiency by cleaning heat source equipment	13,810	
	Reduced heat loss with winter insulation	500	
	Total	1,466,368	
Environmental improvement	Replaced heat source equipment with low NOx burners	37,000	Water heaters (2 units)
Total		1,503,368	

Environmental protection activities for local communities

Cheil has been engaged in a number of neighborhood cleanup volunteer activities for local communities at sites such as △ Seoul Forest (springtime tree and daffodil planting), △ Yangjae Forest (clearing fallen leaves from ponds, park and bench cleanup), and △ Gyeongbokgung Palace (weed pulling and clearing fallen leaves). However, with the ban on group gatherings and events since the outbreak of COVID-19, the last such event was more than two years ago. As the COVID-19 pandemic eases and nears an end, our neighborhood cleanup and beautification volunteer activities will soon resume.

In 2022, we launched the #SaveBirds campaign with Twitter Korea as part of our efforts to strengthen biodiversity conservation. As part of the #SaveBirds campaign, we made bird collision prevention stickers and placed them on noise barriers to protect birds that collide with noise barriers and lose their lives. It was a life-respecting social contribution activity that was realized through the brilliant ideas of Cheil Worldwide's employees and advertisers.



Outcome of Environmental Management

Greenhouse gases

Greenhouse gas emission targets

Although Cheil is not a high energy use enterprise and thus is not subject to greenhouse gas emissions allotments, we have voluntarily established 2% annual reduction targets for energy usage and greenhouse gas emissions, disclosing our performance in these areas every year.

We calculate greenhouse emissions figures every month and address any shortcomings should they occur, making proactive efforts to control and reduce our greenhouse gas footprint.

Greenhouse gas emissions-cutting activities

The “Green Cheil” campaign is a company-wide effort at Cheil, engaging all employees in creating and establishing a greener workplace culture to reduce greenhouse gas emissions and combat climate change. By reducing greenhouse gas emissions and limiting the use of resources through the campaign, all of our employees are developing a collective awareness of the need to protect the environment and habits of environmentally conscious practices throughout the organization.

Cheil is a partner in Seoul’s efforts to manage transportation demand and cut greenhouse gas emissions, providing work-from-home options to employees, staggered office hours, and company-hired taxis for official affairs to encourage employees to leave their private vehicles at home.

※ Greenhouse gas emissions reductions over the past 3 years

Our greenhouse gas emissions data for the past three years is as shown below.

Greenhouse gas emissions

Unit: tCO₂_eq

Classification	2020	2021	2022	2022 reduction
Scope 1	729.864	716.996	694.218	22.778
Scope 2	1,145.782	1,147.626	1,143.798	3.828
Scope 3	10.363	10.938	7.495	3.443
Total	1,886	1,875	1,845	30

Scope 1: Direct emissions / Scope 2: Indirect emissions / Scope 3: Other indirect emissions

Greenhouse gas emissions over revenue

Unit: tCO₂_eq/revenue (KRW trillion)

Classification	2020	2021	2022	2022 reduction
Scope 1	266	216	163	53
Scope 2	417	345	269	76
Scope 3	4	3	2	1
Total	686	564	434	130

Scope 1: Direct emissions / Scope 2: Indirect emissions / Scope 3: Other indirect emissions

* Greenhouse gas emissions totals over revenue may be rounded or truncated, resulting in differences from simple sums in the table above.

Energy

Energy consumption reduction activities

Our energy needs are met using electricity and gas (LNG), and all of us make a conscious effort to reduce our energy usage by 2% each year.

To reduce our electricity consumption and the output of used light bulbs, we are replacing all lighting fixtures with LEDs and have replaced 89 lighting fixtures in the office cafeteria, etc. with LEDs in 2022. We also implement △ a lights-out policy during lunch breaks (2 hours during lunch hours) and at △ 8 PM (all lights out by 8 in the evening). △ Signs are turned off during the late night and early morning hours, and △ every other light is turned off in underground parking to further conserve energy. Since escalators and elevators are power hungry facilities, we make our △ staircases as inviting as possible to reduce electricity usage. △ Reduced hours of operation are enforced during holidays, weekends, and late night hours.

Another area for energy savings is gas. To reduce gas consumption, we keep indoor temperatures at 26±1°C in the summer and 23±1°C through the winter and minimize hot and cold water system operation. Conference rooms are equipped with individual DVM heating and cooling systems to minimize central heating and cooling system operation during holidays, weekends, and late night hours.

Further energy consumption reductions are achieved by cleaning out and repairing boiler and hot & cold water system pipes every year. All refrigerators on company premises have been upgraded to more energy-efficient units, and air caps have been installed in areas with low efficiency in space heating.

Outcome of Environmental Management

※ Energy use reductions over the past 3 years

Our energy usage figures over the past three years are presented in the table below.

Energy usage Unit: TJ

Classification	2020	2021	2022	2022 reduction
Scope 1	13.228	13.006	12.618	0.388
Scope 2	23.942	23.981	23.901	0.080
Scope 3	0.154	0.163	0.112	0.051
Total	37	37	36	1

Scope 1: Direct usage / Scope 2: Indirect usage / Scope 3: Other indirect usage

* Due to a change in aggregation methodology, energy usage in 2020 and 2021 differs from previous reports.

Energy usage over revenue Unit: TJ/Revenue (KRW trillion)

Classification	2020	2021	2022	2022 reduction
Scope 1	5	4	3	1
Scope 2	9	7	6	1
Scope 3	0	0	0	0
Total	14	11	9	2

Scope 1: Direct usage / Scope 2: Indirect usage / Scope 3: Other indirect usage

* Due to a change in aggregation methodology, energy usage over revenue in 2020 and 2021 differs from previous reports.

New and renewable energy usage plan

Cheil's new and renewable energy adoption plan includes the installation of rooftop solar PV panels for further energy savings and carbon emission reductions.

Activities to reduce use of raw and subsidiary materials

Although we are not a manufacturing enterprise directly involved in the production and sale of goods, we have initiated a paperless workplace campaign to make our workplace infrastructure more eco-friendly. All of our A4 paper is FSC-certified (Forest Stewardship Council), and our paper cups are made of eco-friendly Kraft paper. Further paper savings are achieved by distributing tumblers to all employees and offering incentives for using tumblers instead of disposable cups (KRW 50% discount on beverages at our office cafe).

To minimize the use of plastic, we encourage employees to reduce the use of plastic and other single-use items in their daily lives by promoting the use of Rain Keepers, banning single-use plastic bags, single-use paper cups, and plastic toothbrushes.

We have also instituted an electronic contracting system, under which all of our subcontracting master agreements (around 1,061, each agreement around 29 pages long)*, individual subcontracting agreements, quotes, proof-of-delivery documents, inspection result notifications, and output statements (around 9,340, each around 7 pages)** have been converted to electronic form to reduce our annual A4 paper use by around 190,000 sheets. (Total savings achieved by Cheil and partner businesses)

* 1,061 documents × 29 pages × 2 (1 copy each for Cheil and partner) = 61,538 pages

** 9,340 documents × 7 pages × 2 (1 copy each for Cheil and partner) = 130,760 pages

Activities to reduce water consumption

Cheil is not a manufacturing, distribution, and sales company. Thus, no water usage occurs toward production. That said, we still enforce water-saving measures in our office environments, particularly regulating wash basin faucet water discharge volume and pressure and encouraging staff to use cups instead of leaving the water running while brushing their teeth. These water usage reduction efforts at Cheil naturally translate to less wastewater.

※ Water usage over the past 3 years

Our water usage over the past three years is as shown in the table below.

Water usage Unit: Tons

Classification	2020	2021	2022	2022 reduction
Water	23,462	22,118	19,520	2,598

* Water source: Water supply

Water usage over revenue Unit: Tons/Revenue (KRW trillion)

Classification	2020	2021	2022	2022 reduction
Water	8,538	6,652	4,589	2,063

* 2020 water usage here differs from 2020 water usage in previous reports because an error in aggregating water usage was identified and corrected.

** Compared to the previous report, 2020 water usage increased by 1,509 tons, and water usage over revenue increased by 549 tons/revenue (trillion won)

Outcome of Environmental Management

Activities to reduce waste output

Waste output at Cheil is reduced through separate disposal of plastic, paper, and can recyclables.

In addition, in order to manage our waste in a transparent manner, we voluntarily registered with the "Allbaro System" (Waste Disposal Site Information Management System of the Ministry of the Environment) as of November 22, although we were not required to register as a waste discharger because our daily discharge was less than 300 kg.

※ Waste output over the past 3 years

Our waste output over the past three years is as shown below.

Unit: Tons

Classification	2020	2021	2022	2022 reduction
Waste	27	23	28	5 ↑

Activities to reduce atmospheric pollutants

Cheil has no manufacturing processes, and the only air pollutant equipment at our facilities on our premises are boilers used for space heating and water heaters.

To further reduce our atmospheric pollutant emissions, we replaced our boilers with low NOx burners in 2021 and our water heaters with low NOx burners in 2022.

※ Atmospheric pollutant emissions over the past 3 years

Our atmospheric pollutant emissions over the past three years are as shown below.

Unit: g

Classification	2020	2021	2022	2022 reduction
NOx	52	40	26	14

Compliance with environment related laws and regulations and disclosure of environmental information

At Cheil, we maintain compliance with all environment-related laws and regulations. There have been zero infringements of environment-related laws or regulations in the past three years.

Also, as required by the relevant laws such as the Environmental Technology and Industry Support Act, Cheil have disclosed environmental information for all of our establishments through the Ministry of Environment's "Environmental Information Disclosure System", and we've even verified the information we posted.

Cheil environmental information for 2022 will be registered on the "Environmental Information Disclosure System" (www.env-info.kr) by the end of June 2023, with public disclosure expected in December 2023 following verification by the Korea Environmental Industry & Technology Institute.

* The environmental information to be disclosed by Cheil through this system is governed by the Environmental Technology and Industry Support Act and other related laws.

Cheil environmental information such as greenhouse gas emissions and energy usage figures verified by an independent outside verification body (Korea Management Registrar) is also disclosed through our Sustainability Reports.

Outcome of Environmental Management

[Summary] 2022 Environmentally friendly management activities and practices at Cheil

Agenda	Description	Measures
Environmentally friendly work culture and habits	<ul style="list-style-type: none"> - Minimize paper-printed documents - Infrastructure support to facilitate soft copy reporting 	<ul style="list-style-type: none"> - Installation of digital bulletin boards in elevator lobbies on all company floors to replace paper posters for internal announcements - All reports to CEO and directors to be paperless in principle - In-team document sharing in electronic form to reduce unnecessary printing - Digital company newsletter and other in-house communications - Monitors installed in all conference rooms, wireless Internet access throughout premises
Minimizing use of disposable products	<ul style="list-style-type: none"> - Encourage use of tumblers at the workplace - Use Rain Keepers 	<ul style="list-style-type: none"> - Incentivize tumbler use by offering discounts at office cafe - Use Rain Keepers to discourage single-use plastic during rainy weather
Environmentally friendly office supplies	<ul style="list-style-type: none"> - Environmentally friendly paper cups, toilet paper, and copy paper 	<ul style="list-style-type: none"> - Uncoated, unbleached paper cups - Certified eco-friendly toilet paper - Reviewing use of lighter-weight copy paper
Office electricity consumption reduction campaign	<ul style="list-style-type: none"> - Lights-off policy where possible - Reduced elevator use 	<ul style="list-style-type: none"> - Automatic lights off during lunch hours and past 8 PM (lighting only where needed) - "Make "inviting stairways" (Aug. 2017)
Building energy savings	<ul style="list-style-type: none"> - Adjusted winter/summer air conditioning and space heating temperatures to save energy - Reduced electricity consumption for lighting 	<ul style="list-style-type: none"> - 26±1°C in summer (casual business attire including shorts; no tie policy), 23±1°C in winter - LED lighting to reduce electricity consumption and spent light bulb waste
Participation in Seoul traffic reduction initiative	<ul style="list-style-type: none"> - Company policies and infrastructure to encourage use of public transit 	<ul style="list-style-type: none"> - Company-hired taxi system, parking space restrictions, and bicycle parking
Atmospheric pollutant emissions reduction	<ul style="list-style-type: none"> - Eco-friendly burners for water heaters 	<ul style="list-style-type: none"> - Replacement with low-NOx (eco-friendly) burners
CSR activities for environmental protection	<ul style="list-style-type: none"> - Encourage environmental protection contributions by employees 	<ul style="list-style-type: none"> - Food waste reduction campaign at company cafeteria - Raising awareness of environmental campaign issues by company volunteer work group
Environmental awareness building training	<ul style="list-style-type: none"> - Improve environmental awareness and build environmental consensus 	<ul style="list-style-type: none"> - Introduce ESG trends in the Media & Entertainment industry and "Carbon Neutrality Practice Point System"
Investments toward environmental management practices	<ul style="list-style-type: none"> - Greenhouse gas emission and energy usage reductions 	<ul style="list-style-type: none"> - Replace with LED lighting, electrical room substation, low NOx burners, etc.



Social

- Human Rights
- Employees
- Occupational Health and Safety
- Security and Privacy
- Ethics and Compliance
- Shared Growth
- Social Contribution



Human Rights

Human rights management policy

Cheil stands behind the “Universal Declaration of Human Rights” and the “UN Guiding Principles on Business & Human Rights”, and our Human Rights Management Policy Declaration is made well visible on our website.

Respecting diversity and protecting human rights
As our global business range expands, we conduct our hiring processes without discrimination based on nationality, academic background, race, gender, or age. We strive to create work environments where all members of our organization receive equal treatment and can realize their full potential. Cheil is committed to respect for human rights and fulfillment of its corporate social responsibilities. We stand behind the “Universal Declaration of Human Rights” and the “UN Framework and Guiding Principles on Business & Human Rights”.

Leadership in human rights advocacy in ad production environments

Protecting the human rights of children and youth appearing in our ad productions is of great importance to us. Our “Guidelines for Protection of the Rights and Interests of Children and Youth at Filming Sites” is based on Articles 31 and 32 of the UN Convention on the Rights of the Child, Chapter 2, Section 2 of the Popular Culture and Arts Industry Development Act, and the Korea Communications Commission guidelines, and has been enforced since August 2021.

The guidelines provide for △ maximum filming hours for children and youth, △ prohibition of late night filming, △ guarantee of the right to rest, and △ general safety and protection of children and youth in ads.

Regulations on filming hours for children and youth		
Classification	Maximum filming hours	Late night filming prohibited
Children under 15 years of age	35 hours/week	Filming prohibited between 10 PM and 6 AM*
Youth 15 years and older	40 hours/week	

* Some exceptions apply: filming may be permitted if the following day is a holiday, or if consent has been obtained from a legal guardian

These guidelines represent considerations and matters of compliance to which both Cheil and all participants in the production process are bound. The guidelines were distributed to our partners at the “Environmentally Friendly Practices Agreement Signing Ceremony” in August 2021, and published on our website and “Win-Win Partners Portal”^{*} to ensure that all of our partners partake in our efforts to protect the rights and interests of children and youth at production sites.

^{*} Website (cheil.com/hq/sustainability), Win-Win Partners Portal (<https://partner.cheil.com/srp/index.do>)

Human rights violation prevention program

We maintain various reporting channels, including the “Grievance Support Channel” on the company message board, to resolve human rights-related complaints from various stakeholders, including employees. We maintain these reporting channels to prevent inconvenience that may result from human rights violations, and we transparently handle matters received through these channels in accordance with our internal procedures.

Stakeholder	Grievance support channel related to human rights	Percentage of grievances resolved in 2022
Employees	– “Grievance Support Channel” in company message board	– 0 human rights complaints received through the reporting channel on the left between January 1, 2022 and December 31, 2022
Partner businesses	– Help Desk in “Win-Win Partners Portal”	

Human rights education program

The Cheil human rights awareness programs are administered every year through CIC, our online training platform including courses on “Workplace Harassment Prevention” (20 minutes) and “Improving Disability Awareness” (60 minutes).

These courses are mandatory for all employees and were administered over four weeks, from September 22 to October 21, 2022.

^{*} 100% participation rate (1,224 persons / excluding employees on leave of absence, and foreign nationals)

^{*} Separate training for executives (100% completion rate)

Sexual harassment and discrimination prevention policy and reporting procedure

Provisions for preventing and prohibiting sexual harassment at the workplace are included in the Cheil Rules of Employment, and are binding for all employees. Statutorily required training for workplace sexual harassment prevention is administered annually to all employees. We operate a reporting channel for offenses, which are handled transparently according to the established in-house procedures in strict compliance with the related laws and policies.

Discrimination on the basis of gender, nationality, manner of employment, etc. is prohibited at our workplaces. As with workplace harassment offenses, reports of discrimination are received through dedicated reporting channels and addressed transparently according to the established procedure.

^{*} There were no discrimination complaints in 2022.

Employees

Employee diversity

Diversity in human resource composition

As an advertising company that needs to be trend-setting and forward-thinking, Cheil Worldwide is a company whose greatest asset is the creativity of its employees and the flexible organizational culture that can support it. Therefore, we aim to enhance the diversity of our workforce by creating an organizational culture that recognizes and respects the differences and individuality of our employees and allows each employee to fully express himself or herself.

To this end, we actively support hobby clubs in the workplace. Currently, there are 19 hobby clubs (as of 2020) with activities ranging from soccer, baseball, basketball, table tennis, yoga, and flower arranging to create a healthy corporate culture where employees can mingle regardless of position, function, gender, or nationality.

In addition, we are actively working to build an organizational culture that respects individual diversity rather than just eliminating discriminatory factors, and have a more balanced gender composition than other companies in Korea, with 50% of our total employees being female.

Diversity at Cheil also means being inclusive of the disabled and foreign nationals. We also try to maintain a balance among the generations represented in our organization to address inter-generational employment imbalances that are increasingly becoming a social issue.

Discriminatory treatment without justifiable grounds is prohibited at Cheil. In the past three years, Cheil has been subject to zero sanctions for discriminatory treatment of employees.

※ Full-time/fixed-term employment ratio

Cheil wishes to maintain long-term relations with all of our employees. The percentage of fixed-term employees in our organization is extremely low compared to industry averages, with 98% of our staff employed full-time as of 2022.

Diversity promotion programs – Pregnancy, childbirth, childcare, and family care support programs for employees

Support systems

Cheil provides a range of pregnancy, childbirth, childcare, and family care support to all employees, enabling healthy work-family balances. Our systems go above and beyond the legal requirements to provide members of our organization with the support they need.

Maternity support

Classification	Description
Shortened work hours during pregnancy	Expectant mothers between 12 and 36 weeks of pregnancy may request work hour reduction by 2 hours/day without reduction in wages
Protection of maternity	Overnight work and work on holidays prevented for expectant mothers and mothers having given birth within 1 year prior
Time allowance for fetal examination	Employees may request time allowance (4 hours) for fetal examination
Leave for miscarriage or stillbirth	Paid leave for miscarriage or stillbirth
Fertility leave	Fertility leave Up to 5 days paid leave for fertility-related testing/procedures of an employee or spouse * (Statutory) Up to 3 days → (Cheil) Up to 5 days

Childbirth support

Classification	Description
Maternity leave	90 days maternity leave guaranteed before and after giving birth
Spousal maternity leave	Employees whose spouse has given birth may apply for spousal maternity leave of 15 days (20 days for multiple births) * (Statutory) Up to 10 days → (Cheil) Up to 20 days for multiple births

Childcare support

Classification	Description
Childcare leave	Employees who are caregivers for children under 12 years of age may take childcare leave not exceeding 2 years * (Law) Up to 1 year per child → (Company) Up to 2 years per child (Law) Parental leave can only be granted for children who are 8 years old or in the second grade of elementary school or younger → (Company) Parental leave is allowed for children who are 12 years old or younger
Reduced working hours for child-rearing	Employees who are caregivers for children of up to age 8 or primary school Grade 2 may apply for reduced work hours

Family care support

Classification	Description
Reduced work hours for family care	Up to 1 year for reasons such as family care, personal illness, accident, study, retirement preparations
Family care leave of absence	Up to 90 days/year in cases where a family member requires care for 30 days or longer due to illness, accident, old age, or child care
Family Care Leave	Up to 10 days of family care leave of absence (deducted from annual 90-day family care leave of absence allowance) in cases where a family member requires care due to illness, accident, old age, or child care * Up to 20 days for family care due to COVID-19

Employees

Cheil Daycare Center

We operate a daycare center at headquarters in support of our employees with children. The Cheil Daycare Center is set up in a separate building complete with a lawn near our Itaewon headquarters. Abundantly staffed by more instructors than the legal requirement, the center ensures that children are properly cared for in the safest and most comfortable environment possible.

Cheil Daycare Center – Overview

Opening date	Permitted capacity	Hours of operation	Land area
Jun. 2, 2008	45	7:30–19:30 (Extended care until 24:00 if needed)	502 m ² (2 stories, 1 basement level)

Staff of Cheil Daycare Center

* As of Jan. 2023

Director	Instructors	Nutritionist	Cook	Clerk	Total
1	6	1	1	1	10

Cheil Daycare Center instructor–child ratio

* As of Jan. 2023

Classification	영유아보육법	아이제일
1	1:5	1:4
2	1:7	1:6
3	1:15	1:10
4	1:20	1:15
5	1:20	None

The Cheil Daycare Center caters to the needs of the various types of non-Traditional families in our society today. Priority is given to applicants in the order of: single mothers/fathers, mothers, and fathers of dual income households. The company sets aside KRW 400 to 500 million annually to support daycare center operations, addressing the daycare needs of employees while also alleviating the economic burden of child care.

Classification	2022
Enrollment (annual average)	22
Parents using Daycare Center services (annual average)	20
Cheil subsidy (annual)	KRW 483,065,000



Employees

Duration of employment and retiree support programs, etc.

Duration of employment

Every year at Cheil we welcome a group of talented new hires. We make every effort to provide our recruits with the best possible work environment. Thanks to these efforts, our employee retention rates and employment durations are higher than the advertising industry average.

Average duration of employment

	2020	2021	2022
Average duration of employment (years)	8.93	9.58	9.55

Retiree Support Program – Career Consulting Center

The Cheil “Career Consulting Center” was established in 2010 to ensure that retirees who spent time with our company can enjoy a stable and pleasant retirement.

The “Career Consulting Center” offers retirees life design consulting and outside job matching services, alongside career consulting and job transfer training for the currently employed. Cheil invests between KRW 40 and 50 million in the consulting center annually to provide substantive and effective consulting services.

Performance evaluation systems for employees

Individual achievement and competency evaluation

Performance evaluations at Cheil evaluate the achievements and competencies of each employee using the MBO method. Specific, quantifiable objectives are established for each department and individual at the start of the year, based on which the department head performs a preliminary evaluation at the end of the year followed by secondary evaluation by the division director.

“Interim Performance Reviews” are conducted around July to August of each year between evaluators (department heads) and the subjects of evaluation (department staff) to keep employees reminded and conscious of their established objectives and progress, and to adjust approaches or directions as needed. This allows employees to be better prepared for our once-a-year performance evaluations.

Prior to evaluation, our department heads are encouraged to conduct individual meetings. Upon evaluation, department heads are required to state in detail the specific grounds for evaluation so as to guarantee that evaluations are as objective and fair as possible.

Upon completion of evaluations by division directors, each employee is individually notified of the results. Persons wishing to raise an objection to evaluation results may file a formal request through our “Performance Evaluation Objection Procedure”. We also administer a “Fairness of Evaluation Questionnaire” to all employees, providing the opportunity to state opinions on how performance evaluations are conducted.

Performance evaluation process

Achievement/capacity evaluation objectives set → Interim performance review → Preliminary performance evaluation (department head)
 → Secondary performance evaluation (division director) → Objection process → Finalization of performance evaluation result

Employees

Leadership evaluation

Cheil employs a “Multi-aspect Leadership Evaluation” system for department and team heads as well as executives in our organization. Results of diagnostics are made available to the evaluated staff for reference in supplementing leadership capabilities.

Systems for employee involvement in career path design

We gather career plans and job satisfaction opinions from employees through the “Career League” program to help us design short- and long-term career paths through the organization. The program also serves as a communication window through which we listen to career-related questions and difficulties experienced by members of our organization.

Remuneration policies

Procedures for stakeholder participation in remuneration policies

A range of stakeholder communication channels are operated by Cheil to gather input and opinions from employees when deciding wage and benefits systems.

- Direct participation by employees in deciding wage and benefits systems through the Labor-management Council

Remuneration policy based on objective performance

Performance of Cheil employees is evaluated according to clearly defined objective standards. We operate a remuneration policy that ensures proper rewards according to performance.

- Annual salaries determined in connection with performance evaluation
- Semi-annual organizational evaluations and incentives for objectives
- Performance incentives paid reflecting annual company and individual evaluations

Welfare and benefits

A wide range of policies and systems are in place at Cheil for employee welfare and benefits. Good welfare and benefits improve quality of life, boost job satisfaction and morale, and induce better immersion during the work day. The health of our employees is our highest priority. Along with free medical checkups and allowances to help cover medical expenses, we also operate a free company clinic and fitness center. Additionally, employees have access to the “Hyu Center”, staffed by a team of professional staff trained in stress management and psychological counseling. Employees with special dietary needs or preferences are provided with a separate “Well-Fit” selection offered at the company cafeteria.

Classification	Support Systems	Description
Health management	General health checkups	General health checkups for employees and spouses
	Medical allowances	Medical expense, illness, and injury insurance policies for employees, executives, and family members
	Free clinics	Family medicine clinic and dental clinic for employees
	Hyu Center	Stress management and psychological counseling
	Fitness center	Free leisure, sports, and fitness center at work
Family occasions	Allowances and leave	Allowances of special leave for marriage, funerals, and childbirth, Funeral support
	Funeral assistance	Funeral supplies and services provided
Livelihood stabilization	Household fund loans	Loans for stable living funds (up to KRW 20 million)
	Housing loans	Loans for housing leases and purchases (up to KRW 50 million)
	Personal pensions	Personal pension support for post-retirement stability
Education	Tuition allowances	Tuition allowances from K-12 to university
	Disability allowances	Rehabilitation allowances for children with disabilities
	Academic leaves of absence	Special leaves of absence for enrollment in degree programs
	i-book	Free work and self-development e-book service
Rest and recreation	Theme park	free all-day theme park and water park passes
	Accommodation and facilities	Discounts at Cheil partner condominiums and recreation facilities
	Sabbatical	Sabbatical leave and allowances for every 5 years of continuous employment
	Hobby clubs	Allowances for hobby clubs at the workplace
	i-spa	Facilities for relaxation at work for employees needing a break, massage, and reading time
	i-buffet	A system of selectable welfare benefits tailored to individual lifestyles

Organizational culture

Flexible and family-friendly work environment

Following the institution of the 52-hour work week, Cheil has adopted a “Selective Work Hours System” under which employees can freely adjust their work start and finish times and how long they work on a given day, so long as a minimum number of hours worked per month is met. Employees can keep track of and manage hours worked through the “PiC+ System” to set up the work-life balance that best suits them.

In addition, in 2022, we stopped the mandatory four-hour workday system that had been in place since the introduction of the “Selective Work Hours System”, allowing employees to use their working hours more flexibly according to their personal circumstances.

The “Idea Vacation” is a vacation program unique to Cheil. We encourage employees to take time out to recover their mind and body, recharging their creative potential to devise novel and innovative ideas for the organization.

In addition, during the pandemic, we implemented a telecommuting program for a certain percentage of employees at certain times, such as when the number of confirmed cases was increasing rapidly, to ensure employee safety and prevent infection.

Creative organizational culture

Creative ideas produced by our employees are Cheil’s most crucial asset. Cheil operates a host of organizational culture programs whose aim is to create a working environment conducive to the generation of ideas that stand out.

“i-pub”, our own online communication space

Cheil takes pride in the “i-pub” communication channel, where all employees are invited to share ideas and opinions and engage in bilateral communication with the company, and confidentiality and anonymity is guaranteed through the use of screen names.

In 2022, we held a profile photo contest with screen names, giving employees the opportunity to participate in the creation of i-pub content, stimulating their creativity and expanding communication.

COVID-19 prevention elevator door wrapping competition

As the COVID-19 pandemic dragged on, we needed an effective way to encourage our organization to comply with disease containment guidelines and maintain a positive attitude. All employees were invited to participate in a company-wide design competition. The winning designs were wrapped around the elevator doors at workstations in a Cheil-style collective effort for COVID-19 containment.

Employee grievance support channel

Inside the Cheil “i-pub” channel is the “What’s bothering you?” window for grievance reporting and counseling. Employees can use this channel to report instances of sexual harassment and bullying in the workplace, or to seek counseling on mental and psychological health issues. Employees can receive help in resolving work and non-work difficulties related to advertiser relations complaints, as well as personal rehabilitation and credit restoration issues.

“Everyday Inventors” Idea Competition

“Everyday Inventors” is an idea competition that focuses solely on creativity. Without regard to business potential or feasibility, employees are encouraged to submit ideas that are appropriate for the advertising agency that Cheil is. The first “Everyday Inventors” competition was held in 2018, and the five competitions held so far have yielded numerous intriguing ideas on every conceivable topic.

Today, the competition is evolving from simply “creative” ideas into “ideas that are also somewhat feasible” for potential commercialization or linking with digital trends. Submitted ideas that particularly stand out are turned into goods and services through “Chesam”, “Cheo” and “Meta Lab”, etc., our new business implementation organizations.

WOW Concert

We host the WOW Concert, a special in-house event where we invite professors, PDs, authors, athletes, filmmakers, singers, actors, CEOs, critics, performers, consultants, influencers, and anyone else who can inspire our employees in their work and lives to share insights, trends, healing, coaching, and more.

For MZ Generation employees who value their own lives as much as their company's, especially parents struggling to balance work and childcare, we invited a parenting expert to give a special presentation on "Parenting Speech that Captures a Child's Heart".

Cheil X Sports

We use sports teams affiliated with Cheil Worldwide, such as basketball, volleyball, and soccer, to provide game tickets, group viewing and cheering, skybox rentals, child escorts, and other events to promote active living among employees.

We also organize GWP events for teamwork and family friendliness, hospitality programs to support businesses, and internal and external CSR activities in conjunction with community service groups.

Cheil Leadership Diary

As a bridge between upper management and employees, we publish a monthly newsletter ("Cheil Leadership Diary – A Record of a Growing Leader") to support leaders who are under increasing pressure to manage their organizations, especially during the pandemic, with practical leadership tips, best practices, team-building know-how, and other helpful information.

SCI Corporate Culture Diagnostics

Every year, we conduct the "Samsung Culture Index", a corporate culture diagnostic consultancy conducted by Samsung Global Research, to diagnose and improve the current level of organizational culture in order to build a healthy organizational culture, and implement various organizational culture improvement activities based on the results.

Education and training

Employee training programs

Various education and training programs are available at Cheil in support of individual growth and organizational capacity development. These programs include △ initiation training to help new/experienced recruits to achieve a "soft landing", △ job and general training to reinforce job-specific and general business competencies, △ leadership training to build leadership and communication skills, △ overseas dispatch programs, and △ compliance training for all employees to train the next generation of global leaders. Programs are implemented across a number of Samsung affiliates and partner companies for added effectiveness and reach.

Managing effectiveness indicators for employee training programs

We review and manage indicators such as training completion and satisfaction, etc. to measure the effectiveness of our employee training programs. Completion rates are calculated as the number of participants in relation to the number of employees for the mandatory training and based on course-specific completion criteria for optional training such as e-learning. Satisfaction is measured after each training session on a 5-point scale, and narrative and short-answer open-ended feedback is used to gather feedback on the training and suggestions for improvement. This allows us to measure the effectiveness of the training and incorporate improvements into future training programs. In this way, we measure the effectiveness of our employee training programs and continually manage the indicators to identify improvements and provide better training services.

Education and training costs/time per employee

Cheil retains education and training cost data. As of the time of reporting for our 2022 Business Report, Cheil spends KRW 1,708,000 per employee per year on employee education and training.

※ Average training hours per employee

As of 2022, total training hours administered by Cheil reached 46,369 hours. This comes to an average of 32.9 hours spent in education and training for each employee.

* 1,410 total employees

Scholarship promotion programs

Cheil supports higher education and scholarship activities of our employees by offering the Samsung MBA and academic leave programs. Cheil employees selected for the Samsung MBA program or engaging in individual study activities are granted up to two years of special leave of absence. The Samsung MBA program affords our most competent employees the opportunity to obtain MBA degrees from the world's most prestigious business schools. The company covers learning expenses and testing fees for employees seeking work-related certifications (Adobe solutions expert, industrial safety/logistics expert certification, etc.).

Talent discovery strategy

Various channels are operated by Cheil for new and experienced talent discovery. New talent is secured through online and offline recruitment briefings targeting university departments, academic societies, and clubs in related fields, as well as recruitment consultation booths.

For our experienced hires, we operate an internal recommendations system and an open recruitment process for experienced industry professionals by managing a growing pool of competent talent across a wide range number of work areas.

Internship programs

Regular internships are operated by Cheil for university students and industry-academic cooperation program participants. University interns are given the opportunity to take part in real working-level operations in the field to build specific work knowledge and competencies over a period of about six weeks. Students completing our internships may be hired as new recruits pending post-program evaluation. Industry-academic cooperation program internships are operated jointly with our industry-academic cooperation partner universities on an as-needed basis. Participating students have the chance to build practical experience to be counted for university credits.

Employee competency-building and transition support programs

Cheil employees enjoy a wealth of job competency training and basic competency-building programs. These programs include language training, and are designed to build competencies and promote growth. Employees can nurture core competencies in their own lines of work through the programs, as well as freely participate in programs for other areas of interest outside their duties in a process we call "Cross Learning".

Google and Adobe solutions training is coordinated by our Digital Division, while creative lectures and training in content production tools are coordinated by our Ad Production Division.

Cheil hosts creative forums and seminars at key international advertising events each year, where participants can keep up to date with the latest advertising industry trends. Our basic competency-building programs ensure proficiency in job-critical areas (languages including English and Chinese; office software proficiency; general business knowledge, etc.) and are also accessible through our online learning platform.

We also operate the Cheil Career League, a program for intra-organization transfers. Employees are free to apply for job openings and projects of their choosing within the organization, posted on an openings message board. Applications are reviewed and applicants are interviewed before final reassignment and project participation. Through the program, our employees are given the opportunity to build experience and competencies across various work areas.

Leadership programs

Leadership is important for Cheil employees at all levels. We operate a number of leadership programs which include △ executive training, △ officer training, △ team leadership training, and △ inter-generational co work and communications training. These programs foster the next generation of upper management leaders, nurture leadership skills in middle management, promote mutual understanding among the various generations and employee grades represented at Cheil, and improve general leadership and communication competencies across our organization.

Employees

Labor- Management Council

The Labor-Management Council serves as a bridge for communications between the company and employees at Cheil. Pursuant to the Act on the Promotion of Worker Participation and Cooperation, the Labor-Management Council is comprised of 10 “employee representatives” elected directly by our employees and 10 “employer representatives” appointed by the CEO. The 7th Labor-Management Council, directly elected by employees in 2021, regularly communicates with the company after gathering diverse opinions from employees and continuously strives to build a culture of mutual respect between labor and management.

The council meets quarterly for ordinary sessions, as well as on an as-needed basis for extraordinary sessions. Matters referred to the council for resolution or labor-management conferral are discussed by the council, which is an active management participant in all areas including wages, welfare and benefits, and company policies.

The Labor-management Council negotiates annual wage and welfare policies in March of each year, and the resulting “Wages Agreement” applies to all employees.

* Cheil guarantees the Three Key Workers’ Rights mandated by law. No labor union has been established at Cheil.

Occupational Health and Safety

Health and Safety systems

Safety and Health Management Policy and Goals

Cheil Worldwide leads a safety-first culture by making the safety of all employees and stakeholders a top priority. Health and safety operations are given the highest priority in all of our business activities, and Cheil management leads by example in health and safety.

We maintain compliance with all applicable laws and statutes, provide a safe working environment, engage all employees in health-promoting activities, enforce strict safety-first policies on sets and at mobile worksites, maintain relationships of mutually beneficial cooperation with our partner businesses, and engage in sustainable safety activities.

Specifically, we aim for an accident-free workplace (0% accident rate) and have defined and implemented the following action points: △ Establishing company-wide safety and health management processes, △ Establishing a safety culture for employees, △ Improving workplace risk factors, and providing on-site support.

* Achieved accident-free workplace in 2021 and 2022 (two consecutive years)

We have established a “Safety and Health Management Policy” that includes the above contents and posted it on our website.

Stakeholders for Safety and Health Management Policy

Cheil Worldwide’s “Safety and Health Management Policy” includes and applies not only to our employees, but also to employees of partner businesses that work with Cheil Worldwide, all stakeholders who may be exposed to safety and health risks, such as customers and the general public visiting our business sites, and audiences at filming/event venues and mobile business sites. We also have a contingency plan for major civil disasters to ensure that members of the public who visit our workplaces, audiences at filming/event venues, etc., are not at risk.

In addition, we specify the Code of Conduct for our partner businesses’ employees in the “Safety Management Manual”, send relevant notices to the partner businesses, and conduct safety training for them in the first and second halves of the year to continuously raise their safety awareness.

Health and safety systems

Cheil Worldwide faithfully implements all safety-related laws and regulations, such as the Occupational Safety and Health Act and the Public Performance Act, and has significantly strengthened the company's safety and health management system in preparation for the Serious Accident Punishment Act from 2022.

Pursuant to the revisions, our health and safety management systems have been divided into △ facilities safety and employee health management at Itaewon HQ and GT Tower offices and △ safety management at external and mobile worksites including sets and exhibition venues. Our health and safety organization staff has been increased, and various efforts have been made to bolster our workplace safety management practices and policies. These include safety awareness-building training and campaigns for employees, and safety training for partner businesses with a permanent presence on Cheil premises.

In particular, we have renewed our safety management processes for external and mobile worksites including filming sets and exhibition values. A new "Safety Management Manual" has been set up with help from expert consultants as the first in industry, distributed to and implemented by all Cheil organization members and partner businesses.

Establishment and operation of Occupational Safety and Health Committee

Cheil Worldwide has established and operates an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act, which deliberates, decides and consults on matters related to safety, environment and health at workplaces and filming locations, as well as employee medical examinations and mental health.

To strengthen the role of the Occupational Safety and Health Committee and obtain more opinions from employees, we have expanded its membership from four members to six members each from labor side and management from 2022, and appointed the Chief Safety Officer (CSO) and the head of the Safety Management Team, who play key roles in safety management, as company members.

Our Occupational Safety and Health Committee strives to ensure the safety and health of all labor and management through direct employee participation by explaining/directing the company's policy on all matters related to occupational safety and health at quarterly meetings and sharing employee opinions identified by labor-side members.

Staffing of dedicated health and safety organization

To facilitate the implementation of professional safety and health management practices suitable for the advertising industry and workplaces such as ad filming locations and exhibition venues, we have established a dedicated safety and health affairs organization (Safety Management Team) as an industry first in 2021 and appointed the Chief Safety Officer to manage safety and health work. And we have hired new experts with the Industrial Safety Engineer certification, and are training more safety and health experts in-house. Through our new safety and health organization and experts with safety certifications, we have implemented more systematic and professional safety and health management starting from 2022. In addition, we continue to cultivate the skills of those responsible for safety management through job training on the safety environment infrastructure.

Identification and management of key safety and health risks

By conducting regular and occasional risk assessments at our facilities and mobile worksites, we identify significant safety and health risks, correct them when they occur, and ensure that work is performed safely. For workplace equipment, we conduct regular inspections, monitoring and risk assessments to check their condition and to replace and repair them according to their life cycle. In addition, we continuously listen to and manage opinions on risk factors and hazards through the Occupational Safety and Health Committee, the KakaoTalk Safety Management Team channel, and interviews with employees during safety inspections of mobile worksites.

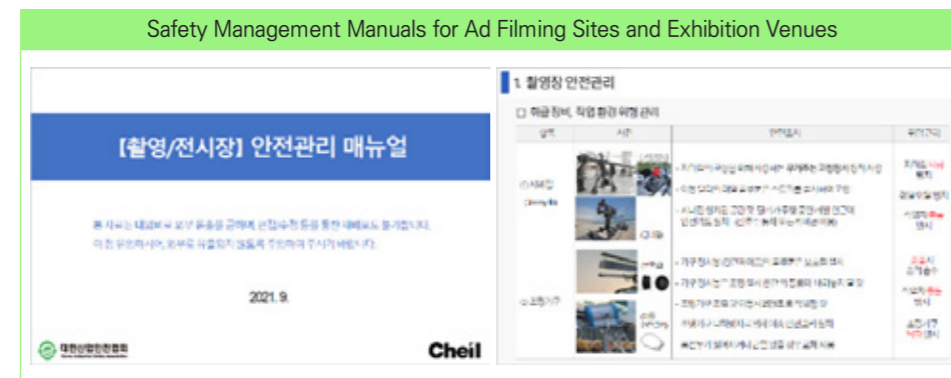
Risk assessment and safety inspection for our establishments and facilities

Regularly scheduled risk assessments are conducted for Cheil establishments and facilities, including our Itaewon headquarters and offices in the GT Tower. Accommodating our employees in safer, more comfortable work environments is our priority. In addition, we conduct risk assessments from time to time when there are changes, such as replacements and modifications to workplace equipment, to identify and manage risk factors in advance.

Additional CCTV units have been installed to cover blind spots where accidents may potentially occur, and weekly safety inspections are performed by our safety officers. Facility safety inspection is performed once in each of the first and second halves under the supervision of our lead executive. We also perform various safety inspection activities such as water damage (heavy rain) prevention inspections, hygiene inspections, fire inspections, and UPS inspections in preparation for climate impacts or specific times/issues.

Safety Management Process and Manual established for Ad Filming Sites and Exhibition Venues

All manner of safety accidents may potentially occur at ad filming sites or exhibition venues. As the leading corporation of the Korean advertising industry, we have taken it upon ourselves to reform industry work practices and reinforce our partner businesses' safety management capacities to improve the safety culture in the advertising industry as a whole. With consulting from the Korea Industrial Safety Association, we have established the "Safety Management Process for Ad Filming Sites and Exhibition Venues" and a set of "Submanuals". The "Safety Management Process for Ad Filming Sites and Exhibition Venues" proceeds in the order of "Establish safety management plan → Prior safety training and site inspection (checklist) → Management of outcomes". Each of the "Sub-manuals" contains safety inspection items and measures, instructions for dealing with emergency situations, and general safety-related guidance. The process and manuals have been distributed to all our employees as well as our partner businesses through a briefing session. Safety at all of our sites has been managed according to this process since the second half of 2021.



We operate a communication channel using KakaoTalk so that all employees of Cheil Worldwide and its partner businesses can report hazards in mobile worksites. In the event of a safety issue on site, workers exercise the authority for emergency work suspension to stop work, correct the hazard to ensure the safety of the site, and then resume work. To ensure the smooth use of the authority for emergency work suspension, we provide training for the authority for emergency work suspension and continually remind employees that there are no penalties for exercising the authority.

Safety training – Raising safety consciousness in employees

The interest and participation of all members of the organization is critical to proper safety and health management. We conduct safety training for all employees and partner businesses once in 1H and 2H to raise employees' safety awareness and establish a safety culture.

Safety Training in 2022			
Classification	Content	Month administered	Completion rate
Employees	Serious Accident Punishment Act: What to do?	May	100% * 1,181 persons
	Site safety management Lv.Up	September – October	100% * 1,224 persons
	CPR training	December	273 persons
Our executives	Safety management leadership * Invite outside safety experts	May	100% * 31 persons
	Trends in workplace safety management and Serious Accidents Act	September	100% * 29 persons
Partner businesses	Serious Accidents Punishment Act training Work process for mobile worksite safety management Key management points for mobile worksites safety management	March	333 companies
	Sharing cases of lack of mobile worksite safety management Training on how to conduct the assembly event Use of authority for emergency work suspension and introduction of KakaoTalk channel	November	299 companies

* Participants: Based on employees at the time of training completion



We also offer specialized safety management training for each job category and customized safety training for major project managers.

In addition to training, we also conduct evacuation drills to prepare for emergencies such as fires and earthquakes, and various mock drills to prepare for emergencies such as water damage prevention drills for heavy rains and typhoons during the rainy season, and UPS fire drills.

The CEO delivers a message to all employees once every 1H and 2H, asking them to pay attention to and practice safety and health. In addition, we encouraged employees to participate in the “Risk Factor Discovery Campaign” and the “Comprehensive Safety Campaign,” including “Keeping Safety Tips in Daily Life,” to suggest improvements to safety risks that may occur in offices and mobile worksites and to establish a safety culture.



Accident-free workplace

Cheil Worldwide did not have a single safety accident (disaster) in 2021 and 2022, achieving an accident-free workplace for the two consecutive years.

Classification	2020	2021	2022
Frequency rate of injury*	0.3571	0.000	0.000
Accident rate**	0.1491	0.000	0.000

* (Number of accidents ÷ Hours worked per year) × 1,000,000

** (Number of accidents ÷ Number of employees) × 100

There have been no work-related illnesses or fatalities in the past three years.

Care programs for health and safety of employees, executives, and their families

Cheil operates numerous care programs to further the health and safety of employees, executives, and their families.

We operate a regular health checkup program for all employees, as well as a spousal health checkup program (employee grade C2 and higher). Medical expenses of Cheil employees and their spouses and children are covered under a medical indemnity insurance policy.

Managing the emotional and psychological well-being of our organization is a priority for Cheil. The “Hyu Center” is an in-house psychological counseling center, permanently staffed by certified counselors who provide psychological assessment and individual counseling services to members and their family members. The center also administers various recovery programs including a meditation retreat program at our Yeongdeok Training Center. Other services provided include a consultation program to improve mutual understanding within the organization and a variety of mental health care program. We have also recently partnered with an external professional financial advisory firm to provide financial and wealth management counseling to ensure that our employees do not lose their mental health due to financial stress.

Hyu Center for soundness of mind

The advertising industry is a highly psychologically stressful industry due to the large number of competing PTs and the need to show marketing results within a short period of time. To prevent employees from losing their health due to severe stress, we established and operates the “Hyu” Center for soundness of mind within the company.

The “Hyu” Center for soundness of mind was founded at Cheil in 2010 to aid employees in stress management and psychological counseling. The wide range of psychological counseling and educational consulting programs are administered by a team of professionals with Ph.D.-level expertise in the field. “Hyu” offers more than just problem-solving-oriented counseling, operating a 3-stage platform consisting of “Caring”, “Healing”, and “Beyonding” stages.

Classification	Description
Hyu “Caring” Program	The Caring program consists of psychological counseling services based on attachment and psychoanalysis, and helps employees to address and resolve psychological difficulties. Services provided consist of Individual Care (individualized stress management and psychological testing), Team Care (team workshops promoting mutual understanding and communication among team members), and Family Care (family psychological diagnostics and counseling).
Hyu “Healing” Program	A suite of three healing programs is operated with an emphasis on recovery for employees. 1. Saving Private Cheiler These 3-day and 2 night excursions to take part in the meditation programs at Cheil’s Yeongdeok Training Center encourage the hard work of members of the organization while helping to prevent burnout. Participation is open to individual employees as well as teams. 2. Family Counseling Programs to improve couple and parentchild interactions are offered as well. In-depth professional psychological testing to determine attachment, characteristics, and dispositions on both sides of the parentchild relationship forms the basis of counseling to nurture more loving, robust, and self-healing relationships. Psychological coaching services are also provided to help employees to resolve work-family balance issues and forge more balanced work-family relations. 3. Group “Healing” Program These group counseling programs invite groups to engage in discussion aimed at collective healing and growth. By sharing thoughts, empathizing with each other, and helping each other to address and come to terms with similar issues, group counseling can alleviate stress and instill a sense of belonging in participants.
Hyu “Beyonding” Program	These coaching programs include capacity building and growth support for employees. They go beyond problem solving to support the progress and growth of individuals, teams, and families. 1. Individual Beyonding Individualized psychological testing and solutions coaching for various life and work-related issues including self development, goal achievement, and the pursuit of happiness. 2. Team Beyonding These are team vision-building workshops that use results from psychological tests to diagnose team characteristics and strengths, and also provide suggestions for team progress and effective sharing/discussion of opinions within the organization. We also offer organizational management coaching to improve the mindfulness and leadership of team leaders. 3. Family Beyonding Family coaching is provided for couples’ communication skills, child-raising, career aptitude (academics) counseling, and other family issues to assist in recovery of family relations and family growth.

Health and safety of partner businesses

Health and safety support for partner businesses

Cheil provides extensive support in the safety and health areas as part of our win-win cooperation efforts engaging our in-house partner businesses and outside contractors for ad filming and exhibitions.

Our safety and health programs include employees of the five in-house partner businesses (janitorial services, security services, etc.) at Cheil offices. A safety and health advisory group composed of representatives from Cheil and our partner businesses meets on a monthly basis, and safety training is administered to partner business employees alongside these meetings. Third, the annual workplace hazard assessments enforced for company premises are also provided for partner businesses’ sites to identify, isolate, and remove hazards in advance. Partner business staff are authorized to suspend Cheil work if an imminent threat is present, and various health and safety equipment and facilities are made available to all partner businesses.

Cheil further ensures the safety of partner business employees and personnel and preempts accidents at production sites by providing briefings, training, and materials on our newly established safety management processes and manuals to all of our 500+ outside partners for filming and exhibitions.

Our vendor selection process will also be updated to include safety management capacity as an evaluation criterion, and partner businesses will be authorized to bill Cheil for safety management costs incurred in the process of working with us.

Meanwhile, we have opened a “Cheil Safety Management Team” channel on KakaoTalk messenger to gather opinions from partner businesses and their employees regarding health and safety issues, such as near misses that may occur in the field and the exercise of authority for emergency work suspension.

Preventing safety accidents on the set

To prevent accidents at ad filming sites, Cheil has provided “Safety management training” and distributed our “Safety Management Manuals for Ad Filming Sites and Exhibition Venues” to our partner businesses. (Sep. 1, 2021)

To further remove any potential risks from our sites, we commissioned a safety inspection firm to perform a series of set and exhibition safety inspection pilot tests between July and December 2021. No safety incidents occurred during these tests.

Based on this, in 2022 we conducted more than 40 safety inspections and provided guidance and remediation on risk factors at mobile worksites, such as filming and exhibition sites.

Security and Privacy

Systems for protection of information and privacy

In order to achieve the quantitative goal of zero information protection and privacy incident, Cheil Worldwide has established a management system for the secure storage of customers' and employees' personal information, as well as guidelines reflecting major information protection and privacy risks, which are posted on the ESG message board on our website and on the company message boards. We also report annually to the Board of Directors on the risks associated with our information security and privacy and the results of our risk management activities, and we have articulated this BOD review process in our Internal Management Plan and Security Management Policy.

Policies and systems relating to information protection

Cheil has an established "Information Protection Policy" covering PC security, document security, and systems security. Enactments/amendments of related laws and the latest information security-related issues are promptly reflected in this policy. The policy is made available for reference and compliance by all members of the company organization.

All data transmitted to and from or stored in personal information handling systems, communications networks, and computer equipment is encrypted using an internal encryption solution. Access permissions are strictly controlled and granted differentially on an as-needed basis. We also remove idle accounts and unnecessary permissions at least once a year, and have adopted a suite of security solutions for threat detection, analysis, prevention, and protection.

Policies and systems relating to privacy protection

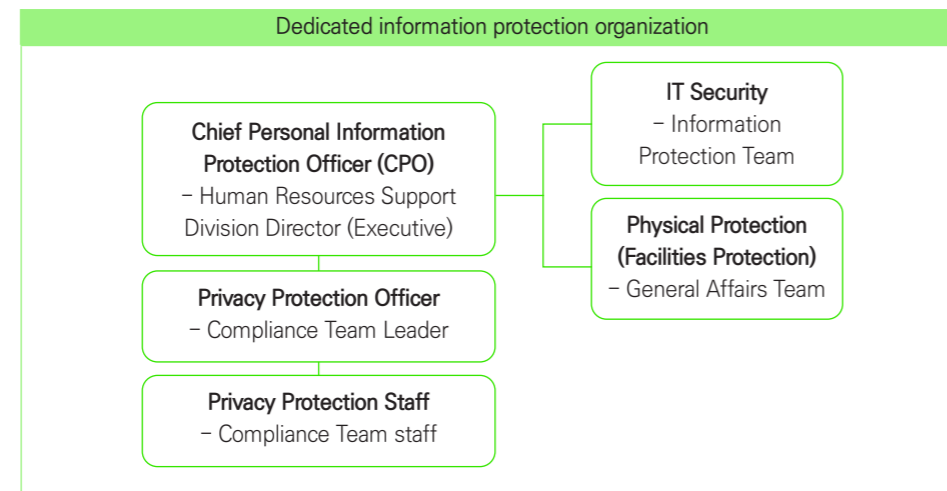
Cheil enforces an "Internal Management Plan" facilitating the protection of personal information treated by the company. Enactments and amendments to relevant laws, statutes, and standards are reflected in the plan as needed and approved by our Privacy Protection Officer. Notices are issued to all employees in the event of revisions to the plan, and a current version of the full text of the "Internal Management Plan" is published on the internal message boards for convenient reference at any time.

Twice a year, our in-house legal team administer trainings about an important aspect of the "Internal Management Plan" to inform all members of the organization of our obligations in terms of privacy protection. Our "Compliance Newsletter" is issued periodically to inform the organization of recent violations of privacy protection laws in Korea and abroad along with the related guidelines issued by the company.

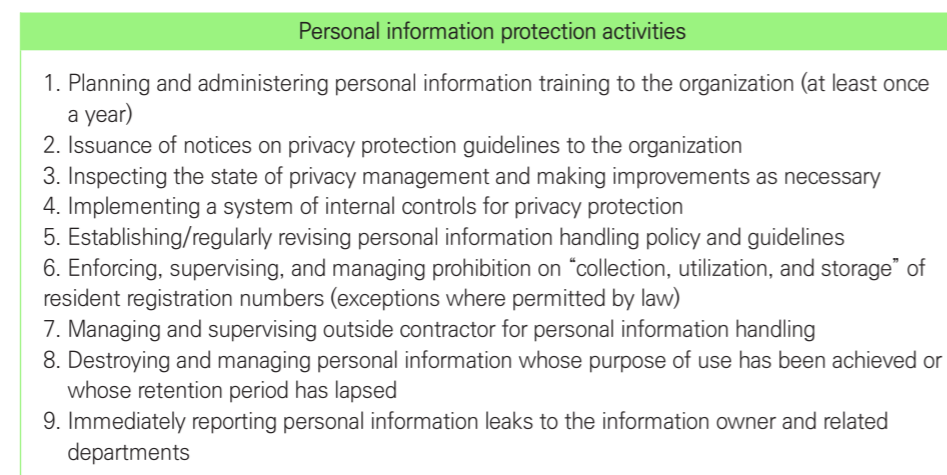
Compliance Newsletter History for Privacy Policy Compliance in 2022	
Description	Month
A 20-something hacker hacks an OO application for high net worth individuals	April
Administrative notice on a partial amendment to the Personal Information Protection Act	April
OO's app leaks financial data in four days	April
OO, accused of being tracked even with location tracking turned off	May
Personal Information Protection Commission sanctions OO and its illegal collection of personal information	October
Examples of sanctions against companies that violated the Personal Information Protection Act in 1H of 2022	October
Examples of sanctions for breaches of security obligations under the Personal Information Protection Act	November
Examples of sanctions for violating laws and regulations related to consent and use of personal information	November
Imposition of fines for violations of the Online Shopping Mall OO's security obligations, etc.	December

Composition and activities of our privacy protection organization

Cheil operates a dedicated privacy protection organization to ensure safe handling of personal information. Our compliance team serves as the Cheil privacy protection organization, supporting the Privacy Protection Officer in general supervision and management of working-level personal information protection affairs and operations. The General Affairs Team is tasked with physical protection measures, while IT protection measures are the responsibility of the Information Security Team. These arrangements are included in our “Internal Management Plan”, and are approved annually by the Privacy Protection Officer.



As per Article 10 (Roles and Responsibilities of the Privacy Protection Department) of the “Internal Management Plan”, the Privacy Protection Department engages in the following activities to ensure safe utilization of personal information.



Designation of Chief Information Security Officer

Pursuant to Article 45-3 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, our Human Resources Support Division Director (managing director) has been designated and declared/registered with the Ministry of Science and ICT as Cheil's Chief Information Security Officer (CISO) (Jan. 3, 2019). The CISO, who is selected from executives meets the requirements specified in applicable laws and regulations (e.g., whether he/she holds a dual position, has specialized expertise, etc.) and the relevant selection criteria are specified in the company's Security Management Policy.

Regular web hacking simulations and system security inspections and analyses are conducted under the direction/supervision of the CISO and Information Security Team management. Announcements issued by the Personal Information Protection Commission (Standards for Safety Measures, Standards for Technical and Administrative Protection Measures, etc.) have been reflected faithfully in our policies, subjecting our information systems to audit by an independent auditor (accounting firm) to verify the propriety of our information security measures. In accordance with Article 13, Paragraph 2 of the revised Information Protection Industry Act, Cheil's information protection status are publicly disclosed starting in 2022.

Designation of Chief Personal Information Protection Officer

At Cheil, the Human Resources Support Division Director (managing director) has been designated Chief Privacy Officer (CPO), meeting all of the requirements under Article 31 of the Personal Information Protection Act and Article 32 of the Enforcement Decree of the same Act. The Chief Privacy Officer exercises general authority over personal information protection affairs, including inspections for proper personal information handling and administering training to all employees.

Information security training

Cheil Worldwide conducts annual internal training on information protection and privacy to protect the company's trade secrets and those of its advertisers, and to protect personal information handled by the company.

We appreciate the particular importance of privacy protection, and administer semi-annual privacy protection and awareness-building training to all employees. For employees involved in specific personal information handling duties, additional special training is provided on an annual basis.

Privacy protection training plans and outcomes are reported to the Privacy Protection Officer, and a questionnaire survey is administered following the training sessions to gather feedback to be reflected in planning for the next round of training.

Privacy training and information security training in 2022			
Training	Content	Month administered	Completion rate
[Company-wide, Korea] Compliance training	<1H> 1. Briefing on the latest privacy-related legal violations and guidelines 2. Information Security Training	May	100% * 1,181 persons
	<2H> Introduction of "Personal Information Trustee Management" system	September - October	100% * 1,224 persons
[Company-wide, overseas] Compliance training	Information Security Training	June - October	100% * 5,280 persons
New recruit training	1. Briefing on personal information handling process precautions and guidelines 2. Information Security Training	• New recruits: February, August • Experienced recruits: Monthly	New recruits 100% * 62 persons Experienced recruits 75% * 90 persons
Training for foreign nationals working in Korea	Information Security Training	October - November	100% * 7 persons
In-house partner businesses training	1. Briefing on the latest privacy-related legal violations and guidelines 2. Information Security Training	October	123

* Participants: Based on employees at the time of training completion

Information security and personal information protection activities

Information security activities and system inspections

Information security activities

Classification	Description
Enacting and revising information security policy	Our security standards are continually revised to reflect the latest legislation and rapidly changing information technologies. Notices are issued to ensure that all employees are familiar with and maintain compliance with the latest standards, and the latest security standards are applied to workplaces. Our Internal Management Plan for privacy protection is also regularly revised and approved by the Chief Personal Information Protection Officer.
DDoS situation propagation training	DDoS attacks may happen at any time. In anticipation of the next attack, annual mock exercises are conducted for each of the relevant functions—servers, applications, networks, information security, etc.—assuming a real world DDoS attack situation. This training is expected to enable us to more promptly respond to an actual attack, minimizing negative impacts on company affairs and ensuring continuity of business.
Malicious email response mock exercise	To protect Cheil trade secrets and other information assets in the midst of ever-increasing corporate hacking attempts through emails containing malicious code, we have issued malicious email warnings to the organization and perform regular mock exercises to prevent theft of company information assets.
Office environment security inspections	Theft and loss of trade secrets and other company information assets due to negligence on the part of our employees can be prevented. Workspaces are inspected regularly after work hours for any computers that may be left on, drawers or cabinets that may be unlocked, and any unattended documents in order to keep the organization alert to the ever-present threat of information leaks.
Information Security Training	New recruits are required to complete information security training to preempt legal infringements that may arise in the performance of work and to protect the information assets of the company. Regular information security training is administered annually to employees of our domestic and overseas locations and partner businesses.

System Inspections

① **System (new/modified) security inspection**

Security inspection is conducted before opening/modifying services upon implementation of new systems or system modifications to protect company IT infrastructure and information assets from external hacking attacks.

② **Website / server / database / network security inspection**

Idle and unnecessary accounts due to negligence in operations and insufficient system security settings are inspected and addressed, protecting company IT infrastructure and information assets from external hacking attacks.

Category	Item	Frequency	Inspection dates in 2022
Information security activities	Information security policy revision	Annual	Dec. 16
	Notice of information security	Annual	June
	Attend security technology seminars	Monthly	Jan. – Dec.
	Exchange of security works (service partners)	Three times a year	Apr. 21, Sep. 2, Nov. 30
	Malicious email response mock exercise	Annual	Dec. 8
	Office environment security inspections	Semiannual	Jun. 28, Dec. 14
	Information Security Training	Annual	June
Systems	Important SW security updates and company-wide announcements	Often	Often
	Blocking access to harmful domestic and foreign websites	Often	Often
	Application of security control service and hacking prevention	Often	Often
	System (new/modified) security inspection	Once before opening	Feb. 21, Apr. 7
	Application security inspection	Monthly	Jan. – Dec.
	Database security inspection	Annual	Jun. 24
	Server/network security inspection	Annual	Jan. – Dec.

Information security and personal information protection-related inspection activities

Development/operation of “Personal Information Trustee Management” system

In recent years, as the share of marketing using digital media has increased dramatically compared to marketing using traditional advertising media such as TV and print, marketing using customers' personal information has also increased. In addition, the Personal Information Protection Commission's supervision and regulation of the use of customers' personal information for marketing is also being strengthened, as the Commission imposed a fine of approximately 100 billion won on Google and Meta in September 2022 for unauthorized use of customers' personal information for advertising.

Cheil Worldwide has developed the “Personal Information Trustee Management” system to identify these risk factors in advance and manage them efficiently, and has been releasing and operating the system since September 2022.

This system is designed to enable us to monitor and verify at any time that our trustees, who directly handle our customers' personal information, comply with applicable laws and regulations throughout the marketing process using the personal information. The system allows our employees and trustees to take time out of their busy schedules to review and verify checklists that summarize the complex legal obligations required at each stage from the collection of personal information to its destruction.

From 2022, we have reported the results of our review of personal information-related risks through the above system to the Board of Directors once a year, and we will continue to review the enactment/amendment of relevant laws and regulations from time to time to protect our customers' personal information, and proactively identify relevant risks and reflect them in our policies and business processes.

Information security check

We do enforce separate in-house security standards (based on ISO 27001/ISMS-P), under which 446 sub-items are managed and inspected across 7 areas: △ Information security policy, △ Information security organizations, △ Improving security consciousness, △ Security accident response, △ IT security, △ Physical security, and △ Personal information protection.

* Cheil Worldwide is not subject to obligatory certification under the Act on Promotion of Information and Communications Network Utilization and Information Protection to acquire certification, and thus does not hold certifications relating to information security and personal information protection. However, certifications will be acquired promptly should we come under obligation to do so in the future under the applicable laws.

Activities to prevent personal information leaks

Cheil Worldwide has an established the “Response Procedure for Personal Information Leakage” to prepare us for any accidental leaks which may occur during personal information handling. Mock exercises are conducted once a year to keep our information leakage handling procedure effective and up to date. Cheil Worldwide has also registered liability insurance in compliance with Article 39-9 (Indemnity for Losses) of the Personal Information Protection Act with coverage for accidental leaks, loss, theft, forgery, and damage to personal information.

Personal information leak response mock exercises		
Year	Date	Website
2020	Jun. 22	Cheil Worldwide social media
2021	Oct. 8	Chesam
2022	Aug. 9	Samsung Thunders basketball team

Personal information damage liability insurance policy (2022)
- Insurer: Samsung Fire & Marine Insurance
- Limit of liability: KRW 500 million
- Coverage period: Dec. 31, 2022 – Dec. 31, 2023 (renewed annually)

Protecting the rights of information owners

Right protection policy

The subject of the personal information handled by Cheil Worldwide has the right to request to view, correct, delete, or suspend handling of their personal information. Details relating to exercise of these rights are provided in our “Personal Information Handling Policy” to facilitate direct control by information owners over their own personal information.

For collection and utilization of personal information in compliance with the relevant laws, Cheil Worldwide uses a standardized “Personal Information Collection and Use Consent Form” and “Personal Information Handling Consent Agreement”. The standardized forms are regularly updated to reflect any amendments to the applicable laws and standards.

When obtaining consent for collection and use of personal information, Cheil Worldwide informs information subjects of the following.

- | | |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Purpose(s) of collection and utilization of personal information | 3. Retention and use period for personal information |
| 2. Personal information items to be collected | 4. Information on the right to refuse consent, and if refusal to provide consent subjects the person to disadvantage, a statement of said disadvantage |

Also, for cases involving the collection and use of personal information, the following is stated on our website through the “Personal Information Handling Policy”.

- | | |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| 1. Purpose(s) for personal information handling | 9. Measures to ensure the safety of personal information |
| 2. Periods for handling and retention of personal information | 10. Matters relating to the installation, operations and refusal of automatic devices for the collection of personal information |
| 3. Items of personal data handled | 11. Chief Personal Information Protection Officer |
| 4. Matters relating to the handling of personal information of children under the age of 14 | 12. Request for access to personal information |
| 5. Matters relating to furnishing of personal information to third parties | 13. Remedies for violation of rights and interests |
| 6. Outsourcing of personal information handling | 14. Changes to the Personal Information Handling Policy |
| 7. Procedures and methods for destroying personal information | |
| 8. Rights and obligations of information subjects and their legal representatives and how to exercise them | |

Cheil Worldwide protects the personal information of both customers and Cheil Worldwide employees according to the relevant laws and standards. The “Consent Form for the Collection, Use, and Furnishing of Personal Information to Third Parties” is collected from all members of the organization each year, and our “Personal Information Handling Policy” is made available to inform employees of how their personal information is handled and managed.

Personal information protection violations/grievances

Cheil Worldwide has no cases of violations of personal information protection-related laws and regulations for the past three years and no related lawsuit.

Ethics and Compliance

Employee rules for compliance practices

Cheil Worldwide Compliance Rules

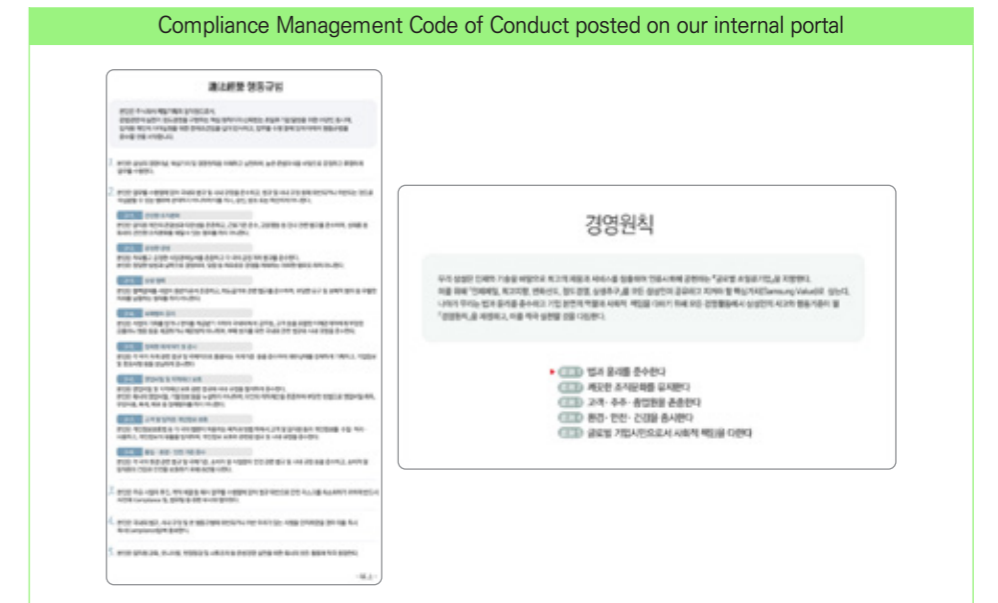
In April 2012, we established the “Compliance Control Standards”, which includes the composition of the compliance control organization and the standards and procedures for all compliance control activities of the compliance control organization, and in December 2022, we revised the above standards to reflect the latest compliance trends, refine the compliance education program, and establish the basis for online distance education. In addition, since June 2012, we have enacted and implemented the “Operating Regulations of the Compliance Program” as a subordinate regulation to the above “Compliance Control Standards,” which includes the operating system of the compliance organization, division of duties, and specific operating measures of the compliance program, and we always post the above regulations on the internal compliance system so that employees can review them at any time.

Practice Guide

We have created a “Practice Guide” that contains the contents of relevant laws and regulations that employees should be familiar with when performing their duties, penalties for violations, examples of violations, and checklists, and it is always posted on the internal compliance system. The “Practice Guide” is divided into the laws and regulations most relevant to our business, such as the Copyright Act, the Act on Fair Labeling and Advertising, the Unfair Competition Prevention Act, and the Personal Information Protection Act, and contains various types of examples to make it easier for employees to understand. In particular, Cheil Worldwide enforces a set of “Guidelines on Preventing Collusion” to prevent collusion and price-fixing practices in our relations with competitors. These guidelines clearly establish the definition and concept of “collusion” according to the Monopoly Regulation and Fair Trade Act, and set forth specific examples of practices such as the exchange of information with competitors which may be acknowledged as “collusive behavior”. Such practices are expressly prohibited under the guidelines. Regardless of whether actual collusion has been committed, suspected acts and acts which may lead to collusion may also constitute collusion as defined in the Monopoly Regulation and Fair Trade Act. Accordingly, we prohibit contact with competitors as a matter of principle, and require a prior “Competitor Contact Declaration” process to report any contact with competitors to the Compliance Team. For instances where contact with competitors cannot be reported beforehand, we require members of the organization to report details of contact after the fact. The emphasis is on maintaining vigilance and awareness across the organization so as to altogether discourage engaging in any and all actions which could be misconstrued as “collusive”.

Employee Ethics Code

To eliminate all forms of corruption, we have established the “Compliance Management Code of Conduct” and “Ethical Management Principles”, and the “Anti-Corruption Principles”, which are publicly available on our website and internal portal (Knox). We support our employees in practicing ethical management and complying with the Code of Conduct.



Training for employees

Compliance training program

We operate compliance training programs for all employees in order to preemptively identify and prevent internal and external risks and to establish a culture of compliance with laws and regulations. Additional special training is administered according to individual employee position and function. The COVID-19 pandemic since 1H of 2020 made offline training impossible, and our training programs were migrated online.

Employee compliance training in 2022			
Training	Content	Month administered	Completion rate
[Company-wide, Korea] Compliance training	<1H> 1. Compliance cases relating to Cheil Worldwide in the areas of copyright, labeling and advertising, and personal information protection: compliance guidelines 2. Information Security Training 3. Soundness of mind training 4. Understanding our internal accounting systems 5. Serious Accidents Punishment Act training	May	100% * 1,181 persons
	<2H> 1. Compliance cases relating to Cheil Worldwide in the areas of copyright, labeling and advertising, and personal information protection: compliance guidelines 2. ESG environmental training 3. Employee guidelines relating to non-compliant behaviors 4. Workplace bullying prevention training 5. Sexual harassment prevention training 6. Disability awareness-building training 7. Safety management at mobile worksites including filming sets	September – October	100% * 1,224 persons
[Company-wide, overseas] Compliance training	1. Global compliance cases relating to Cheil Worldwide in the areas of copyright and labeling and advertising: compliance guidelines 2. Information Security Training 3. Employee guidelines relating to non-compliant behaviors	June – October	100% * 5,280 persons
Training for new and experienced recruits	Issues and guidelines on intellectual property rights and compliance	•New recruits: February, August •Experienced recruits: Monthly	New recruits 100% * 62 persons Experienced recruits 75% * 90 persons
Training for employees	Information on core compliance issues	September	100% * 29 persons
Training for foreign nationals working in Korea	1. Global compliance cases relating to Cheil Worldwide in the areas of copyright and labeling and advertising: compliance guidelines 2. Information Security Training 3. Employee guidelines relating to non-compliant behaviors	October – November	100% * 7 persons
Pre-dispatch training for expatriate employees	Global Compliance guidelines	March, September	83.3% * 10 persons
Special training by job function	<For PMs> Foreign Exchange Act – Focus on company’s issues	October	82.5% * 33 persons

Ethical management training

The “Employee Guidelines” and principles for compliance with laws and regulations are made available on our in-house portal (Knox) to prevent illegal and corrupt business practices.

In particular, we administer corruption prevention training to all employees at our domestic and overseas locations at least once a year to prevent giving and receiving of bribes and other corrupt practices in relations with our partner businesses. This training establishes the concept of illegal and corrupt practices and introduces recent cases of corruption. Twice a year (Chuseok and Korean New Year holidays), official letters are issued requesting our partner businesses to refrain from sending holiday gifts and assist in our efforts to establish a clean business culture.

Corruption prevention training participants			
Year	Total	Domestic	Overseas
2020	5,131	1,229	3,902
2021	5,608	1,172	4,436
2022	6,504	1,224	5,280

Unit: Persons

Monitoring systems

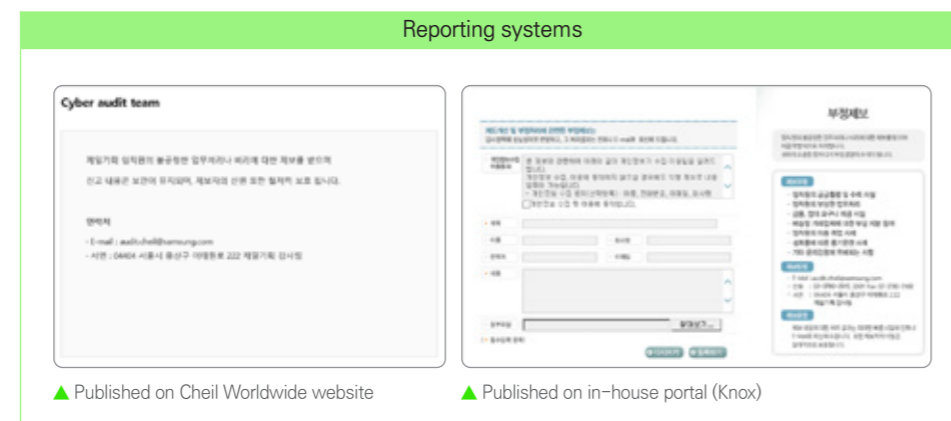
Regular ethical management audits

In accordance with our “Employee Guidelines” for clean organizational culture, we assess the unfair and illegal business practice risk levels of all of our domestic and overseas locations annually. Depending on the assessed risk, regular ethical management audits are conducted at 3- to 5-year intervals. Audit results are reported to upper management, and offenders are subjected to measures according to our standards for disciplinary action.

To protect privacy, ethical management audit outcomes and details relating to actions taken against offenders are not publicly disclosed.

Ethical management violation reporting and whistle blower protection systems

Ethical management violation reporting and whistle blower protection systems A reporting channel is maintained to enable stakeholders inside and outside our organization, including employees, executives, partner businesses, and clients, to report corrupt or unfair work practices by Cheil Worldwide employees in violation of our Ethical Management Principles. Provisions regarding confidentiality of report details and protection of reporter identity are made available for reference.



The total number of reports filed through all reporting channels in Korea and abroad is 29 since 2020, 48% of which concerned illegal and corrupt practices. Each of these reports were investigated to corroborate facts. The results were reported to upper management, and disciplinary action was completed for the offenders.

Report status			
Year	Total	Domestic	Overseas
2020	12	8	4
2021	6	2	4
2022	11	3	8

Unit: Case

Compliance inspection disclosures

Cheil Worldwide regularly discloses chief compliance officer activities and violations of laws/regulations in our quarterly and annual business reports (status of compliance training, inspections, compliance awareness activities, and improvements to guides and processes).

* Cheil Worldwide has had no violations of related laws and regulations for the past three years.

2022 Compliance Inspections – Disclosed in 2022 Business Report	
Inspection	점검월
Inspection of privacy-related documents: Internal Management Plan, Personal Information Checklist, Personal Information Collection/Use Consent Form etc.	March, September, October
Semi-annual compliance self-inspection: Quizzes on key legal provisions relating to Cheil Worldwide to inspect familiarity and knowledge	May, September – October
Inspection of personal information handling	May
Mock breach response drills	August
Distribution of compliance message and collection of employee consent	September – October

Principles and systems for labeling and advertising

Fair labeling and advertising principles – Fair Transactions Policy

Cheil Worldwide stands against misleading and inappropriate labeling and advertising which may intentionally or inadvertently misinform or deceive consumers. Committed to providing consumers with accurate and useful information, establishing fair advertising industry business practices, and protecting the consumer, we enforce a policy against false or exaggerated advertising, deceptive advertising, advertising with unfair comparisons, and slanderous advertising. We have established a “Fair Transactions Policy” that includes the goals, roles, and directions that we intend to achieve in terms of the fair labeling and advertising, and we make the contents available on our website at all times.

* Refer to the “Cheil Worldwide ESG Trends” bulletin board on the ESG page of the website (cheil.com).

We are guided by the belief that advertising should convey accurate information relating to the goods or services of advertisers without any falsehood or exaggeration, allowing consumers to make rational choices between goods and services. Accordingly, our Compliance System provides “Guidelines on Unfair Labeling and Advertising Practices” to ensure company-wide compliance with the Act on Fair Labeling and Advertising and the guidelines for labeling and advertising reviews. The laws and statutes relating to labeling and advertising, infringement categories and cases, and checklists are available on the Compliance System for reference by all members of our organization.

Systems for labeling and advertising

Pre-airing review process for advertisements

Cheil Worldwide operates a “Pre-airing Review Process” for advertisements, a process which allows us to identify and prevent risks of legal infringement, etc. before advertisements are produced or aired.

At least two of our in-house attorneys from our Legal Team meet with working-level staff to review drafts, storyboards, video, and images, identifying any risks relating to infringement of the Act on Fair Labeling and Advertising, copyrights, portrait rights, trademark rights, design rights, or the Unfair Competition Prevention and Trade Secret Prevention Act, as well as negative PR issues. This is a process unique to Cheil Worldwide, going above and beyond typical in-house legal team consultation. In 2022 alone, around 100 pre-airing review meetings were held.

Thanks to preemptive advertising risk management through procedures tailored to the nature of the advertising industry, Cheil Worldwide has zero cases of violations of labeling and advertising regulations and has not been subjected to any related sanctions or litigation in the last three years.

* Number of labeling and advertising law violations in the last three years: 0

License Notice System

When we use the rights of others, such as music, images or likenesses to create advertisements, we legally obtain prior permission (license) from the rights holder in advance. We also provide advertisers with clear notice of the terms of use (license terms) agreed to with the rights holder at the time of final delivery to advertisers, so that advertisers can be confident that they are using the advertisements in accordance with those license terms.

From 2019, we have developed and operated a “License Notice System” to provide advertisers with clear and unambiguous notice of all license terms associated with the advertisements we deliver. This system is designed to accurately input and mail to advertisers the terms of use of all rights of others, such as music, images, and likenesses, used in the final advertisement, so that the advertisers can safely use the advertisements we deliver without infringing on the rights of others.

Training for employees

To ensure that employees do not violate the Act on Fair Labeling and Advertising or infringe on third-party rights such as other’s copyrights and portrait rights when creating advertisements, Cheil Worldwide conducts training sessions on the Act on Fair Labeling and Advertising and intellectual property rights for all employees twice a year.

Shared Growth

Principles for win-win management practices

Guide on Win-Win Management Practices and Rules on Mutual Cooperation

Cheil Worldwide engages vendors and contractors as partners in management through mutually cooperative relations, translating our attitudes toward partner businesses into practice through our “Guide on Win-Win Management Practices”.

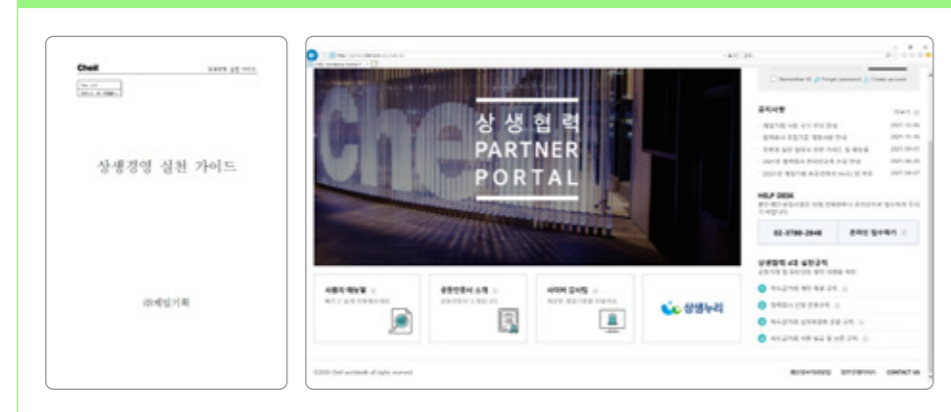
Developing a sense of partnership	Proliferation of shared growth oriented efforts	Mutual trust
Competitive power of partner businesses = Competitive power of Cheil Worldwide: support measures to reinforce partner business capacities	Joint efforts with partner businesses to proliferate shared growth-oriented practices across the advertising industry	Joint efforts toward transparent business relationships through mutual trust

By operating and maintaining fair and transparent relations and processes with our partner businesses, we support sustained growth of our partners and shared growth for the advertising industry as a whole. Our “4 Practical Rules on Mutual Cooperation” are made available to all internal and external stakeholders through our “Win-Win Partners Portal”, and Cheil Worldwide’s fair transactions principles are operated and enforced with the highest transparency.

* Win-Win Partners Portal (<https://partner.cheil.com/srp/index.do>)

“4 Practical Rules on Mutual Cooperation”	
① “Rules on Subcontracting”	These rules ensure that partner’s interests are represented fairly in our contracts, and set forth a set of rules for adherence in subcontracting to establish reasonable and equitable transaction practices.
② “Rules on Partner Selection and Operation”	Our rules for selection and operation of partner businesses ensure fair and equitable treatment of all partners and prospective partners.
③ “Rules on Operation of the Subcontractor Transactions Review Committee”	Under these rules, we review the fairness and legal compliance of our subcontractor relations and the procedural propriety of our vendor/contractor registration and disqualification processes.
④ “Rules on Issuance and Preservation of Documents in Subcontractor Transactions”	These rules specifically provide for matters of compliance or effort on the part of Cheil Worldwide regarding the issuance and preservation of documents in the process of subcontracting and subcontractor relations.

“Guide on Win-Win Management Practices” and “Rules on Mutual Cooperation” on our Win-Win Partners Portal



Win-Win Growth Index and Fair Trade Agreements

Win-Win Growth Index and Fair Trade Agreements

As a Win-Win Growth Index member (industry-first; since 2017), we have signed Fair Trade Agreements with our key partners since 2015. This leadership in maintaining symbiotic relationships with our partners is the result of firm commitment from our CEO and upper management.

As a result, we have received the highest possible Win-Win Growth Index rating from the Korea Commission for Corporate Partnership for three consecutive years (2019, 2020, and 2021), and have been rated “industry-best” in Fair Trade Agreements by the Fair Trade Commission for four years running (2018, 2019, 2020, and 2021). In 2022, we were the first company in the advertising industry to be selected as an Honorable Company with the highest possible Win-Win Growth Index (24 companies in total) and as a Best Practice in Fair Trade Agreements (7 companies in total).

We will continue to take the lead in ensuring that the entire advertising industry operates in a fair and reasonable manner.

* These industry-leading ratings in Win-Win Growth Index and Fair Trade Agreement evaluations have afforded Cheil Worldwide a number of incentives, including exemption (2 years) from Fair Trade Commission ex officio investigations, designation as a model firm in subcontractor relations, and reduced penalty points (3 points) for infringements of the Fair Transactions in Subcontracting Act.

Cheil’s Partner Collaboration Team was established in December 2015 as a dedicated organization for implementation of fair transactions and mutually beneficial cooperation affairs. The team consists of six staff (as of December 2022), and is tasked with managing our Win-Win Growth Index efforts and Fair Trade Agreements with partner businesses. Other responsibilities include enacting, revising, and enforcing the “4 Practical Rules on Mutual Cooperation”.

Cheil Worldwide maintains close communication with our partners through regular annual “Partner Business Meetings” and consistent “VOC monitoring”. In particular, we strive to reflect the voices of the field in a timely manner by establishing and operating a channel for receiving and processing supplier complaints (hereinafter “Help Desk”) and receiving complaints in real time by dedicated personnel.

We transparently disclose the percentage of partner complaints received through the “Help Desk” and resolved cases each year on the Win-Win Partners Portal.

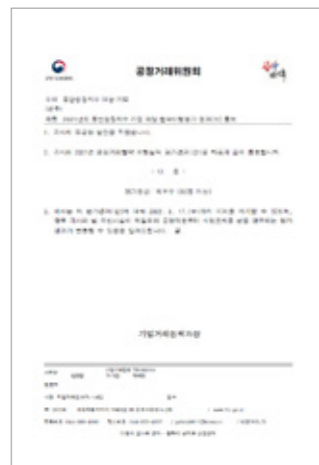
Help Desk complaints received and resolved in 2022													
Item	January	February	March	April	May	June	July	August	September	October	November	December	Total
Work-related	3	1	3	-	1	3	-	1	5	-	2	1	20
Suggestions	3	1	-	-	-	-	1	2	1	2	2	1	13
Complaints	-	-	-	-	-	-	-	-	-	-	1	-	1
Others	3	3	9	10	6	8	11	9	5	8	6	9	87
Total	9	5	12	10	7	11	12	12	11	10	11	11	121

Key subcontracting issues such as revisions to the Fair Transactions in Subcontracting Act are inspected regularly to ensure total compliance and zero legal infringements. Projects of a certain value and above are referred to the Subcontractor Transactions Review Committee and subjected to prior legal compliance review.

Activities and efforts toward fair transactions

Adoption of voluntary fair transactions compliance program and prevention of actions harming fair competition

At the vanguard of fair business transactions, Cheil Worldwide has voluntarily instituted a range of fair transaction practices. First, we operate a “Voluntary Fair Transaction Compliance and Unfair Transaction Prevention Program” and an “Unfair Transaction Early Warning System”. Upcoming subcontractors’ fees and settlements are inspected regularly to prevent delayed payment. We have also adopted an electronic contracting system to rule out completely the potential for unfair contracting behaviors such as refusal to issue contract documents. For transactions valued at KRW 1 billion or more, meetings of the Subcontractor Transactions Review Committee are convened to review the legal compliance of transactions and the propriety of pricing determination. The “Voluntary Fair Transaction Compliance and Unfair Transactions Prevention Program” minimizes the potential for unfair practices and legal infringements. Second, going a step above and beyond prevention, we operate a “Voluntary Fair Transaction Compliance Follow-up Monitoring System” under which the legal compliance of our subcontractor transactions is verified after the fact.



Monthly monitoring is performed to ensure that payments and settlements have been completed within the established deadlines following termination of contracts, and all transactions registered in the Cheil Worldwide electronic contracting system are inspected regularly to verify compliance. A separate fair transaction monitoring system is in place through which we continually improve our practices and establish compliance as way of life among all members of the organization. The “Guide on Win-Win Management Practices” also provides for disadvantageous disposition in promotions and benefits to employees who are in violation of the law, regardless of affiliation or employee grade. We thereby discourage any acts

in violation of the Fair Transactions in Subcontracting Act or acts which impede fair competition on the part of all members of our organization.

In recognition of our efforts, we had no violations of laws and regulations in the social and economic areas and the Fair Trade Commission has designated Cheil Worldwide a “Model Enterprise in Subcontracting Transactions”.

Sanctions against violation of the “Guide on Mutually Beneficial Cooperative Management Practices”

- Violation of in-house standards relating to partner businesses, the Fair Transactions in Subcontracting Act and the Monopoly Regulation and Fair Trade Act is subject to special training or disciplinary action, depending on the severity of the matter at hand.
- Three or more offenses by the same person within the space of a year is subject to stern disciplinary measures including docking of pay and dismissal.

Enforcement of Partner Business Code of Conduct and legal compliance efforts

Code of Conduct compliance by partner businesses

One aspect of our efforts to achieve shared growth with business partners of Cheil Worldwide is the enforcement of a set of “Business Guidelines”. These Business Guidelines prohibit the acts listed below, and are published on the Win-Win Partners Portal for reference by all partner businesses.

- ① Receiving bribes including money, in-kind benefits, and gifts
- ② Receiving entertainment including extravagant meals, golfing arrangements, and alcoholic beverages
- ③ Personally borrowing or lending money
- ④ Causing monetary or physical damages or engaging in unlawful solicitation
- ⑤ Providing special accommodations in disregard of regulations using professional a
- ⑥ Acquiring equity in work-related, non-listed clients
- ⑦ Unauthorized removal and leaks of tangible/intangible information assets or internal information of the company
- ⑧ Arranging or cooperating in scouting of company workforce by competitors
- ⑨ Behaviors which impede the maintenance and succession of clean organizational culture or which harm corporate value or the corporate image

Measures taken against legal infringements by partner companies

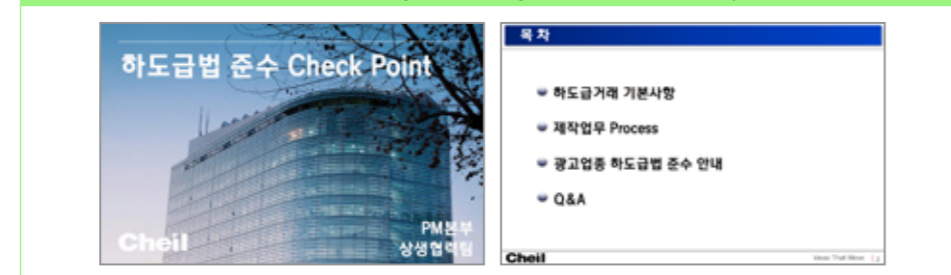
To prevent legal infringements by our partner companies, we hold regular Partner Business Meetings where we distribute and brief partners on our “Guide on Advertising-related Laws and Statutes”. Thanks to joint efforts by Cheil Worldwide and our partners, we maintain a status of no legal infringements by partner businesses.

Fair transactions training and awareness-building activities for employees

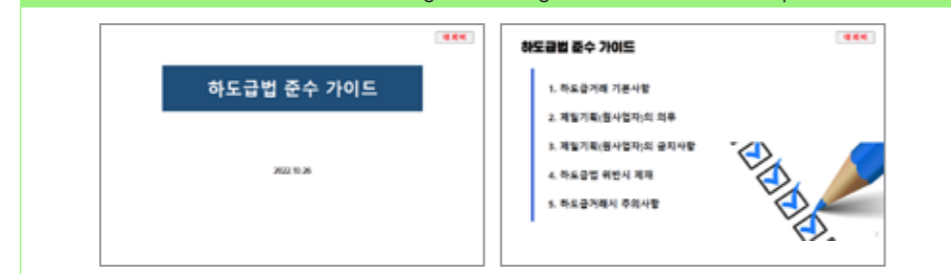
As industry leader, Cheil Worldwide leads by example. We were the first in the industry to sign Fair Trade Agreements with all of our partner businesses.

To assist employees in practicing fair transactions, we provide job-specific fair transaction training for all employees and special training on the main content of the Subcontracting Act for on-site departments where subcontracting transactions are frequently conducted. Through this job-specific fair transaction training, we aim to raise awareness of fair transactions among all employees and to improve the legal knowledge of employees who are frequently involved in subcontracting transactions.

Fair Transactions in Subcontracting Act training materials for new/experienced recruits



Fair Transactions in Subcontracting Act training materials for on-site departments



Cheil Worldwide operates a “Compliance System” to ensure compliance management. Through the system, various instructions and guidelines relating to compliance management practices are made available to all employees.

These instructions and guidelines provide working-level guidance and summaries of the Copyright Act, Personal Information Protection Act, the Labeling and Advertising Act, and other related laws. In particular, the “Guidelines on Fair Transactions Compliance Risks” are provided to prevent unfair transaction practices by our employees.

The Guidelines on Fair Transactions Compliance Risks are comprised of detailed and work-relevant guidelines on preventing fair transaction-related risks that may be easy to miss, and include the “Guidelines on Preventing Collusion with Competitors” and “Guidelines on Preventing Toll Fee Practices”.

In addition, we inform employees through the “Compliance Newsletter” or internal message boards about changes in fair transaction-related laws, such as the Act on Fair Labeling and Advertising and the Subcontracting Act, as well as cases of fair business sanctions at home and abroad, and conduct various education and awareness activities to prevent unfair transaction, including small-group training for relevant departments.

Fair transaction training for employees in 2022 – Special training by job function for PMs

Method	Content	Month administered	Completion rate
Small group training	Current issues and guidelines for fair transactions	November	100% * 43 persons

Awareness activities in 2022 – Compliance Newsletters

Description	Month
Subcontracting Law Amendment Passes National Assembly Plenary Session	January
Requirement to sign a confidentiality agreement when requesting technical data from partner businesses	February
Sanctioning OO Company for mislabeling genuine products	March
SNS survey on unfair advertising reveals large number of cases	May
Fair Trade Commission (FTC) sanctions OO Company for requesting technical data without written agreement	May
OO Company fined 20.2 billion won for violating the Act on Fair Labeling and Advertising	May
FTC sanctions OO Company, discusses battery performance overstatements	June
Recent sanctions for technical data misappropriation	June
“That OO smells bad”, a mommy cafe in turmoil after its identity is revealed	June
Sanctioned OO Company for unfair advertising	July
Sanctioned OO Company for using subcontractor’s technical data	July
Sanctioned OO Company for falsely claiming waterproof performance in Australia	August
Sanctioned an advertising agency for a mail order company that wrote and posted false reviews through empty box marketing	August
Sanctioned OO Company for technology misappropriation	December

Processes for selection and evaluation of partner businesses

Scope of our supply chain

Partner businesses of Cheil Worldwide are registered under the ATL, BTL, or DIGITAL categories. All firms meeting a certain set of requirements may be registered at any time of the year as Cheil Worldwide partners. This arrangement maximizes opportunities for us to collaborate with expert partners. As of December 31, 2022, there is a total of 600 registered Cheil Worldwide partner businesses.

Principles and processes for selection of partners

Fostering competitive partners is a crucial prerequisite to shared growth with our partners.

Appreciating this obvious yet important fact, Cheil Worldwide has instituted numerous systems and policies for fostering of competitive partners.

First, adapting the Fair Trade Commission's "Practices for Fair Selection of Vendors" to our circumstances, we have enacted and are enforcing the "Rules on Partner Selection and Operation" in order to practice fair and reasonable partnerships.

To facilitate equal opportunities to more prospective partners, we have recently adopted an "Open Partner System" that lowers the entry barrier for potential Cheil Worldwide partners. Contracts are awarded through competitive bidding to ensure that business is equitable and transparent. We are always keen to discover and engage outstanding firms outside our existing partnerships. Under our "Direct Partnership Proposal System", employees are invited to recommend new firms with whom to establish relations.

Starting in 2022, we have been adopting the "Safety Management Evaluation" (Qualified Contractor Selection) criteria when evaluating and selecting partners, enforcing strict and preemptive safety management to prevent accidents at workplaces.

Evaluation of partner businesses against established social responsibility standards

To establish fair and transparent business practices at Cheil Worldwide, we require partners to meet a set of social responsibility standards. If a partner fails to meet these standards, their contract is terminated, partner registration is canceled, and re-registration as a Cheil Worldwide partner is restricted for three years.

The social responsibility requirements to which we hold our partners are as follows.

First, all current and prospective partners must comply with our ethical management and compliance management guidelines, including the rules on corruption, bribes, and provision of entertainment.

Second, the business activities of a current or prospective partner must not be in violation of legal provisions or be subject to public criticism.

Third, current and prospective partners must comply with and enforce the Cheil Worldwide safety management regulations.

Fourth, current and prospective partners must not engage in any acts similar to these which may impede the execution of contracts or which may be grounds for refusal by Cheil Worldwide to sign the firm as a partner.

Specific provisions relating to these social responsibility standards are found in Article 19, "Standards and Procedures for Partner Registration", of the "Rules on Partner Selection and Operation", and are published on our "Win-Win Partners Portal" for reference at any time by our partners.

No partners failed to meet our social responsibility standards in 2022.

Activities in support of partners

ESG Support

Supporting ESG activities of partners

As part of our non-financial support program for shared growth with business partners, Cheil Worldwide has promised ESG support to 96 key partner businesses through the signing ceremony for the Environment-Friendly (ESG) Practices Agreement (Aug. 25, 2021). A consensus on the importance of eco-friendly production environments was thereby formed, laying the groundwork for full mutual cooperation toward environmentally friendly production practices. We also distributed our “Guide on Environmentally Friendly Management Practices for Ad Filming Sites” and “Guidelines for Protection of the Rights of Children and Youth at Filming Sites” to our partners (Sep. 1, 2021) to ensure that our ad production sites are ESG-appropriate.

In 2021, our Shared Growth Cooperation Fund contributions to the Korea Foundation for Cooperation of Large&Small Business, Rural Affairs were used toward our Partner ESG Consulting activities. Cheil Worldwide will continue to contribute to the Shared Growth Cooperation Fund to support ESG consulting activities to reinforce the ESG capabilities of the advertising industry.

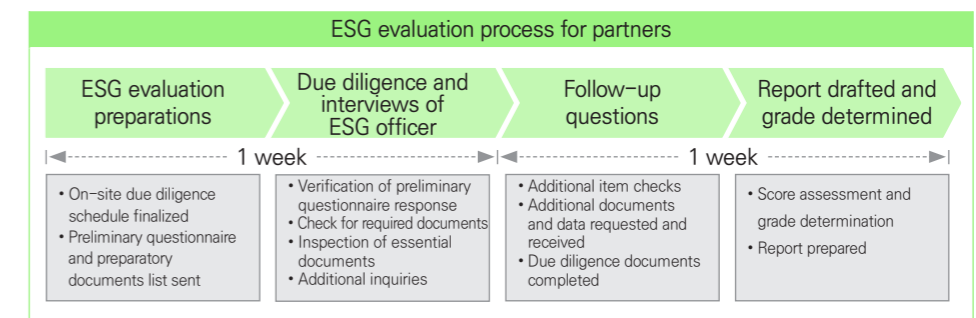
Support for implementation of ESG risk management systems of partners

Cheil Worldwide has employed the services of NICE D&B, a provider of ESG consulting services to SMEs, to help our partners to establish sustainable management practices. Under the “Partnership Agreement on ESG Consulting Services for Cheil Worldwide Partner Businesses”, NICE D&B has begun consulting with our partners on ESG management implementation. (Supported 5 companies in November 2021, supported 5 companies in July – August 2022)

This consultancy was provided free of charge to our partners, with all costs covered by Cheil Worldwide. Consultants visited each of our partners to conduct preliminary questionnaires and perform due diligence and interviews with ESG officers. Each partner was evaluated in each of the ESG (Environment, Social, and Governance) areas, rated on a 7-point grade scale, and provided with suggestions for improvement.

Cheil Worldwide will continue to provide our partners with ESG consulting to help improve ESG capacities.

ESG evaluation metrics for partners	
• E (Environment):	Environmental understanding, environmental management (energy, greenhouse gases, water resources waste, atmospheric pollution), environmental performance, environmental cooperation
• S (Social):	Safety consciousness, safety management (management system certifications, product safety certifications, occupational accidents), human rights sensitivity, fair social practices
• G (Governance):	Ethical management (rules and systems), governance (equity structure, dividends, etc.), transparency of accounting practices, transparency of transactions



Areas and grades for partner ESG evaluation			
Category	Area	Category	Area
Environment	Implementation of environmental management system	Social	Child labor / forced labor (including in supply chain)
	Reduction of greenhouse gas emissions		Workplace discrimination and bullying
	Resource use, waste output, and recycling		Occupational health and safety
	Discharge and disposal of hazardous substances		Protection of information and intellectual property
	Product carbon footprint	Governance structure	Product safety and quality
	Opportunities for eco-friendly technologies		Transparency of management
	Hiring practices		Anti-corruption practices and compliance management
Rating	NESG grade definition	Environment (E) grade description	
A+	Highest environmental, social, and governance management levels toward sustainable management	Highest levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
A	High ESG management levels toward sustainable management	High levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
B+	Good ESG management levels toward sustainable management	Good levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
B0	Fair ESG management levels toward sustainable management	Fair levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
B-	Average ESG management levels toward sustainable management	Average levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
C	Lower ESG management levels toward sustainable management	Lower levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
D	Poor ESG management levels toward sustainable management	Poor levels of activity, issue management, and interest in climate change, energy, and environmentally friendly practices	
Rating	Social (S) grade description	Governance (G) grade description	
A+	Highest levels of social activity management systems and interest relating to employment, health, safety, etc.	Highest levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	
A	High levels of social activity management systems and interest relating to employment, health, safety, etc.	High levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	
B+	Good levels of social activity management systems and interest relating to employment, health, safety, etc.	Good levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	
B0	Fair levels of social activity management systems and interest relating to employment, health, safety, etc.	Fair levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	
B-	Average levels of social activity management systems and interest relating to employment, health, safety, etc.	Average levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	
C	Lower levels of social activity management systems and interest relating to employment, health, safety, etc.	Lower levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	
D	Poor levels of social activity management systems and interest relating to employment, health, safety, etc.	Poor levels of governance management in areas of fair competition, protection of shareholder rights, and Board of Directors activities	

Technological cooperation, financial support, education & training, marketing support, etc.

The know-how and filming techniques of the filming directors with each of our partners are among the most important and protection-deserving skills in the advertising industry. Cheil Worldwide is eager to help our partners to safeguard their technologies, and provides “Technology Protection Training” to all partners. We also engage the services of external training agencies to provide “HR and Labor-related Training” to help improve the competitive power of our partners. Cheil Worldwide also operates several financial support programs for our partners, who are relatively smaller in size and for whom financing options are less diverse and less readily available. We make a point of making early subcontractor payments prior to major holidays such as the Korean New Year and Chuseok in order to improve our partners’ cash liquidity and stimulate the local economies in the holiday season. Cheil Worldwide also makes contributions to the Shared Growth Cooperation Fund operated by the Korea Foundation for Cooperation of Large&Small Business, Rural Affairs to fund partner support programs. Cheil Worldwide and IBK Industrial Bank of Korea have each contributed KRW 5 billion toward a “Hand-in-Hand Fund” which is made available to partners in need of financing. We have also introduced a “Network Loan” program to give our partners better access to financing. Last, we understand that due to the nature of the advertising business, expanding overseas requires overcoming high entry barriers in the form of local language, culture, and laws. Overseas branches of Cheil Worldwide are able to employ the services of our domestic partners, opening up overseas sales channels for our partner businesses.

Programs to support quality improvements by partners

To help improve the quality of advertising content produced by our partners, Cheil Worldwide operates a training program through which the latest advertising trends in Korea and abroad are shared and award winning works from international advertising award shows are introduced. Knowledge that can be helpful to our partners in the areas of Advertising-related laws, safety management, and mutually beneficial cooperation activities is shared regularly. Recently, in response to the COVID-19 pandemic, our briefings for partners have been carried out online and offline.

Sharing of the latest advertising trends in Korea and abroad		Briefings for partners in 2022		
		Briefing	Date	Participating partners
		1st (Online)	Mar. 24	326
		2nd (Offline)	Jul. 19	60
		3rd (Online)	Nov. 3	299

Quality improvement support programs for partners in 2022		
Session	Program	Participating partners
1	Heineken: The Night is Young	193
2	McKenloe vs. McKenloe	135
3	Dell Technologies & Intel	121
4	Hope Reef	106
5	Vice World News	92
6	SunCorp	84
7	AB INBEV / CORONA	89
8	British Channel 4 - Super Human	51
9	Pinatex	49
10	Cadbury (Sharukhan)	50
11	Supermarket Penny	52
12	Adidas (Liquid Billboard)	52
13	Decathlon	46
14	Virgin Group	44
15	Burger King	38
16	Back-Up UNESCO (Ukraine)	34
17	Change the Ref (The Lost Class)	37
18	SHAKTI + TOI	27
19	WECAPITAL	28
20	HEINZ	29

Other support activities

Cheil Worldwide partners enjoy a wide variety of supports. We make a point of providing “100% cash payments to sub-contractors”, and assist with our partners’ job creation efforts (Partner job postings are published on our corporate website).

Cheil Worldwide provides masks and other COVID-19 containment supplies, as well as disease control personnel, to all filming sets and production sites. “Safety management training” is administered extensively in cooperation with professional safety agencies to prevent any safety issues and occupational injuries in the field. Cheil Worldwide operates a partner “Help Desk” providing real-time communications and business support.

Social contribution policies

The Cheil Worldwide management framework is geared toward sharing and designing a better world for us all. Our social contribution activities are planned out and executed systematically through this framework.

The “Sharing Management” framework of Cheil Worldwide is built on the principles of “Creation”, “Collaboration”, and “Consideration”, and applies a matrix structure to enable harmonized and balanced social contribution activities. The advertising industry is all about “communication” and “devising solutions”. Building on what we do best, we are creating new value to contribute to local communities while supporting the marginalized and disadvantaged classes.



Social Contribution

Social contribution **Geuldongmu Project (www.geuldongmu.org)** activities

North Korean defectors in South Korea come from a culture that is surprisingly different from our own, and communication is often a challenge for former North Korean children and youth. Cheil Worldwide is a partner of the Geuldongmu Project, which provides young North Korean defectors with language support (translation between North Korean dialects and standard South Korean language), assistance in psychological health and communicating emotions, and mentoring support for careers and employment. Since 2015, the program has touched the lives of close to 3,000 young North Korean defectors living in the South.

Campaign participants are surveyed for program satisfaction levels and feedback, and quantifiable indicators (views, likes, reach, participants, etc.) are used to gauge the success of our online campaigns.

Details for each of the programs are available on the official Geuldongmu Project website.

Classification	Outcomes
Language support	<p>A translator for North Korean dialects to standard South Korean language (with results in Mandarin Chinese as well) is provided on the Geuldongmu Project website (www.geuldongmu.org). The translator contains around 30,000 everyday Korean expressions and terms found in middle and high school-level textbooks. The translator has proved to be a useful tool, providing around 2,837,354 searches to date.</p> <p>A "card news" campaign* to inform the public of inter-Korean cultural differences and combat prejudices as well as discrimination against North Korean defectors recorded more than 1,343 views, and 6 social media events were held, reaching 3,600 participants and receiving 1,546 comments. Online campaigns (2) introducing the stories of North Korean defectors who have successfully assimilated in South Korean society have attracted 379 views to date.</p>
Psychological and emotional support	<p>A psychological and emotional support program is offered to assist in healing the psychological pain and scars experienced by young North Korean defectors in the process of their escape, and to provide assistance in adjusting to living and the new environment in the South. This program has been administered at nine alternative schools attended by former North Korean students since 2016. A total of 12 online and offline lessons were held for each school, administered by instructors professionally trained in educational psychology and engaging students ranging from early elementary school to middle school. Participants reflected on their inner feelings, practiced expressing their emotions, and explored their individual strengths and weaknesses.</p> <p>Psychological pre- and post-assessments administered by the Department of Psychiatry at the Samsung Medical Center in Seoul found that many of the participants had improved scores in depression, anxiety, self-esteem, and post-traumatic stress symptoms. Students found to require medical therapy were provided with outpatient treatment and prescriptions.</p>

Employee participation in social contribution programs

Samsung Dream Class

Samsung Dream Class is a social contribution program that provides curriculum learning mentoring by university students and career/aptitude mentoring by our employees to help middle school students in difficult academic environments find and nurture their own aptitudes and dreams. Cheil Worldwide employees actively participate in mentoring activities in various areas of Samsung Dream Class. From 2021, Samsung Dream Class has evolved to 2.0, offering not only online learning support but also globally organized classes for future skills such as coding and math.

Stepping Stones to Hope

Cheil Worldwide employees also participated in the Stepping Stones to Hope program, which provides housing and 1:1 customized education for young adults preparing to enter the workforce after turning 18. Our employees have actively participated in sponsoring the program to support successful independence for young adults and will continue to participate in career/vocational mentoring activities for them in the future.

Green Cheil environmental protection campaign

Since it was difficult for employees to participate in external volunteer activities after the COVID-19 pandemic, we conducted a hands-on volunteer activity, "Green Land Pop-up Book Making," to raise employees' awareness of environmental protection and to help children with environmental education. We worked to create a pop-up book for children to learn about the accelerating climate crisis in a fun and easy way through the story of zoologist Jane Goodall. A total of 160 employees participated in the activity, and the finished products were delivered to local multicultural family support centers to be used for environmental education of multicultural children.

Social Contribution

Programs to encourage participation in social contribution activities, and incentives for participation

The Cheil Worldwide “Regulations on Volunteer Activities” are posted through-out company premises to encourage participation in social contribution activities. Specifically, we aim for 100% participation, with at least 12 hours volunteered by each employee and executive. We operate a “Leading Volunteers Board” consisting of the volunteer leaders appointed in all of our divisions to gather opinions on the volunteer programs where members of the organization would like to participate. Expenses for volunteer networking events and post-activity team-building events for divisions and teams engaging in group volunteer work are covered by the company to encourage our staff to give back to their society. The company also matches employees seeking to volunteer in specific areas or for specific groups with the appropriate beneficiaries. Also, our “Regulations on Operation of Work Hours” specifically stipulates that hours spent engaged in volunteer work will be acknowledged as hours worked. Individual employees can use our “Volunteer Record System” to monitor their individual volunteer activities, hours volunteered, and donations made.

Individuals with exceptional volunteer work participation rates are awarded, and expenses incurred during volunteer work (transportation costs and costs for purchase of materials, etc.) are covered by the company to encourage volunteer work.

Social contribution programs drawing on our advertising specialties

We are in the business of devising solutions through communication. Our Geuldongmu Program to help young North Korean defectors to adapt to and succeed in their lives in Korea draws on the unique capacities of Cheil Worldwide in the areas of facilitating communication by language, communication of mind and emotions, and communications toward better life and career choices. Filming for advertisements requires many props and supplies. Props and supplies from our filming sessions find new owners through regular “company garage sales”, where all proceeds from resale are committed to helping those in need in our neighborhood.

Socially responsible management principles

Socially responsible management goals

As a company, Cheil Worldwide aims to make a positive impact on society through advertising.

Cheil Worldwide has a strong interest in a variety of social issues. We are serious about making our campaigns as socially beneficial to the public interest as possible, and are eager to propose public interest-oriented campaigns to our clients. We also propose and implement specific efforts to raise awareness of and solve various social problems together with governments and public agencies, and NGOs. We firmly believe that involving enterprise and various interested organizations in socially responsible activities is the only way toward ensuring the happiness and well-being of us all.

In addition, we have an internal process to ensure that advertising projects in unhealthy industries such as alcohol and tobacco are discussed with the ESG Secretariat, an internal organization dedicated to ESG, to ensure that business is conducted in a socially responsible manner.

Socially responsible advertising

Here are some of the socially responsible advertising projects that Cheil Worldwide worked on in 2022.

Social Contribution

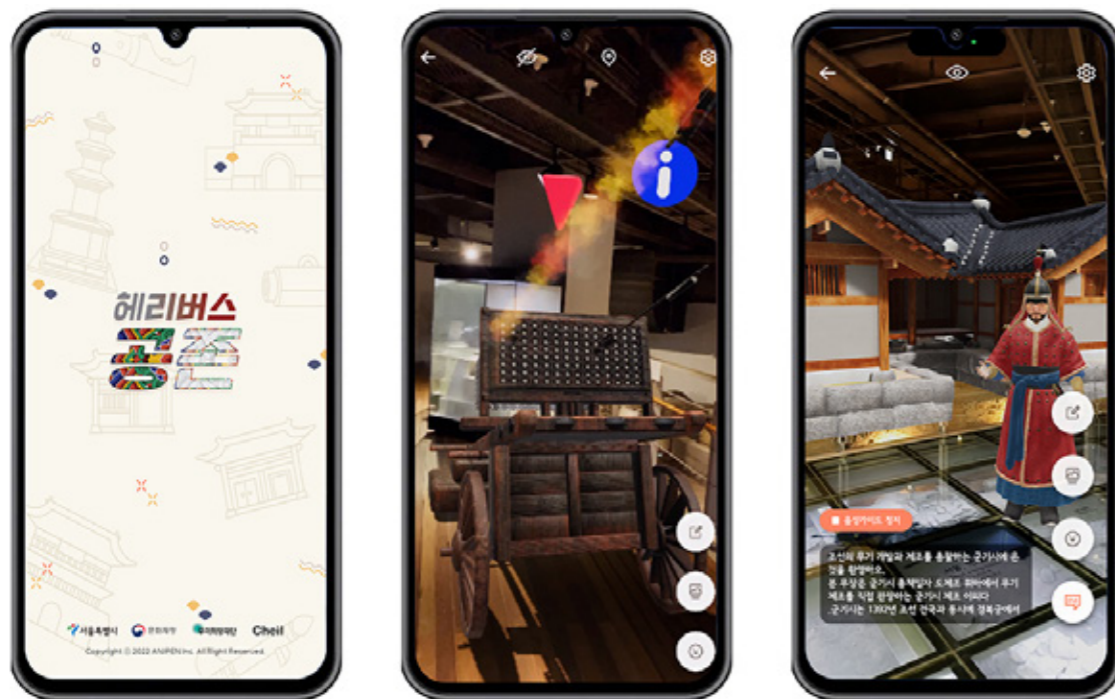
Cultural Heritage Administration, Seoul Metropolitan Government, Woomi Hope Foundation 'Heritage Metaverse <Coexistence> Project'



The Challenge Seoul, once known as Hansung, the capital of the Joseon Dynasty for 500 years, is a city where Joseon palaces such as Gyeongbokgung Palace and Changdeokgung Palace, and historical heritage such as castles and gates coexist with modernity, making Seoul's cultural heritage an important urban tourism resource and the identity of the historic city. However, due to the Japanese occupation and the Korean War, many cultural heritage sites were lost, leaving only traces such as markers and remnants. Can we experience not only the cultural heritage that remains in Seoul, but also those that have disappeared, and see the history of these sites before they disappeared? This question inspired the Heritage Metaverse <Coexistence> project.

The Idea Cheil Worldwide developed the Heritage Metaverse "Heritage Coexistence" app with the Seoul Metropolitan Government, the Cultural Heritage Administration, and the Woomi Hope Foundation. The app allows users to experience lost cultural heritage in augmented reality (AR) by restoring them to their original size and location in the space where they once existed. The "Heribus Coexistence" app restored the Donuimun Gate (Seodaemun), which was forcibly demolished by the Japanese 104 years ago, and recreated the interior and exterior of "Gungisi", the Joseon Dynasty's weapons manufacturing center, as well as the craftsmen who worked there. "Gungisi" was located in the basement of Seoul City Hall. You can also experience Joseon weapons such as "Shingijeon" and "Daejanggunjeon," which had excellent firepower. With the app, anyone can experience digitally restored cultural artifacts anywhere.

The Result Seoul residents and domestic and international tourists have been able to see and experience Seoul's lost history through the restoration of "Donuimun Gate" and "Gungisi" through the "Heritage Metaverse <Coexistence> Project". The digital restoration of "Donuimun Gate" helped raise interest in the history of the cosmopolitan city of Hanseong, which was the gateway for diplomatic visits from all over the world, and the restoration of "Gungisi," the Joseon Dynasty's weapons manufacturing center, served as a starting point for publicizing the history of weapons manufacturing and development at a time when people didn't even know it existed. The project was widely publicized through hundreds of major media reports and won the Government Innovation Excellence Award, the Corporate Activity Excellence Award as a Cultural Property Guardian, and the Tourism Infrastructure Award from the Seoul Tourism Awards. In addition, the digital Donuimun Gate was officially listed in the national digital textbook (5th grade social studies), making the project even more meaningful. The Donuimun Gate Experience Center at the Donuimun Gate site has attracted about 50,000 visitors each year since its opening, and we plan to continue operating the Gungisi Experience Center at Seoul City Hall.



Social Contribution

National Police Agency “Wordless 112 Call, Knock-knock”



The Challenge In Korea, only 2% of domestic violence cases are reported to the police. People experiencing domestic violence, dating violence, child abuse, etc. are less likely to call 112. This is because the perpetrator and victim are often in the same room together, making it difficult to report verbally. During the COVID-19 pandemic, reports of domestic violence decreased as people spent more time in the same room. In response, Cheil Worldwide worked with the National Police Agency to develop a system that would allow callers to safely dial 112 for help in any situation.

The Idea Together with the National Police Agency, Cheil Worldwide has developed a system that allows callers to make a report with a simple touch. It does not require the caller to dial 112 and speak directly. A wordless 112 call, “Knock-knock” is a solution where a caller dials 112 and then taps the number button like a knocker to indicate that they are in a crisis situation where it is difficult to speak. When the police hear the tapping sound, they verify that it is a wordless 112 call and send a “visible 112” access link that allows them to see the scene on the caller’s phone camera. Once the caller clicks on the link, they can send a video, locate themselves and have a private chat, allowing the police to see the scene in real time and make the correct initial response.

The Result This new reporting method was communicated to more than 4,800 operators in 112 centers across the country, reaching people in a variety of ways, including nail salons, hair salons and beauty influencers. During the campaign, 5,749 access links were actually sent out and “Knock-knock” was recognized as an official 112 reporting method to be used in a crisis.

Korea Green Foundation “Seanack”



The Challenge According to a 2016 World Economic Forum report, there will be more plastic than fish in the ocean by 2050. While the amount of trash dumped into the ocean increases every year, these issues are a distant memory for the casual vacationers. How do we get our environmental message across to them without interrupting their fun? We decided to make the process of picking up and disposing of trash fun, offer real rewards for this behavior, and show them intuitively what these small actions can accomplish.

The Idea Cheil Worldwide, together with the Korea Green Foundation, organized a campaign in which people could bring in trash from the ocean and exchange it for sea-themed sweets. When people picked up trash, they were given sweets that reminded them of sea creatures, such as “Ojingeozib,” “Goraebab,” “Jagalchi,” “Kkotgaerang,” etc., depending on their weight. We wanted to convey the message that picking up trash can save marine life. So we named the shop Seanack, a combination of the words “sea” and “snack”.

The Result The campaign ran for four weeks from July 23 to August 14, 2022 at four beaches in Yangyang, Gyeongpo, Jumunjin and Sokcho in Gangwon-do. During the event, 2,021 citizens participated and collected 709 kilograms of trash, including cigarette butts, plastic cups, and firecracker debris. The social media response was also very positive. “Careet”, a trend analysis media of MZ Generation, featured the Seanack campaign as an “on/offline marketing case praised by MZ Generation for working well”. The Korea Green Foundation won three awards at the 2022 Korea Advertising Awards for this campaign: Grand Prize for Communication Design, Silver Prize for Promotion, and Silver Prize for Public Service Announcement. It’s a great example of the impact a good campaign can have on our lives.

Weact “National Simultaneous Adoption Election”

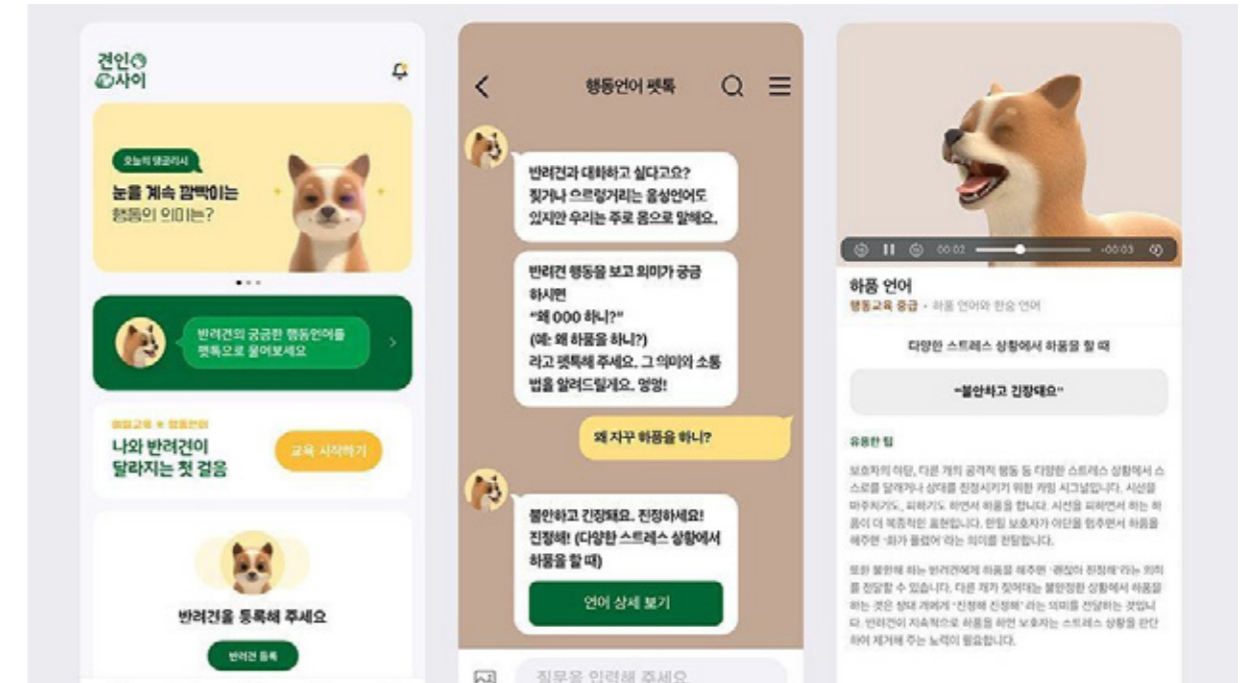


The Challenge Many “pandemic puppies” adopted during the COVID-19 pandemic are being surrendered or abandoned. Despite this, most pet adoption campaigns portray animals as weak and passive, highlighting their sad eyes or lonely backsides. This image can lead people to believe that animals are something to be owned and discarded at will. Cheil Worldwide has launched a new pet adoption campaign to change this perception.

The Idea The “National Simultaneous Adoption Election” is a campaign to present dogs for adoption not as objects of pity, but as candidates for office. The 42 dogs awaiting adoption after being rescued from the Uljin wildfires and illegal breeding centers have declared their intention to become candidates across the country. Campaign posters were created with life-oriented pledges such as ensuring night walks and working with cats, candidate business cards, and candidate announcement videos were created, and QR codes were used to check their vaccination and training status and to apply for adoption.

The Result Campaign materials were distributed through veterinary clinics, educational institutions and more across the country, and owned media reach and video responses increased by more than 1,000%. During the campaign, Lua, Shu, Moe, Miel, Poppy, and Parker began the domestic adoption process after careful screening, and Lona, Mito, Colleen, Bri, Lique, Mel, and Belle left the country for international adoption.

Woorien “PetTalk”



The Challenge With the pet population exceeding 15 million, many people consider their pets part of the family. However, communicating with pets has always been a challenge. Cheil Worldwide, together with Woorien, a pet healthcare company, decided to develop a way to better understand pets.

The Idea We created a messenger app that helps people interpret the “body language” of dogs, their primary means of communication. People can type a question about their dog's movements, eyes, ears, and facial expressions after noticing them and the app will answer what it means. For example, if your dog keeps yawning, you can send a message to the PetTalk chat room asking, “Why do you keep yawning?” as if you were talking directly to your dog. An animated character, “Uri” or “Annie,” will then appear and demonstrate the behavior you've typed, showing you its meaning, such as “I'm anxious and nervous.”

The Result On July 6, 2022, “PetTalk”, a communication messenger for dogs, was released. “PetTalk” is a service within the comprehensive dog solution app, “Gyeoninsai”, and has been well received by pet owners with a rating of 4.7 on the Google Play Store. In the future, we plan to expand the service to include not only behavioral language of dogs, but also voice language and disease signals.

Shinhan Financial Group 'Quirky Environmental Campaign'



The Challenge Children are often exposed to crammed environmental education, which often leads to nagging from adults. Instead, Cheil wanted to create a campaign that would inspire children to think seriously about the earth and the environment.

The Idea Together with Shinhan Financial Group, Cheil Worldwide created a campaign video that gives children a unique experience about the environment. In the video, a popular celebrity (Park Jung-min) playing an eco-vandal talks to children about the importance of the environment. At the same time, he demonstrates a discrepancy between his words and actions by leaving the water running and using dozens of wet wipes. The children are confused, sometimes pointing out what's wrong with the eco-vandal, sometimes reacting innocently and accepting the wrong behavior without a second thought. The campaign used authentic, quirky, real-life reactions from children to inspire not only children, but also adults, to think about the environment.

The Result Viewers of the video left a total of more than 15,000 voluntary and genuine comments. In addition to the comments that emphasized action to protect the environment, there were also comments that shared their own experiences of trying to break stereotypes, the comfort and courage they found in the video, the empathy and reflection, and the insights they gained from the children. These comments resonated and moved others.

GM Bolt EUV “For You, For All”



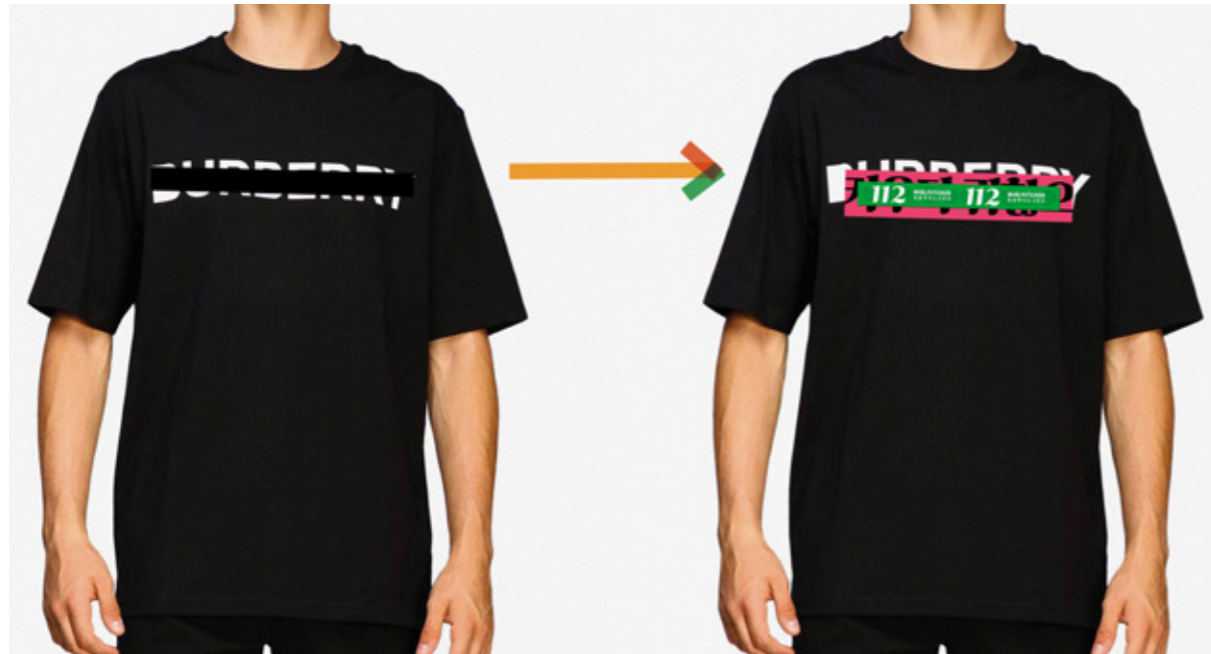
The Challenge It's no longer surprising to see car brands introducing new eco-friendly models one after the other. Within a few years, most car brands will discontinue their internal combustion engine models. GM is a pioneer, having started developing electric vehicles over 100 years ago, but this is not widely known. With the GM Volt EUV launch campaign, Cheil Worldwide wanted to not only introduce the benefits of electric vehicles as a product, but also address consumers' interests and questions about electric vehicles in general and convey GM's vision as a leader in electric vehicles.

The Idea The GM Volt EUV is an electric vehicle that combines safety, economy and comfort with outstanding design, based on GM's 100 years of technology and expertise in electric vehicles. Cheil Worldwide came up with the "Talker Concept" to convey the product's features of balancing different strengths to consumers, and sought to gain viewers' empathy by showing two talkers talking honestly about the benefits of the new electric car.

The Result Since the launch of the GM Volt EUV campaign, consumer response to the ads has been phenomenal. They found it refreshing to see two friendly actors casually discussing the benefits of electric vehicles in a gag format, as opposed to traditional car commercials that showcase the flashy performance of a fancy car. With this campaign, GM successfully positioned itself as a leader in EVs with multiple strengths, including safety, design and practicality, while conveying its image as a green company.

Social Contribution

JTBC ‘Help Sticker’



The Challenge You may notice black stickers covering exposed brand logos on clothing, props, backgrounds, and more while watching TV shows. This is because the law prohibits the exposure of brands to prevent excessive advertising, but it often makes people even more curious. Cheil Worldwide and JTBC wondered if they could make these useless but highly visible tapes meaningful.

The Idea Cheil Worldwide and JTBC decided to turn the black tape often used to cover brands into a medium to help stop abuse of women, children and animals, as well as violence in schools. We created colorful stickers with four report phone numbers, including 112 and 1366, and placed them on various JTBC entertainment programs. We created stickers to help those who are being abused by covering up brands.

The Result Five popular JTBC entertainment programs used the “Help Stickers” and secured 2.3 billion views based on broadcast ratings. The “Help Stickers” were featured in ELLE, BAZAAR, COSMOPOLITAN, and ESQUIRE, with 28,000 copies distributed, and photo shoots were held with the stickers. Many celebrities supported the campaign and people started putting the “Help Stickers” on their laptops, smart phones, tumblers, etc. After the campaign, the number of 117 (school violence) calls increased significantly, and the number of 1366 (women’s hotline) calls increased by 20% compared to 2021.

Samsung Electronics “Quest for Dyslexia” - Hong Kong Branch/ Fengtai (Beijing)



The Challenge In China, there are an estimated 15 million children with dyslexia, and less than 5% of them are diagnosed and identified. As a result, most children with dyslexia miss the crucial time when they need treatment. Together with Samsung Electronics, Cheil Worldwide came up with an idea to help them.

The Idea Focusing on the difficulty of early detection due to the nature of dyslexia, we created a game to help children recognize the signs of dyslexia in a simple and natural way. We created a game that engages children by exposing them to a series of similar but confusing letters and asking them to match them. Children who consistently failed to match the letters in the game were identified as showing signs of dyslexia and their parents were notified to seek professional help.

The Result In the first month, over one million tests were conducted and over 25,000 children with potential dyslexia symptoms were identified. In particular, the game made it easy to recognize signs of dyslexia, which was a huge help to Chinese parents who are often embarrassed to take their children to testing centers.

Social Contribution

Samsung Electronics “The Cost of Bullying” - Hong Kong Branch (Beijing)



The Challenge Online gaming is very popular in China. Cyberbullying, such as abusive language and bullying in in-game chat, is also very common. Cheil Worldwide and Samsung Electronics sought ways to prevent inappropriate behavior in online games.

The Idea We have worked with some of the largest game developers in China to develop a abusive language detection system for their most popular games. We identified users who used abusive language in games and raised the price of items like in-game weapons for them. We made cyberbullies pay immediately for their behavior.

The Result In the first two weeks after the system was launched, more than one million users paid the increased price. This resulted in a 40% reduction in cyberbullying. This campaign is considered the most successful anti-cyberbullying campaign in China.



Governance

- Charter of Corporate Governance
- Shareholders
- Director/Board of Directors
- Audit
- Risk Management



Corporate Governance Charter

The Cheil Worldwide “Corporate Governance Charter” was enacted in December 2021 and published on the Cheil Worldwide website. The charter commits Cheil Worldwide to the protection of shareholder rights, building trust with various stakeholders, and collective growth. In accordance with the charter, all management and employees, under the supervision of a professional and independent Board of Directors, pledge to implement responsible management practices while establishing and advancing a sound corporate governance structure.



Shareholders

Devices for gathering shareholder opinions

Cheil Worldwide gathers opinions from key stakeholders including shareholders and investors through various channels, and these opinions are reflected in business operations.

Classification	Key areas of interest	Communication channels	Main activities
Shareholders and investors	<ul style="list-style-type: none"> Management outcomes Risk management Information sharing Sustainability issues (ESG, etc.) 	<ul style="list-style-type: none"> IR meetings General Meetings of Shareholders Business Reports / Corporate Governance Reports IR section of company website * States key events of General Meeting of Shareholders including dates, governance structure, etc. ESG section of company website 	<ul style="list-style-type: none"> Stable monetization Reinforcing shareholder returns policy Transparent disclosure

Shareholders' rights

Furnishing the information required for exercise of shareholders' rights

Matters relating to convocation of the General Meetings of Shareholders (convocation resolution, convocation notice, other reference documents, etc.) are disclosed to shareholders through the DART electronic disclosure system four weeks prior to the scheduled date of the General Meeting of Shareholders. A hard copy of the “Notice of Convocation of General Meeting of Shareholders” is sent out to all shareholders by no later than two weeks prior to the date of the General Meeting of Shareholders, including reference materials for key agenda items and instructions on the exercise of voting rights.

In addition, in accordance with the amended Enforcement Decree of the Commercial Act, we published our business reports and audit reports for the fiscal year 2022 on the DART electronic disclosure system one week before the meeting. As a result, shareholders were able to cast their votes after a thorough review of not only the agenda items, but also Cheil Worldwide's financial condition.

In addition, we actively communicate with our shareholders and other stakeholders, disclosing NDRs and other IR events on our website 18 times in 2022. A “Corporate Governance Report” is published once a year, detailing the matters relating to our governance structure. By disclosing differences between our governance structure and corporate governance best practices, we ensure that shareholders and other stakeholders can fully understand our governance structure.

Matters relating to shareholders' votes

To raise shareholder voting participation rates and to ensure shareholder attendance at the General Meetings of Shareholders with knowledge of the annual performance of the company, the dates for our General Meetings of Shareholders are decided with consideration for dates of other listed corporations' general shareholders' meetings, final accounts settlement dates, audit report issuance dates, and business plans.

Although Cheil Worldwide has not adopted a vote-in-writing system, the Board of Directors resolved in February 2021 to adopt and encourage use of an electronic voting system to facilitate the exercise of shareholder voting rights. Electronic voting was conducted starting from the 48th Ordinary General Meeting of Shareholders convened in March 2021. The company also advises all shareholder to exercise voting rights by proxy, either by direct issuance or through means such as mail or electronic mail.

Decisions by the company on matters prescribed for resolution by the General Meeting of Shareholders under the Commercial Act and other related laws and statutes are always finalized by resolution of the General Meeting of Shareholders. We do not engage in acts which may restrict or impede the rights of shareholders, such as modifying resolutions of the General Meeting of Shareholders by resolution of the Board of Directors. The company has no provisions such as provisions on M&A director dismissal or "Golden Parachute" provisions which add to the requirements for resolutions of the General Meeting of Shareholders under the related laws and statutes.

Also, upon appointment of directors by the General Meeting of Shareholders to manage the operations of the company, agenda items for nomination of candidates are introduced separately for each candidate so that shareholders may judge the appropriateness and suitability of each candidate on an individual basis.

As detailed above, the company engages in various efforts to guarantee shareholders' rights to the farthest possible extent and to improve shareholder value, with the intent to continue to strive toward maximum shareholder value.

Exercise of votes at recent General Meetings of Shareholders

The results of the General Meetings of Shareholders over the past 5 years are disclosed on our website as a part of our transparent information disclosure to shareholders and other stakeholders.

Efforts to return value to shareholders (dividends)

Cheil Worldwide sustains a shareholders returns policy to maximize shareholder value while also giving due consideration to investment for mid- to long-term growth. Amid our sustained efforts to increase shareholder value, our dividends have consistently increased year-on-year since 2017. Even in a challenging business environment with the economy contracting in 2022 due to the COVID-19 pandemic and high prices slowing consumption, total dividends were KRW 116.5 billion, up 16% from 2021.

The Articles of Association of Cheil Worldwide prescribe that matters relating to shareholder value, such as approval of financial statements and methods for determination of profit dividends, must be decided by resolution of the General Meeting of Shareholders, and do not permit resolutions by the Board of Directors. While the Articles of Association also provide grounds for interim dividends, the company has not yet issued interim dividends. The company does not issue differential dividends or quarterly dividends.

Dividend issuance plans are disclosed six weeks prior to the General Meeting of Shareholders and immediately following the annual meeting of the Board of Directors for settlement of accounts through a disclosure of the "Decision on Cash Dividends and Dividends in Kind". Notice of the final decision to issue dividends is provided through a disclosure of the "Results of Ordinary General Meeting of Shareholders" on the same day approval is obtained from the General Meeting of Shareholders. In addition, to ensure that shareholders can check the exact amount of dividends they will receive, we used to send written dividend notices, but at the 2023 Annual General Meeting, we launched the Online Dividend Inquiry Service, which allows shareholders to check their dividends online at any time, further enhancing shareholder convenience.

We have added a "Stock Information - Shareholder Returns" menu on our website, under which we also disclose dividend information (total dividends, cash dividends per share, dividend payout ratio, dividend yield, etc.) for the last five business years. Details on dividends for the past 5 years are as follows.

Classification		2018	2019	2020	2021	2022
(Consolidated) Net profit of current period (KRW 100 million)		1,297	1,381	1,574	1,655	1,937
Cash dividends per share (KRW)	Common shares	770	820	840	990	1,150
	Preferred shares	-	-	-	-	-
Total dividends (KRW 100 million)	Common shares	780	830	851	1,003	1,165
	Preferred shares	-	-	-	-	-
Dividend Payout Ratio		60.1%	60.2%	54.1%	60.6%	60.1%
Dividend Yield	Common shares	3.3%	3.3%	4.0%	4.2%	4.8%
	Preferred shares	-	-	-	-	-

On January 31, 2023, we announced that we will determine our shareholder return policy within a dividend payout ratio of 60% based on consolidated net income for the two-year period from 2023 to 2024, taking into account large-scale investments such as M&A, working capital, and the business environment, and we plan to continue our active shareholder-friendly dividend policy.

Directors/Board of Directors

Directors

Appointment of directors

Directors of the company are appointed by resolution of the General Meeting of Shareholders. Outside directors are appointed from among candidates recommended by the Board of Directors. Candidates for outside directors are recommended after careful consideration of whether each candidate meets the qualifications required by the relevant laws and statutes including Articles 382 and 542-8 of the Commercial Act and has no material conflicts of interest with the company. Pursuant to Article 27, Paragraph 3 of our Articles of Association, persons who are employees or executives of the company or any of its affiliates in the last 2 years, major shareholders of the company, or persons who have a special blood relationship with a major shareholder of the company are excluded.

* The company is not required as of yet to form an Outside Director Candidate Recommendation Committee under the Commercial Act. As such, candidates are not recommended through an Outside Director Candidate Recommendation Committee.

All current directors of the company meet all of the qualification requirements prescribed by our Articles of Association and the related laws and statutes including the Commercial Act.

Professionalism of directors

The top experts of the advertising industry participate in the company's Board of Directors as inside directors to promote the practice of responsible management by applying their long-term experience and know-how toward management decision-making. Our outside directors represent the best experts with the ability to respond promptly to the fast-paced changes in economic, environmental, and social topics, while objectively supervising and providing advice on the activities of our inside directors and upper management.

In addition, the regulations of the Board of Directors of the company provide* for assistance from outside experts as needed in the review and oversight of the company's affairs by our outside directors, and we recommend that outside directors seek the assistance of outside experts pursuant to these provisions.

* Article 19 of the Regulations of the Board of Directors

Outside Director Yoon Oh, a top expert in international tax law and international management as Vice Chair of the International Fiscal Association of Korea, an AICPA certified public accountant, and a member of the American Bar Association, contributes to enhancing the company's risk management capabilities related to our global business.

In addition, Outside Director Byungwan Jang, an administrative expert who served as a Minister of the Ministry of Planning and Budget and a member of the National Assembly, contributes to enhancing corporate value by participating in our policy formulation and decision-making from a transparent and objective perspective.

Training for outside directors

To aid in outside directors' understanding of advertising industry characteristics and trends and the internal issues of the company, Cheil Worldwide provides outside director training covering agenda items for the Meeting of the Board of Directors and the management situation of the company on the day prior to each Meeting of the Board of Directors.

Training dates in 2022	Administered by	Attending outside directors	Reason for absence(s) if any	Major content
Jan. 26	Support Organization	Minho Kim, Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Feb. 15	Support Organization	Minho Kim, Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Mar. 16	Support Organization	Yoon Oh, Byeongwan Jang	-	Orientation of new outside directors, Board of Directors agenda items, management situation, etc.
Apr. 27	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
Jul. 27	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
Oct. 25	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
Dec. 7	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.

* Due to expiration of the term of Outside Director Minho Kim, the company has newly appointed Byoungwan Chang (Born in May 1952 / Term expiration date Mar. 16, 2025) as an outside director of the company through the General Meeting of Shareholders convened Mar. 17, 2022.

* 100% attendance rate

Evaluation of outside directors

The company evaluates the capacities of each outside director annually according to evaluation criteria for professionalism, activity in the Board of Directors, and quality of understanding of the company.

Responsible management practices of directors

Directors of the company practice responsible management, bearing in full the responsibilities prescribed by the Commercial Act and other related laws and statutes. The company's Articles of Association do not contain any provisions that relieve the directors of their liability to the company solely by resolution of the Board. The Articles of Association do not provide for any limitation on the liability of directors. The company also provides an environment for directors to commit solely to responsible management practices by registering liability insurance policies for directors under company expense. Meanwhile, our Internal Accounting Controller is designated as a standing registered director so that the Internal Accounting Controller may exercise their high level of understanding and professionalism in the business so as to practice responsible management as a registered director.

Directors/Board of Directors

Compensation of directors

Cheil Worldwide established a Compensation Committee to examine the appropriateness of directors' compensation. Appropriate compensation is provided to directors for responsible management. The Compensation Committee is comprised of two outside directors and one inside director except CEO, and is chaired by an outside director to ensure independent and objective review of directors' compensation.

Compensation Committee (including outside directors, 100% attendance rate)		
Meeting date in 2022	Agenda item	Approved/rejected
Feb. 16	Approval of individual annual compensation for registered directors in 2022	Approved
	Deliberation on compensation caps for registered directors and auditors for 2022	Approved

The Compensation Committee reviews the compensation system (compensation categories, compensation standards, compensation amounts, etc.) of the company's registered officers. As a matter of principle, the compensation of directors is evaluated by clearly and specifically stating the KPIs for each director's duties and strictly in connection with each director's management performance.

* The individual annual compensation of all inside directors and the specific composition of each director's compensation as well as the performance indicators/targets and the payout ratio based on the achievement of the targets are disclosed in the semi-annual/annual report.

We also actively encourage long-term responsible management by directors by ensuring that mid- to long-term performance of three years or longer is reflected in compensation for each inside director through the adoption of a "Long-term Performance Incentives System".

* We disclose in our business reports the basis and method for calculating the compensation of individual inside directors, and this disclosure confirms that "long-term performance incentives" are included in the composition of the compensation of individual inside directors.

Individual annual compensation for directors for the past three years was as follows.
Unit: KRW 1 million

Name	Position	Total		
		2020	2021	2022
Jungkeun Yoo	President	2,779	2,785	2,577
John Jonghyun Kim	President and CEO	1,076	984	1,099
Honggu Jung	Vice President	763	856	1,994
Yoon Oh	Outside Director	78	83	84
Byeongwan Jang	Outside Director			70
Minho Kim	Outside Director	78	83	21

* Due to the expiration of the term of Outside Director Minho Kim in March 2022, the company has newly appointed Byeongwan Chang as an outside director of the company through the General Meeting of Shareholders convened in March 2022.

* On December 8, 2022, Inside Director Jungkeun Yoo resigned as CEO and another Inside Director John Jonghyun Kim was appointed as CEO by the Board.

Board of directors

Composition of the Board of Directors

As per Article 27 of our Articles of Association, the Board of Directors of the company is comprised of at least three but not more than seven directors. The current Board of Directors of the company is comprised of three inside directors (appointed from among our executives) and two outside directors, and satisfies the outside director participation ratio (outside directors comprise at least one fourth of the Board of Directors) prescribed by the Commercial Act.

In the case of vacancies in a director position, our Articles of Association provide for a successor to be appointed at the next General Meeting of Shareholders, provided the legally prescribed number of directors is met and the vacancy does not impair the performance of duties of the Board of Directors.

On December 8, 2022, we prohibited the Chairman of the Board and the CEO from being the same person, thereby strengthening the Board's oversight of the management to enhance transparency and fairness in corporate governance through mutual checks and balances.

The composition of our Board of Directors (names, dates of appointment, terms, Chair) and Board Committees (names and composition) are disclosed on our website so that shareholders and other stakeholders can easily and accurately stay informed of the composition of the Board of Directors.

Composition of the Board of Directors, 2022							
Name	Year and month of birth	Title (Position)	End of term	Gender	Management Committee	Internal Transactions Committee	Compensation Committee
John Jonghyun Kim	Jul. 1966	President and CEO	Mar. 17, 2024	Male	○		
Jungkeun Yoo	Jun. 1963	Inside Director (President/Chair of the Board)	Mar. 16, 2025	Male	○ (Chair)		
Honggu Jung	Aug. 1964	Inside Director (CFO, Corporate Management Division)	Mar. 18, 2023	Male	○	○	○
Yoon Oh	Nov. 1962	Outside Director	Mar. 17, 2024	Male		○ (Chair)	○ (Chair)
Byeongwan Jang	May. 1952	Outside Director	Mar. 16, 2025	Male		○	○

* Composition of the Board of Directors as of December 31, 2022

* Due to the expiration of the term of Outside Director Minho Kim, the company has newly appointed Byeongwan Chang as an outside director of the company through the General Meeting of Shareholders convened on March 17, 2022.

* Due to expiration of the term of Outside Director Minho Kim, the company has newly appointed Outside Director Yoon Oh as the chair of Compensation Committee of the company through the Compensation Committee convened Feb. 15, 2023.

* On December 8, 2022, Inside Director Jungkeun Yoo resigned as CEO and another Inside Director John Jonghyun Kim was appointed as CEO by the Board.

Directors/Board of Directors

Activities of the Board of Directors

Meetings of the Board of Directors are convened by the Chair. The Articles of Association prescribe that the Chair shall decide the convocation date of Meetings of the Board of Directors and notify the respective directors and auditors by document, electronic document, or verbally at least 24 hours prior. However, to ensure a smooth board meeting, we usually give a week's notice of the Board meeting via email.

Our Board of Directors plays a core role in establishing the objectives, values, and strategies of the company. From January to December 2022, a total of seven meetings of the Board of Directors were held. Key agenda items referred in 2022 included approval of quarterly financial statements, approval of goods and services transactions with related parties, and approval of establishment of Health and Safety Plan for 2022.

In particular, the company makes sure that outside directors appointed at the General Meeting of Shareholders can independently participate in deciding corporate management policies and can supervise and support upper management. Accordingly, upon convocation of a meeting of the Board of Directors, the company shares agenda items with outside directors beforehand and provides time for inquiries. The attendance rate of outside directors in meetings of the Board of Directors in 2022 was 100%.

Key reporting items for 2022		
Session	Date	Matters Reported
1	Jan. 27	Report on operation of the Internal Accounting Control System Report on matters resolved by the Business Management Committee
2	Feb. 16	Report on evaluation of the Internal Accounting Control System operation Report on results of external auditor selection
4	Apr. 28	Current ESG activities and plans for 2022
5	Jul. 28	Report on matters resolved by the Business Management Committee
6	Oct. 26	Report on matters resolved by the Business Management Committee
7	Dec. 8	Results of compliance reviews by the Compliance Officer Reporting on environmental management issues and performance related to ESG materiality and risk management activities Report on matters resolved by the Business Management Committee

Key matters resolved in 2022 (100% attendance of inside and outside directors)

Session	Date	Agenda item	Approved/rejected
1	Jan. 27	Approval of FY2021 financial statements and annual business report	Approved
2	Feb. 16	Convocation of the General Meeting of Shareholders for FY2021 and decision of purposes	Approved
		Approval of goods and services transactions with affiliated parties	Approved
3	Mar. 17	Appointment of directors' duties	Approved
		Appointment of the chair of the Board	Approved
		Appointment of President and CEO	Approved
		Approval for enforcement of compensation caps for directors	Approved
		Appointment of members to the Business Management Committee	Approved
		Appointment of members to the Internal Transactions Committee	Approved
4	Apr. 28	Approval of Q1 FY2022 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
		Approval of donation	Approved
		Approval of establishment of Health and Safety Plan for 2022	Approved
5	Jul. 28	Approval of 1H FY2022 financial statements Approval of goods and services transactions with affiliated parties	Approved
6	Oct. 26	Approval of Q3 FY2022 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
7	Dec. 8	Approval of payment of special dues by the KCCI	Approved
		Appointment of President and CEO	Approved
		Approval of a change to self-dealing limit for 2022	Approved
		Approval of self-dealing limit for 2023	Approved
		Approval of insurance transaction with affiliated party	Approved
		Amendment of Compliance Control Standards	Approved
		Approval of donation	Approved

Board Committees

We improve the functioning of the Board of Directors by establishing three committees (Business Management Committee, Internal Transactions Committee, and Compensation Committee) and delegating to the each committee the authority to perform its duties in accordance with Article 35 of the Articles of Association and Article 12-2 of the Rules on Operation of the Board of Directors.

To ensure that the Board of Directors and its committees operate transparently, we disclose the full text of the Regulations of the Board and the charters of the three aforementioned Board committees in the "Corporate Governance Report".

In the case of the Internal Transactions Committee and the Compensation Committee, where independence is particularly important, two outside directors and Inside Director Honggu Jung served as committee members and Outside Director Yoon Oh served as the chair of the committee to ensure the independence of the Internal Transactions Committee and the Compensation Committee.

However, because the Business Management Committee deliberates and decides on important matters relating to the management of the company from time to time, it requires in-depth knowledge of the advertising industry and is therefore composed only of internal directors with the best expertise in the industry.

We have an Internal Transactions Committee, a committee within our Board of Directors, which reviews and approves transactions between affiliated companies. The Internal Transactions Committee was installed voluntarily in December 2014 to improve transparency of company management by implementing a voluntary fair transactions compliance system. The committee is in charge of all matters relating to internal transactions by Cheil Worldwide, exercising the authority to "receive reports on internal transactions", "issue ex officio internal transaction investigation orders", and "propose corrective measures for internal transactions". The outside directors play a key role in our Internal Transactions Committee, which performs prior review of transactions between affiliates, transactions with major shareholders, and directors' self-dealing transactions. The committee enforces strict preemptive controls over internal transactions by deliberating and resolving transactions deemed to have an important impact on shareholder value, etc.

The total amount of investments in affiliates as a percentage of our equity is approximately 3%* at the end of 2022.

* KRW 21.6 billion compared to equity of KRW 705 billion at the end of 2022

The agenda items referred to the respective committees in 2022 are as follows.

Compensation Committee Meetings (100% attendance rate)

Date	Agenda item	Approved/rejected
Feb. 16	Approval of individual annual compensation for registered directors in 2022	Approved
	Deliberation on compensation caps for registered directors and auditors for 2022	Approved

Internal Transactions Committee Meetings (100% attendance rate)

Date	Agenda item	Approved/rejected
Feb. 16	Prior review of goods and services transactions with affiliated parties in 2Q 2022	Approved
Apr. 28	Prior review of goods and services transactions with affiliated parties in 3Q 2022	Approved
Jul. 28	Prior review of goods and services transactions with affiliated parties in 4Q 2022	Approved
Oct. 26	Prior review of goods and services transactions with affiliated parties in 1Q 2023	Approved
Dec. 8	Deliberation on self-dealing limit change for 2022	Approved
	Deliberation on self-dealing limit for 2023	Approved
	Prior review of insurance transaction with affiliated party	Approved

Business Management Committee (Attendance Rates: Jeongkeun Yoo, 75%; John Jonghyun Kim, 100%; Honggu Jung, 100%)

Date	Agenda item	Approved/rejected
Jan. 27	Payment of third installment of directors' long-term performance incentives for 2017-2019	Approved
May. 2	Approval of investment in convertible bonds of EVR Studio	Approved
Oct. 20	Approval of payment guarantee for loans by Cheil US	Approved
Dec. 6	Establishment of a subsidiary in Maghreb	Approved

Audit

Audit bodies

Although the company is not required under the Commercial Act to install an audit committee, and as such does not operate an audit committee as of yet, the company does have one standing auditor according to the Commercial Act (Article 542-10, Paragraph 1).

To ensure the independence and professionalism of auditors, the company recommends standing auditor candidates who meet all requirements under the Commercial Act (Article 542-10, Paragraph 2). Standing auditors are appointed with final approval by the General Meeting of Shareholders (Article 542-10, Paragraph 1 of the Commercial Act). The term for appointed standing auditors expires at the closing of the Regular General Meeting of Shareholders for the last settlement period within 3 years of appointment (Article 410 of the Commercial Act, and Article 37, Paragraph 1 of the Articles of Association).

By resolution of the General Meeting of Shareholders for FY2020 held on March 18, 2021, Mr. Hongsub Lee was newly appointed as the Standing Auditor and accordingly performs the duties of the auditor.

The standing auditor of the company attends meetings of the Board of Directors to independently supervise the affairs of our directors, and is authorized to require submission of the related ledgers and necessary documentation.

The standing auditor of the company has attended all meetings of the Board of Directors convened in 2022, ensuring checks and balances for Board of Directors operation. Below is the auditor's attendance at the Board.

Attendance of the auditor at the 2022 Board of Directors meetings (100% attendance)		
Session	Date	Agenda item
1	Jan. 27	Approval of FY2021 financial statements and annual business report
2	Feb. 16	Convocation of the General Meeting of Shareholders for FY2021 and decision of purposes
		Approval of goods and services transactions with affiliated parties
3	Mar. 17	Appointment of directors' duties
		Appointment of the chair of the Board
		Appointment of President and CEO
		Approval for enforcement of compensation caps for directors
		Appointment of members to the Business Management Committee
		Appointment of members to the Internal Transactions Committee
4	Apr. 28	Approval of members to the Compensation Committee
		Approval of Q1 FY2022 financial statements
		Approval of commodity and service transaction with affiliated party
		Approval of donation
		Approval of establishment of Health and Safety Plan for 2022

5	Jul. 28	Approval of 1H FY2022 financial statements
		Approval of commodity and service transaction with affiliated party
6	Oct. 26	Approval of Q3 FY2022 financial statements
		Approval of commodity and service transaction with affiliated party
		Approval of payment of special dues by the KCCI
7	Dec. 8	Appointment of President and CEO
		Approval of self-dealing limit
		Approval of insurance transaction with affiliated party
		Amendment of Compliance Control Standards
		Approval of donation

The company's standing auditor may request that a director be suspended from acting on behalf of the company if there is a risk of irreparable damage to the company due to the director's violation of laws and regulations or the Articles of Association (Article 402 of the Commercial Act). In addition, our standing auditor has the authority to appoint, replace and terminate external auditors.

The company's standing auditor is informed by the internal accounting organization (Finance Team) about the plans and results of the evaluation of the adequacy of the company's internal control activities, evaluates the design and operation of the internal accounting control system, and reports the results to the Board of Directors.

In addition, our standing auditors communicate regularly with our external auditors on matters such as the annual audit plan, financial statement reviews and audit progress to enhance the quality of our financial reporting. The following is the communication between the standing auditor and the external auditors in 2022.

Date	Attendees	Method	Key discussion points
Mar. 4	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	Meeting in writing	- Progress report on the group audit and year-end audit - Report on the completion of the audit, including auditor independence
Apr. 29	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	In-person meeting	- Plan for the conduct of the annual audit in 2022 - Progress report on review of interim financial statements
Aug. 9	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	In-person meeting	- Progress report on the review of the 2022 interim financial statements
Oct. 25	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	In-person meeting	- Progress report on the review of the 2022 3Q financial statements

Professionalism of auditors

Auditor Hongsub Lee, current standing director of the company, is a Korean CPA and tax attorney with 28 years of professional experience at the accounting firm Deloitte Anjin LLC. He is an ESG specialist, having completed the 1st, 2nd and 3rd ESG Academy Specialist courses offered by the KICPA. As a holder of a doctoral degree in business administration from Dongguk University, Mr. Hongsub Lee has not only expertise in accounting, taxation and ESG but also broad knowledge and experience in all matters of management support affairs, as well as the professionalism to fully perform his role of supervising the lawfulness and validity of the ways in which the affairs of our Board of Directors and upper management are handled.

Standing Auditor – Background				
Name	Career Experience	Accounting and finance expertise		
		Applicability	Expert type	Related experience
Hongsub Lee	<ul style="list-style-type: none"> – (Current) Auditor, Cheil Worldwide – (Current) KICPA Member of the Auditing Standards Board – Certified Public Accountant, RSM Shinhan Accounting Firm (2018) – Vice-Representative, Financial Group, Audit HQ, Deloitte Anjin LLC (2007) – Senior VP, Financial Group, Audit HQ, Deloitte Anjin LLC (2003) – Ph.D in Business Administration, Dongguk University (2016) 	Yes	Accountant	<ul style="list-style-type: none"> – Basic qualifications: Korean Certified Public Accountant, Tax Accountant – Work experience: Deloitte Anjin Accounting firm (1989–2017) RSM Shinhan Accounting Firm (2018–2020)

Training for auditors

To enable our standing auditors to effectively engage in their auditing affairs, the company provides opportunities for training in the nature of the industry to which the company belongs, as well as key issues such as changes in the management environment and changes in laws and regulations, on an as-needed basis. As the importance of ESG management has grown in recent years, Hongsub Lee, the current standing auditor of the company completed the ESG Academy Specialist (General, Advanced, and Certified) courses offered by the KICPA.

* Period: Nov. 2021 – Dec. 2022

* Training hours: 1st 49 hours, 2nd 49 hours, 3rd – 52 hours, Total – 150 hours

The following are trainings we have provided to our standing auditors in 2022 or he attended as required.

Training Date	Administered by	Training provided on
Jan. 4	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 1st Certification Course (Jan. 4, Jan. 6, 6 hours in total)
Jan. 10	Korea Listed Companies Association	Key Domestic and International Economic Issues and Forecasts for 2022
Feb. 21	Korea Listed Companies Association	Key Audit (or Audit Committee) Checkpoints for Effective Detection of Fraud
Mar. 24	Cheil Worldwide	The Nature of Digital Transformation and the Use of Cutting-edge Technologies: Artificial Intelligence and Blockchain
Apr. 19	Audit Committee Forum	1st Annual Forum 2022 for Auditors and Audit Committee Members: ESG Introduction to the Disclosure Standards and Auditor Oversight of the ESG Disclosure Process
Apr. 20	Korea Accounting Institute & Korean Accounting Association	Forum for Policy Proposals to Establish National Sustainability Disclosure Standards
Apr. 22	SERICEO	April 2022 SERI CEO Insights Forum: Global Quantitative Tightening and International Financial Issues
Apr. 25	Korea Listed Companies Association	2022 Listed Companies Supervisory Board Special Online Lecture (3rd) – Auditor’s Role in Mandatory ESG Disclosures
Apr. 27	The Korean Institute of Certified Public Accountants	1st KICPA ESG Certification Forum – Introduction of International ESG Certification Standards and Status of Domestic ESG Report Certification
May. 12	Cheil Worldwide	Compliance training in H1 2022: Internal Compliance Regulations and Internal Accounting Management System, etc.
May. 13	Korean Accounting Association	Sustainability Reporting and ESG and Governance Symposium
May. 20	SERICEO	May 2022 SERI CEO Insight Forum: The Ukraine Crisis and Changing Global Geopolitics
May. 26	Korea Listed Companies Association	How Audit Committees Can Effectively Perform Their Duties Through Examples of Audit Committee Activities
May. 27	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 2nd General Course Certification (May 2–27, 23 hours in total)
May. 30	Korea Listed Companies Association	1H 2022 Meeting of the Listed Companies Supervisory Board Job training for auditors and audit committee members
Jun. 23	Korea Listed Companies Association	New Administration’s Policies and Expectations
Jun. 24	SERICEO	June 2022 SERI CEO Insights Forum: 2H 2022 Economic Outlook
Jul. 8	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 2nd Advanced Course Certification (June 13–July 8, 20 hours in total)
Jul. 14	Audit Committee Forum	4th Annual Forum 2022 for Auditors and Audit Committee Members – Internal Controls for Risk Prevention and Detection: What’s Important? – Audit Committee Considerations for Risk and Internal Control Oversight
Jul. 29	SERICEO	July 2022 SERI CEO Insights Forum: Global Energy Markets and Carbon Neutrality
Jul. 29	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 2nd Certification Course (July 25 and 29, 6 hours in total)
Sep. 14	Audit Committee Forum	3th Annual Forum 2022 for Auditors and Audit Committee Members – Global Status and Implications for Audit Committee ESG Engagement – The Function and Role of Governance in Ensuring the Effectiveness of ESG Management
Sep. 22	Samjung KPMG ACI	8th Samjung KPMG ACI Seminar Audit Committee Oversight of Subsidiaries and Evaluation of the Consolidated Internal Accounting Control System
Sep. 23	The Korean Institute of Certified Public Accountants	2nd KICPA ESG Certification Forum – Introduction to the Guidance for Applying the Sustainability Report Assurance Standard

Training Date	Administered by	Training provided on
Sep. 27	Cheil Worldwide	2H 2022 Compliance Training - Copyright, portrait, trademark, privacy, ESG environmental training - Understanding Employee Guidelines, Safety Management Training, etc.
Oct. 27	Korea Listed Companies Association (Listed Companies Supervisory Board)	228th (October) Breakfast Lecture, 2022 Topic: The Auditor's Authority and Legal Responsibilities (with emphasis on case law)
Nov. 1	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 3rd General Course Certification (Oct. 4–Nov. 1, 23 hours in total)
Nov. 11	Korea Listed Companies Association (Listed Companies Supervisory Board)	2H 2022 Meeting of the Listed Companies Supervisory Board – Job training for auditors and audit committee members (1) Preparation for the audit of the consolidated internal control system (2) Key considerations in establishing and operating a consolidated internal accounting control system (3) The auditor's role and responsibilities in the effective operation of the consolidated internal control system
Nov. 23	Deloitte Korea Center for Corporate Governance	Center for Corporate Governance 2022 Webinar (1) Global Board of Directors and audit committee trends (2) Understanding current accounting and auditing bodies with a focus on the Audit Board and the KFIA (3) Current status and countermeasures to prevent money laundering (4) Data driven continuous monitoring
Nov. 25	SERICEO	November 2022 SERI CEO Insights Forum: 2023 Economic Outlook
Nov. 29	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 3rd Advanced Course Certification (Nov. 8–29, 23 hours in total)
Dec. 7	S1 Samsung 3119 Rescue Team	CPR training: S1 Samsung 3119 Rescue Team (1) CPR theory (2) CPR practice on an animated model (3) Use of an AED
Dec. 7	Financial Supervisory Service & KICPA	Online briefing session on K-IFRS amendments for 2022 (1) Introduction of significant changes to K-IFRS (2) Notes on internal accounting control systems (3) Examples of inquiries and enforcement actions by the European Securities and Markets Authority (4) Appointment and designation of external auditors
Dec. 20	The Korean Institute of Certified Public Accountants	Completion of ESG Academy 3rd Certification Course (Dec. 13 and 20, 6 hours in total)

Audit support organization

The IR Team is the company's organization for supporting the affairs of the Standing Auditor. The IR Team consists of three persons, including one director and two managers. The team supports the performance of Standing Auditor duties, including supporting the operation of the Internal Accounting Control System, explaining agenda items for Meetings of the Board of Directors and the management situation of the company, and responding to auditor inquiries and matters of discussion.

Audit support organization			
Department	Employees (persons)	Rank (years employed)	Key activities
IR Team	3	1 Director (average 6.4 years) 2 Managers (average 1.9 years)	- Support operation of Internal Accounting Control System - Explain Board of Directors agenda items and company management situation, Address inquiry/ discussion matters, Support performance of standing auditor's duties

* Years employed: As of end of December 2022; years employed in current duties

Independence of external auditors

Prior review of non-audit services

To ensure the independence of the external auditor, all non-audit services are subject to prior review, and other accounting firms are used for matters restricted under Article 21 of the Certified Public Accountant Act, etc. Our standing auditor proactively reviews and approves non-audit services provided by our external auditors. The details of non-audit service contracts between the company and our external auditor (Samil PwC), service periods, and compensation are as shown in the table below. This information is disclosed quarterly in our business reports.

Fiscal year	Contract signing date	Service	Period of service	Compensation for service (Unit: KRW million)
FY2022	Feb. 14, 2022	Tax affairs advisory	Feb. – Jun. 2022	95
	Apr. 6, 2022	Tax affairs advisory	Apr. – Jun. 2022	65
	Apr. 10, 2022	Tax affairs advisory	Apr. – Jun. 2022	25
	Aug. 22, 2022	Tax affairs advisory	Aug. – Dec. 2022	11
	Aug. 22, 2022	Tax affairs advisory	Aug. 2022 – Mar. 2023	25
	Oct. 31, 2022	Tax affairs advisory	Oct. – Dec. 2022	65
FY2021	Jan. 2, 2021	Tax affairs advisory	Jan. – Jun. 2021	60
	Jan. 2, 2021	Tax affairs advisory	Jan. – Dec. 2021	11
FY2020	Feb. 24, 2020	Tax affairs advisory	Feb. – May 2020	250
	Jul. 1, 2020	Tax affairs advisory	Jul. 2020 – Mar. 2021	25
	Jul. 1, 2020	Tax affairs advisory	Jul. – Dec. 2020	11
	Oct. 1, 2020	Tax affairs advisory	Oct. 2020 – Feb. 2021	20
	Oct. 1, 2020	Tax affairs advisory	Oct. 2020 – Mar. 2021	160

Compensation levels for non-audit services

Compensation for non-audit services paid to external auditors as a percentage of compensation for audit services stood at 66% for FY2020 (non-audit KRW 470 million / audit KRW 710 million), 9% for FY2021 (70 million / 740 million), and 39% for FY 2022 (non-audit 290 million / audit 740 million). Compensation for non-audit services increased in 2020 due to tax consulting.

Risk Management

Risk management

Cheil Worldwide operates a systematic and evaluation-based risk management system for systematic, preemptive risk response. Primarily, working level organizations are encouraged to directly manage risks and maintain compliance with standards firsthand. Management organizations immediately correct risk factors through secondary inspections, and engages in various proactive risk prevention activities. Also, in cases where risks arise or relevant regulations are violated, these are reflected in evaluation and compensation to ensure employees to manage risks more responsibly.

Role of upper management in risk management

Risk management activities of the CRO reporting to the Board of Directors

In a rapidly changing business environment, we continuously identify and monitor risks through various risk management activities, as described above, in order to proactively respond to crises and opportunities that affect our business. In addition, we have designated the Chief Risk Officer (CRO), who is also our CFO and General ESG Secretary, to report annually to the Board of Directors on the content and results of risk management activities, including the following, so that upper management, including the Board of Directors, can directly review and manage our business-related risks.

Matters reported to the Board on risk management activities	
Risk management activities	Management issues
Internal Accounting Control System	Evaluation of the adequacy of the company's internal control activities
Early Warning System	Key management issues and business-related risks at home and abroad
Change Management Meetings	Compliance with all laws and regulations relating to the advertising industry
Upper Management Periodic Consultative Group	Internal organizational management risks, external risks, customer/industry trends and risks
Personal Information Trustee Management System	Review of the handling of personal information entrusted by advertisers

Operation of risk management items as CRO KPIs

In addition to our financial performance, Cheil Worldwide identifies and manages a wide range of other key management risks and opportunities as KPIs of the CFO. These include legal affairs (occurrence of incidents and accidents and compliance with related laws such as the Fair Transactions in Subcontracting Act), organizational culture (compliance with rules and regulations on working hours, etc.), safety (prevention of major accidents, etc.), and ESG (environment/social/governance) risks. Evaluation is directly linked to compensation, and this serves as a powerful incentive for preemptive risk management.

The entire Cheil Worldwide organization, including domestic and overseas organizations, subsidiaries, and our sports clubs, is included in evaluation, thereby ensuring no cracks for risks to occur.

Risk management activities

Operation and inspection of the internal accounting control system

The company operates an internal accounting control system in accordance with Article 8 of the Act on External Audit of Stock Companies, and the CEO reports on the operation of the internal accounting control system to the General Meetings of Shareholders, the Board of Directors and the auditors each fiscal year. We evaluate the internal accounting control system twice a year (1H and 2H) on all matters related to business operations, including accounting, finance, human resources and legal compliance, using an external evaluation firm to ensure the expertise and independence of the evaluation. In addition, the auditors evaluate the design and operation of the internal accounting control system.

Advance risk monitoring through “Early Warning System”

Expansion of our global business involves a rapid rise in the number of our overseas locations and increasing complexity of the domestic and overseas management environment. In response, we implemented an “Early Warning System” for systematic advance monitoring and effective control of risks both at headquarters and at overseas locations in 2015. Through this system, we enforce continual inspection and management of key management items and business-related risks both domestically and overseas.

Under the Early Warning System, key management risks that may arise in our work processes are categorized into over 100 areas including human resources, information, and finance. A three-step system (Cycle-Process-Scenario) is used to regularly manage and inspect these items, allowing us to effectively prevent and manage any management risks. The Early Warning System is our core risk management system.

If potentially problematic issues are detected or identified through the regular inspections performed under the Early Warning System, the responsible officer in the matter at headquarters or any of our overseas locations is requested to perform inspection within the system. Departments in charge of risk management and the Cheil Worldwide Early Warning System officer are required to regularly review Early Warning System inspections, enabling more accurate and detailed management of risk. For all potentially problematic matters detected through the Early Warning System, monthly notices are issued to the relevant responsible officers and reported to the executive in charge. Under this risk management system, all members of the organization identify and inspect management risks of the company with a sense of responsibility.

Since the system was first implemented in 2015, where any new management risks arise due to changes in the management environment, such as enactment or amendment of related laws and statutes, these risks are promptly added to the management scope of the “Early Warning System”. This allows us to perform effective risk management even amidst the fast pace of change in our management environment. In the future as well, any new management risks expected to arise will be detected and monitored before-hand and promptly reflected in and managed under the management scope of the “Early Warning System”.

Change Management Meetings

Cheil Worldwide has been holding “Change Management Meetings” since 2013 with the purpose of preemptively detecting frequent amendments to related laws and statutes and fast-paced changes in related social issues and reflecting these changes in the affairs of the company. These Change Management Meetings are managed by the PM Headquarters, tasked with general management of our affairs, and are attended by 12 teams from related departments such as the support teams, finance teams, and compliance teams for each headquarters. As a consultative group, these teams manage and inspect management items that include compliance with advertising industry-related laws and statutes.

Sustained inspection of items managed under these Change Management Meetings has yielded the following outcomes for the company. We will continue to maintain close inspection of existing management items through the Change Management Meetings, while also promptly detecting new social issues early so as to develop the related work processes and reflect these processes in our operations, thereby ensuring that our compliance management and “Right Way” management practices are always current and effective.

- Highest possible Fair Trade Agreement rating from the Fair Trade Commission and the Korea Fair Trade Mediation Agency for four consecutive years (2018, 2019, 2020 and 2021)
- Highest possible Win-Win Growth Index rating for Corporate Partnership from the Korea Commission for three consecutive years (2019, 2020 and 2021)

Continual risk management through regular meetings of upper management consultative group

Our Upper Management Consultative Group meets weekly to share the pending issues of each division and internal/external risk factors and to discuss response plans. Our CEO, CFO, and the heads of each business division are responsible for early detection and arrangement of response plans for all manner of risks, including internal organizational management risks and external risks such as customer/industry trends, etc.

“Personal Information Trustee Management” System

We quickly realized that the use of personal information in marketing represented a new opportunity and risk for the advertising industry, as the proportion of digital marketing using customers' personal information increased and privacy practices came under increased scrutiny and regulation from regulators such as the Personal Information Protection Commission.

In order to manage this risk systematically and efficiently at all times, we have developed the “Personal Information Trustee Management” system and have been operating it since September 2022. The system requires that all campaigns conducted by the company be reviewed to determine whether they process personal information. For campaigns that are confirmed to process personal information, the automated process of the system requires the company's trustee and the person in charge to register the step-by-step inspection data required by relevant laws in the system, so that the company can efficiently manage and check the status of personal information processing at any time.

Risk Management

Communication of important matters

All employees of Cheil Worldwide are involved in establishing our management strategies and discussion of sub-tasks. The outcomes of these discussions are shared with the organization via a variety of channels.

Management Strategy Meetings, Executive Round Table, Division Directors' Meetings, etc.

At the start of each year, Management Strategy Meetings are held to decide our annual directions (attended by executives and general managers). Each business unit and division reports these directions to the CEO at an Executive Round Table (attended by team leaders, general managers, and division directors). The tasks and key management policies established for each organization through the Executive Round Table are then communicated to members of the respective subordinate organizations.

Meetings of Upper Management Consultative Group are held weekly throughout the year (attended by CEO, CFO, and division directors) to share and discuss the key pending issues for each organization. Executive Round Tables are held monthly for sharing of key pending issues from each business unit/division and for company-wide sharing of information.

Management Briefings and Message from the CEO

Management Briefings are held at Cheil Worldwide three times a year to share our financial outcomes and management status with all members of the organization. In 1Q, at the height of the COVID-19 pandemic, these briefings were conducted live online through our video conferencing systems. In addition to using chat rooms to communicate with employees, we also offered the briefings through the internal broadcast system and online VOD, to ensure that the entire organization had easy access to the briefings. In 3Q, as the COVID-19 restrictions eased, we held in-person briefings to hear from the field. In addition, six official messages from the CEO were issued each year to explain business status, performance, and strategic direction, and four separate messages were issued to overseas bases and headquarters on special issues, such as the war in Ukraine and the COVID-19 pandemic, to encourage employees and serve as another communication channel.

Identifying and managing economic, environmental, and social influences

Cheil Worldwide conducts regular and non-regular reporting to determine global industry trends and the economic, environmental, and social influences that surround us.

In 2022, a total of 96 regular reports on industry trends were issued to upper management and key departments of the organization. Four in-depth reports were issued to upper management. A total of 7 reports on global industry cases relating to ESG, such as "ESG-related actions of major companies in light of the economic outlook" are included.

Compliance with governance-related laws and regulations

As a result of our faithful compliance with governance-related laws and regulations as detailed above, Cheil Worldwide has a record of no violations of the Commercial Act and Financial Investment Services and Capital Market Acts prescriptions in the last three years. These include provisions for protection of shareholders' rights, mutual investment and ownership structure, transactions with related parties such as affiliates, disclosure of management information, organization and operation of the Board of Directors, and organization and operation of auditing bodies.

Cheil



Appendix

- Facts & Figures
- Association and Organization Member-ships
- GRI Table
- SASB Table
- Independent Assurance Statement
- Greenhouse Gas Verification Statement



Facts and Figures

Domestic organization

Classification	2020		2021		2022	
	Employees (persons)	(%)	Employees (persons)	(%)	Employees (persons)	(%)
Total employees	1,373		1,326		1,410	
Male	677	49	657	50	673	48
Female	696	51	669	50	737	52
Staff	437	32	356	27	417	30
Male	149	34	117	33	133	32
Female	288	66	239	67	284	68
Officers	895	65	927	70	950	67
Male	492	55	502	54	502	53
Female	403	45	425	46	448	47
Executives	28	2	31	2	31	2
Male	23	82	26	84	26	84
Female	5	18	5	16	5	16
Others	13	1	12	1	12	1
Male	13	100	12	100	12	100
Female	-	0	-	0	-	0
Others	193	14	121	9	136	10
30s	614	45	532	40	569	40
40s	467	34	521	39	527	37
50s and over	99	7	152	12	178	13
Disabled persons	21	2	20	2	21	1
Foreign nationals	30	2	29	2	29	2

* Standards for preparation of table

- The above headcount is based on the headquarters staff.
- It includes 31 full-time unregistered executives, but excludes registered executives and separately contracted personnel (foreigners, advisors, etc.).
- The above number of employees includes 61 persons (6 males and 55 females) who were on leave.

* Management refers to officers and executives.

* Due to a change in the counting standard, the number of domestic employees in 2021 differs from previous reports.

Overseas organization

Classification	Number of employees		
	2020	2021	2022
Total employees	3,877	4,578	5,261
North America	64	163	244
China	308	379	401
Europe	906	923	1,083
CIS	164	167	111
Southeast Asia	715	863	985
Southwest Asia	597	824	891
ME	261	301	369
Africa	89	98	124
Latin America	763	848	1,039
Japan	10	12	14

Employees and compensation

Classification	2020	2021	2022
Total			
Employees (persons)	1,373	1,326	1,410
Total wages (KRW million)	143,314	158,907	165,488
Average wage (KRW million)	108	124	127
Male			
Employees (persons)	677	657	673
Total wages (KRW million)	84,056	91,416	93,840
Average wage (KRW million)	123	140	144
Female			
Employees (persons)	696	669	737
Total wages (KRW million)	59,257	67,491	71,648
Average wage (KRW million)	91	107	110

* Average payroll per person is based on the average number of employees on the payroll.

* Average number

- 2020: 1,333, 682 males, 651 females
- 2021: 1,284, 651 males, 633 females
- 2022: 1,307, 653 males, 654 females

Annualized compensation rate

	2020	2021	2022
Highest Salary (CEO) (KRW)	2,779,284,975	2,784,566,314	2,576,878,939
Median within organization (KRW)	90,231,540	100,858,524	104,594,785
Ratio (%)	3.2	3.6	4.1

Facts & Figures

Full-time / fixed-term employment ratio

Classification		2020				2021				2022			
		Total (persons)	Male (persons)	Female (persons)	Percentage of females (%)	Total (persons)	Male (persons)	Female (persons)	Percentage of females (%)	Total (persons)	Male (persons)	Female (persons)	Percentage of females (%)
Affiliated workers	Full-time	1,352	661	691	51.1	1,301	637	664	51.0	1,380	653	727	52.7
	Fixed-term	21	16	5	23.8	25	20	5	20.0	30	20	10	33.3
	Total	1,373	677	696	50.7	1,326	657	669	50.5	1,410	673	737	52.3
Outsourced workers (persons)	Dispatch labor		44				79				44		
	Contractors		133				130				124		
	Total		177				209				168		

Childcare leave of absence

Classification	2020		2021		2022	
	Employees (persons)	(%)	Employees (persons)	(%)	Employees (persons)	(%)
Total persons on childcare leave of absence	54		47		47	
Male	16	30	12	26	9	19
Female	38	70	35	74	38	81
Persons returning to duty after childcare leave of absence	39		31		14	

* Standards for preparation of table

- Persons on childcare leave of absence: As of leave of absence start date

- Persons returned to duty after childcare leave of absence: Persons reinstated among persons taking leave of absence in current year (including persons reinstated up to Mar. 1, 2023)

Voluntary turnover

Classification	2020	2021	2022
Voluntary turnover rate (%)	6.3	10.1	7.9

* Voluntary turnover rate = number of voluntary turnovers per year / average annual workforce

Education and training costs per employee

Year	2020	2021	2022
Education and training costs (KRW thousand)	1,661,800	1,537,477	2,408,575
Workforce (persons)	1,373	1,326	1,410
Education and training costs per person (KRW thousand)	1,210	1,159	1,708

Association and Organization Memberships

Associations
Korea Listed Companies Association
Korea Association of Advertising Agencies
Korea Online Advertising Association
Korean Association of Newspapers
Seoul Chamber of Commerce and Industry
Korea Exchange
Korea Fair Competition Federation
Korea Advertising Society
Women's Korean Basketball League

GRI Table

GRI Standards 2021			
GRI 2	Indicator	Pages	Note
2-1	Organization name	12	
2-2	List of organizations included in the Sustainability Report	32	
2-3	Reporting timeframe, frequency and contact information	32	
2-4	Restatements of information	56-57	
2-5	External assurance	176-181	
2-6	Corporate activities, value chains, and other business relationships	16-23	
2-7	Employees	168-169	
2-8	Contingent workers	170	
2-9	Governance structure and composition	144-151	
2-10	Appointment and selection of the highest governing body	144, 147	
2-11	Chair of the highest governing body	147	
2-12	Role of the highest governing body in overseeing impact management	36-37	
2-13	Delegation of responsibility for impact management	36-37	
2-14	Role of the highest governing body in sustainability reporting	36-37	
2-15	Conflicts of interest	150-151	
2-16	Communication of important matters	148-151, 162-163	
2-17	Collective knowledge of highest governing body	144-145	
2-18	Evaluating the performance of the highest governing body	36	
2-19	Remuneration policies	146	
2-20	Process for determining remuneration	72, 146	
2-21	Annualized total compensation rate	169	
2-22	Statement on sustainable development strategy	10-11	
2-23	Policy commitments	64	
2-24	Internalization of policy commitments	64-65	
2-25	Process for mitigating negative impacts	65	
2-26	Mechanisms for raising complaints and seeking advice	103-104	
2-27	Compliance with laws and regulations	105	
2-28	Associations	171	
2-29	Stakeholder engagement process	38	
2-30	Collective agreements	80	

GRI Standards 2021			
GRI 3	Indicator	Pages	Note
3-1	Key issues determination process	40-41	
3-2	List of key issues	40-41	
3-3	Management of key issues	40-41	
GRI 305	Indicator	Pages	Note
305-1	Direct greenhouse gas emissions (scope 1)	54	
305-2	Indirect greenhouse gas emissions (scope 2)	54	
305-3	Other indirect greenhouse gas emissions (scope 3)	54	
305-4	Greenhouse gas emissions intensity	54	
305-5	Reduction of greenhouse gas emissions	54	
305-6	Emissions of Ozone Depleting Substances (ODS)	-	Nothing to report on this
305-7	NOx, SOx and other important air emissions	58	
GRI 403	Indicator	Pages	Note
403-1	Occupational health and safety management system	81-89	
403-2	Hazard identification, risk assessment, and incident investigation	81-89	
403-3	Workplace medical services	87-88	
403-4	Communication, consultation, and worker engagement around workplace health and safety	82	
403-5	Worker training on occupational health and safety	85-86	
403-6	Promotion of worker health	87-88	
403-7	Preventing and mitigating workplace health and safety impacts directly related to business relationships	88	
403-8	Workers covered by the occupational health and safety management system	81	
403-9	Work-related injuries	87	
403-10	Work-related illness	87	
GRI 403	Indicator	Pages	Note
417-1	Product and service information and labeling requirements	105-107	
417-2	Incidents of non-compliance concerning product and service information and labeling	106	
417-3	Incidents of non-compliance concerning marketing communications	106	
GRI 403	Indicator	Pages	Note
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	99	

SASB Table

Cheil Worldwide provides stakeholders with information decision-useful by disclosing relevant data in accordance with the Sustainability Accounting Standards Board (SASB) framework, a voluntary industry-specific disclosure standard for sustainability issues developed by SASB. The SASB Table has been prepared in accordance with the Advertising and Marketing industry standard in Services sector according to Sustainable Industry Classification System (SICS).

Sustainability disclosure agenda and accounting indicators

Agenda	No.	Indicator	Pages	Note
Data privacy	SV-AD-220a.1	Discussion of policies and practices related to behavioral advertising and customer privacy	16-17, 90-99	
	SV-AD-220a.2	Percentage of online ad impressions served to custom audiences	-	We design and produce campaigns for many advertisers that use a combination of media and channels, both online and offline. As a result, it is difficult to quantify the percentage of impressions of our online ads that are targeted to custom audiences.
	SV-AD-220a.3	Total monetary loss resulting from customer privacy litigation	99	
Ad integrity	SV-AD-270a.1	Total monetary loss resulting from legal proceedings related to false, misleading or unfair advertising	106	
	SV-AD-270a.2	Percentage of campaigns reviewed for Advertising Self-Regulatory Council (ASRC) compliance, and compliance rate	-	We are a Korean company and this does not apply to us.
	SV-AD-270a.3	Percentage of campaigns that advertise alcohol or tobacco products	- 0	
Workforce diversity and inclusion	SV-AD-330a.1	Gender and race/ethnicity composition of (1) upper management (2) professional staff, and (3) all other employees	168-170	

Activity indicators

No.	Indicator	Pages	Note
SV-AD-000.A	Average reach for advertising and marketing campaigns	-	The types and nature of the advertising and marketing campaigns we design and produce are diverse and vast, making it difficult to accurately aggregate and quantify their reach, impressions and frequency.
SV-AD-000.B	Number of advertising and marketing impressions	-	
SV-AD-000.C	Median impression frequency	-	
SV-AD-000.D	Number of employees	168-169	



Independent Assurance Statement

Independent Assurance Statement

To readers of Cheil Worldwide 2022 Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by Cheil Worldwide Inc. to conduct an independent assurance of its 2022 Sustainability Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Cheil Worldwide Inc. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Cheil Worldwide Inc. and issue an assurance statement.

Scope and Standards

Cheil Worldwide Inc. described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the double materiality assessment process. We also confirmed that the report was prepared in accordance with the SASB.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Material Topic standards
 - GRI 305 : Emissions
 - GRI 403 : Occupational Health and Safety
 - GRI 417 : Marketing and Labeling
 - GRI 418 : Customer Privacy
- SASB Sustainability Disclosure Topics & Accounting Metrics

As for the reporting boundary, the engagement excludes the data and information of Cheil Worldwide Inc.'s partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by Cheil Worldwide Inc. to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Independent Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Cheil Worldwide Inc. on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

Cheil Worldwide Inc. has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

Cheil Worldwide Inc. has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

Cheil Worldwide Inc. prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Cheil Worldwide Inc.'s actions.

Impact

Cheil Worldwide Inc. identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Cheil Worldwide Inc. and did not provide any services to Cheil Worldwide Inc. that could compromise the independence of our work.



April 2023 Seoul, Korea

CEO E. J. Hwang

Greenhouse gas Emissions Verification Statement

Overview

Cheil Worldwide conducted MRV based on ISO 14064 and other verification standards to comply with the Paris Climate Agreement and achieve carbon neutrality. KMR declares Cheil Worldwide's verification results for the year 2022 as follows:

Scope

- Organizational boundaries and operational boundaries: Cheil Worldwide Headquarters
- Verification period: January 1 through December 31, 2022
- Emission sources: Direct emission source (Scope 1), indirect emission source (Scope 2), other indirect emission source (Scope 3)
- Assurance level: Limited assurance level
- Verification tasks performed
 - Interview those responsible for visitation and greenhouse gas data aggregation
 - Understand the greenhouse gas emissions data aggregation process
 - Review source information such as computer systems, miscellaneous invoices and payment statements for the verification target
 - Verify the preparation and reconciliation using document review, risk assessment, and verification techniques (access, due diligence, observation, interview, etc.)

Verification Criteria

- ISO 14064-1:2006, ISO 140643:2006
- Validation guidelines for the operation of greenhouse gas emissions trading system
- WRI/WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)

Verification Results

The greenhouse gas emissions and energy usage of Scope 1 (direct emissions), Scope 2 (indirect emissions), and Scope 3 (other indirect emissions) of Cheil Worldwide's headquarters in 2022 are as follows.

Greenhouse gas emission and energy usage

Greenhouse gas emissions	Direct emissions (Scope 1)	Indirect emissions (Scope2)	Other indirect emissions (Scope 3)	Total emissions (tCO ₂ _eq)
2022	694.218	1,143.798	7.495	1,845

Energy usage	Direct usage (Scope 1)	Indirect usage (Scope 2)	Other indirect usage (Scope 3)	Total emissions (TJ)
2022	12.618	23.901	0.112	36

* Greenhouse gases: CO2, CH4, N2O, HFCs, PFCs, SF6

Opinion

As a result of the verification of greenhouse gas emissions in accordance with the verification scope and criteria described above, the opinion of the Korea Management Registrar is as follows:

- We have verified the greenhouse gas emissions data of Cheil Worldwide's headquarters for the year 2022 as described above and found no violation of the aggregation criteria required by the verification scope and criteria.
- This verification statement may be affected by limited factors such as data limitations and sampling methods provided, which are limitations of the verification itself.
- We applied a limited assurance level of ±5% of total emissions as a quantitative judgment criterion for material discrepancies within our limited organizational boundaries, and no material errors and omissions were identified that would affect our verification conclusion of "adequate".



April 21, 2023

Eunju Hwang, CEO

Cheil