

**Environment  
Social  
Governance**

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**2021  
Sustainability  
Report**







cheil

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# About Cheil

- CEO Message
- Company Overview
- Global Network
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- Corporate History
- 2021 Awards
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- About This Report





Dear esteemed stakeholders,

Greetings from  
Jeongkeun Yoo, President and CEO of  
Cheil Worldwide

The unprecedented crisis that is the COVID-19 pandemic has now been dragging on for years. Key values and consumer lifestyles have been changing quickly, with adjustments to corporate management being required as well for businesses to survive and grow.

The roles and responsibilities of the business world are gaining importance regarding a variety of social issues, and social interest in ESG management is rising.

Cheil Worldwide's ESG Secretariat was established in April 2021 to properly pursue ESG management. Under the leadership of the secretariat, we are focusing our unique capacities across various areas toward our ESG objectives.

In 2013, we became the very company in the advertising industry to publish a sustainability report, with this 2021 report marking our third.

Through our CONNEC+ system we are creating new and innovative values through a diversified network of connections. From this perspective, we are forming and implementing systems for ESG collaboration unique to Cheil.

More than 20 organizations in our enterprise rally around the ESG Secretariat in close cooperation, each tasked with a specific ESG area. To include the entire Cheil organization in our ESG management efforts, we hold idea-forming campaigns encouraging employees and executives to contribute proposals and participate.

In the Environment (E) sector, in August 2021 we became the first marketing company in Korea to sign an agreement on environmentally friendly practices with our partner companies.

Assuming leadership in spreading a "Green Creative Culture", we have distributed a "Guide on Environmentally Friendly Management Practices for Ad Filming Sites".

Our ongoing in-house "Green Cheil" campaign builds climate change awareness and provides employees with the opportunity to participate firsthand in our response efforts. We also operate a number of company-wide environmental policies under which we propose and implement various "positive influence" campaigns with our clients.

In the Social (S) sector, we are an accident-free workplace and haven't had a single safety accident in 2021. We have established a dedicated safety management team as part of a safety management system for worksites and photography/filming locations, reinforcing responsible management practices for ad production sites.

We also strive to protect the human rights of our employees, as well as of various industry players. Cheil stands behind the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, and our Human Rights Management Policy Declaration is kept posted at all times. In August 2021, we created a set of "Guidelines for Protection of the Rights and Interests of Children and Youth at Filming Sites", which were distributed to and are implemented by all of our partners. Cheil operates a sustained in-house training program and grievance reporting channels to prevent human rights violations by and against our employees.

In the Governance (G) sector, our ESG agenda items are discussed and inspected by the Board of Directors to ensure that our sustainable management efforts are sufficiently responsible and well communicated. Communication channels are operated throughout the organization to gather and reflect input from various stakeholders. With our "Corporate Governance Structure Charter" enacted and disclosed in December 2021, we strive to advocate the rights of shareholders, build trust with various stakeholders, and achieve hand-in-hand growth.

At Cheil, we maintain a multi-angle system of monitoring for risk elements surrounding the industry and their impacts. Operating regular and emergency reporting systems to identify latent risks and business opportunities in the market and inspect our management directions keeps us consistently ahead of the times and on a trajectory of effective and sustainable growth. The uncertainties of the global economy will persist in 2022 as COVID-19 lingers. Amid increasing calls for sustainable management, the diversification of marketing channels brought about by the acceleration of the digital transformation will necessitate highly advanced performance marketing encompassing both the online and offline worlds, even including

the metaverse.

Cheil Worldwide is committed to providing the optimal connected solutions required by our clients in order to grow and truly CONNEC+ to today's consumer. To this end, we will enable data & technology for all of our business areas and bolster our capacities for metaverse-oriented content production, laying the groundwork for continued growth into the future.

Cheil researches consumers and the world, devises ideas that are a step ahead, and translates these ideas into practice to effect changes both great and small. Sustainable solutions suited to the Cheil name and geared toward positive influence and preemptive risk management form the basis of our bold and innovative practices regarding CONNEC+. This enable us to live up to our status as a role model for the advertising industry and to grow as a trusted and robust global agency.

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.

Jeongkeun Yoo  
President and CEO  
Cheil Worldwide

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## Company Overview

### About Cheil

**Company Name:** Cheil Worldwide

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

**Global Network:** 53 locations and 9 subsidiaries across 45 countries

**Financial Performance** (as of 2021)

- Sales: KRW 3.33 trillion
- Gross Profit: KRW 1.28 trillion
- Operating Profit: KRW 248.2 billion

**Clients**

- Korea: Samsung Electronics, Dongsuh Foods, KT, Shinhan Financial Group, Amore Pacific, Korea Ginseng Corporation, GM Korea, etc.
- Worldwide: Absolut, Adidas, American Express, Burger King, Coca-Cola, eBay, ESPN, Google, IKEA, Instagram, LinkedIn, Netflix, Nivea, PayPal, Pfizer, Pizza Hut, Starbucks, Universal Pictures, Volkswagen, Yili, etc.

### Our Family (Affiliates)

Barbarian, Cheil PengTai, BMB, One RX, McKinney, Iris, Experience Commerce, Cheil Centrade, ColourData

### 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





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## Connected Solutions

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

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.

### AdTech Campaign

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

#### 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.

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## 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.

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## 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

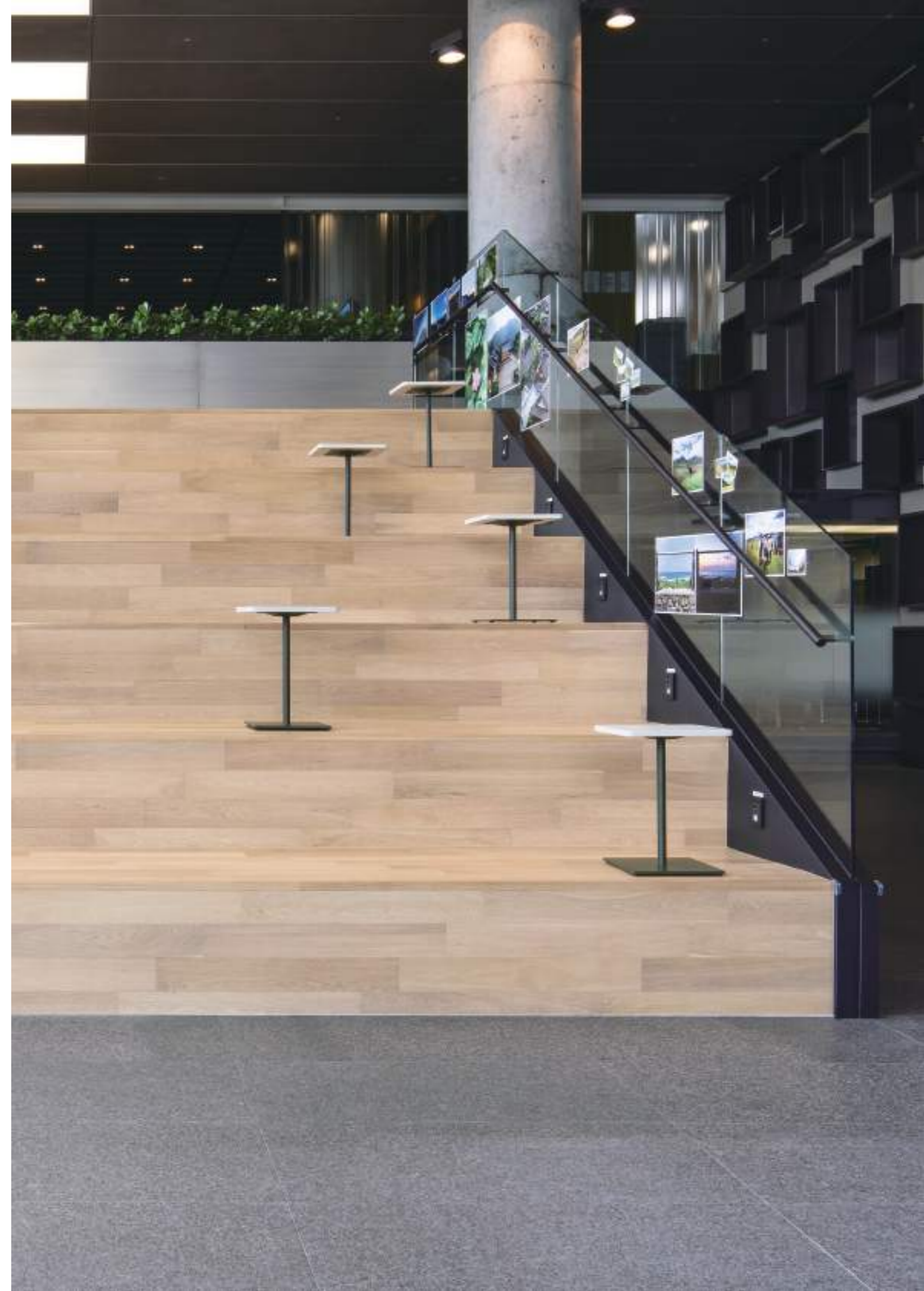
Kiosks integrated with online sites are provided for offline stores to serve customer purchase behavior across both online and offline channels.

#### 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

<b>1973</b>	Founded as Cheil Communications
<b>1975</b>	Published first issue of in-house newsletter "Cheil Communications" First open recruitment
<b>1977</b>	First in industry to conduct annual consumer research
<b>1978</b>	First Collegiate Competition for Advertising Academic Papers and Advertising Works
<b>1979</b>	First in industry to publish advertising almanac
<b>1988</b>	First in industry to open overseas network (Tokyo, Japan)
<b>1989</b>	Joint venture subsidiary Cheil-Bozell founded
<b>1991</b>	First in industry to establish marketing institute Opened joint marketing professional curriculum with University of Pittsburgh, US
<b>1992</b>	New York office opened

<b>1994</b>	New Advertising Services Declaration
<b>1997</b>	First Korean company to win Gold Lion award at Cannes Lions International Festival of Creativity
<b>1998</b>	First Korean advertising agency listed on stock exchange
<b>2000</b>	Joint venture Hakuhodo Cheil founded Brand Marketing Institute founded
<b>2002</b>	Lead production agency for opening ceremony, 2002 Korea-Japan World Cup
<b>2004</b>	Production for opening ceremony, African Cup of Nations football competition (ANC 2004)
<b>2005</b>	Execution of cultural events for APEC South Korea 2005 Execution of Cheonggyecheon Stream reopening event
<b>2008</b>	English company name changed to "Cheil Worldwide" Acquired equity in 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, Cyber)

<b>2009</b>	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
<b>2010</b>	General publicity agency for G20 Summit Seoul Adopted "Pro" job title system
<b>2011</b>	First in industry to win Grand Prize at Cannes Lions One Agency founded in Dubai, UAE Publicity marketing and presentation for PyeongChang 2018 Winter Olympics host city selection
<b>2012</b>	Most-awarded Korean agency at Cannes Lions (12 awards) Acquired US agency McKinney, 2012 First Korean agency to win Grand Prize at Spikes Asia
<b>2013</b>	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
<b>2014</b>	Acquired Samsung Life Blueminx football team, Samsung Thunders Men's basketball team, and Samsung Bloominx Women's basketball team Acquired global agency Iris Worldwide

<b>2015</b>	Look at Me campaign wins multiple awards at international advertising awards: Cannes Lions, D&AD, One Show, Spikes Asia, ADFEST, etc. Cheil Greater China wins grand prize at China's two largest advertising awards and named Advertising Company of the Year for second consecutive year Acquired Samsung Fire Bluefangs volleyball team
<b>2016</b>	Acquired Samsung Lions baseball team Acquired UK B2B marketing firm Founded
<b>2017</b>	Acquired Canadian B2B marketing consulting firm PSL (Pricing Solutions Limited) Acquired UK digital marketing firm Atom42
<b>2018</b>	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
<b>2019</b>	40th Anniversary of Cheil Worldwide Idea Festival (Collegiate Idea Competition)
<b>2020</b>	Acquired Chinese social big data analytics firm ColourData

## 2021 Awards

Event	Segment	Award	Campaign Title	Advertiser
Cannes Lions	Pharma	Gold	TALLK	SAMSUNG
	BE & Activation	Gold	TALLK	SAMSUNG
	Creative Strategy	Gold	STARBUCKS 'WHAT'S YOUR NAME?'	STARBUCKS UK
	Mobile	Silver	TALLK	SAMSUNG
	Mobile	Silver	NOW, WORDS AREN'T JUST HEARD, BUT FELT.	SAMSUNG
	Media	Silver	ANTI BULLYING SKIN	SAMSUNG
	Media	Bronze	HOPE TAPE	KOREAN NATIONAL POLICE AGENCY
	Film Craft	Bronze	SLICED BREAD	LITTLE CAESARS
Spikes Asia	BE & Activation	Bronze Spike	LIGHT SAVER	EMART
	Outdoor	Bronze Spike	GALAXY GRAFFITI	SAMSUNG ELECTRONICS
	Mobile	Gold Spike	SAMSUNG GOOD VIBES: NOW, WORDS AREN'T JUST HEARD, BUT FELT.	SAMSUNG
	BE & Activation	Silver Spike	SAMSUNG GOOD VIBES: NOW, WORDS AREN'T JUST HEARD, BUT FELT.	SAMSUNG
	Healthcare	Silver Spike	SAMSUNG GOOD VIBES: NOW, WORDS AREN'T JUST HEARD, BUT FELT.	SAMSUNG
	Digital	Silver Spike	SAMSUNG GOOD VIBES: NOW, WORDS AREN'T JUST HEARD, BUT FELT.	SAMSUNG
	Digital	Bronze Spike	SAMSUNG GOOD VIBES: NOW, WORDS AREN'T JUST HEARD, BUT FELT.	SAMSUNG
AdFest	Music	Silver Spike	UN Sung	WARNER MUSIC ASIA
	INNOVA	INNOVA LOTUS	LIGHT SAVER	EMART
	PR	Gold	UN Sung	WARNER MUSIC
	MEDIA	Silver	HOPE TAPE	HOPE TAPE
	PR	Silver	HOPE TAPE	HOPE TAPE
	BRAND EXPERIENCE	Bronze	LIGHT SAVER	EMART
	DIRECT	Bronze	HOPE TAPE	HOPE TAPE

Event	Segment	Award	Campaign Title	Advertiser
D&AD	Digital / Use of AI	Graphite	Talkk	Samsung / Samsung Spain
	Impact / Design / Brands	Graphite	Talkk	Samsung / Samsung Spain
	Graphic Design / Posters	Wood	Joy Sticks	Chupa Chups
	E-Commerce / Livestream	Wood	Sickwear by Mucinex	RB
	Writing for Advertising / Film	Wood	Relax, it's Modern Emulsion	Farrow & Ball
	One Show	Print	Silver	Abandoned Stations
Print		Bronze	HOPE TAPE	Korean National Police Agency
Print		Bronze	Abandoned Stations	Volkswagen
Print		Bronze	Abandoned Stations	Volkswagen
Out of Home		Bronze	Abandoned Stations	Volkswagen
New York Festivals	IP & Products	Bronze	Talkk	Samsung Spain
	DIGITAL/MOBILE: MOBILE PLATFORM	SILVER	TA(L)KING DOWN THE INVISIBLE WALL	Diskutier Mit Mir
	HEALTH - HEALTH & WELLNESS [NEW]: DIGITAL/MOBILE	SILVER	THE COST OF BULLYING	Samsung
	PACKAGE & PRODUCT DESIGN: BEST USE	SILVER	HOPE TAPE	Korean National Police Agency
	HEALTH - HEALTH & WELLNESS [NEW]: INNOVATION	BRONZE	LIGHT SAVER	EMART
	AVANT-GARDE/INNOVATIVE: AVANT-GARDE/INNOVATIVE	BRONZE	LIGHT SAVER	EMART
	DESIGN: BRAND DESIGN	BRONZE	SAFE SALE	EMART



**Galaxy Z Fold3/Flip3 “Open. Me. Up”**

The object of this campaign was to express the everyday lifestyles anticipated and hoped for by consumers on the occasion of the launch of Galaxy foldable devices, emphasizing the value and emotional appeal of folding-unfolding the devices.

The slogan “Open Me Up” draws parallels between unfolding your phone to opening the lifestyle you always wanted. Uplifting and cheerful sounds play to the folding-unfolding form factor of the foldable device. Novel visual aesthetics and formats were employed to maximize the appeal of the product.



**Bespoke Home “Come Bespoke Home”**

This campaign aims to convey the transcendent value of the Bespoke line of products over time and space. An impactful message is delivered: that the Bespoke lineup, now encompassing all home appliances, completes the “BESPOKE HOME”, a space that is more “me” than any place in the world. To showcase each of the more than 10 products in the lineup, a music-video-like production was created to the music of the 90s mega-hit Come Back Home by Seo Taiji and Boys. The response was explosive, inspiring nostalgia in generation X and sparking retro interest among the MZ generations.



**Shinhan Bank “We Care”**

The banking industry is built on trust. This campaign demonstrated what it means for Shinhan Bank to be truly “customer-centered”. Shinhan’s customer commitment was expressed with the idea that “you hold the umbrella closer to those you care for.”

Social media response was positive, with the term “trust” appearing most frequently. An in-house advertising effectiveness survey indicated that the campaign performed best in the attribute of “trust”. The campaign helped to further improve customer confidence in Shinhan Bank while drawing widespread consumer attention through its visual aesthetics.



**Samsung Fire & Marine Insurance Direct Auto Insurance**

This campaign introduces the various insurance products offered by Samsung Fire & Marine Insurance Direct using the diverse alternate characters of advertising model Yoo Jae-suk.

The campaign was effective in informing consumers that Samsung Fire & Marine Insurance Direct offers a lot more than car insurance, including driver’s insurance and children’s insurance products. The bright and confident air exuded by the model was capitalized to convey the message that Samsung Fire & Marine Insurance Direct is a trusted insurance provider.



### KT 'DIGICO KT'

The purpose of this campaign was to feature KT's transformation from a conventional mobile communications provider ("TELCO") into a digital platform enterprise ("DIGICO") geared for the future. The voiceover was done by actress Yoon Yeo-jeong, introducing advanced KT technologies in areas such as AI robotics and cloud computing in simple, sincere terms. It goes beyond the typical corporate PR campaign and its declarative messages to establish the image of a young, passionate, customer-minded enterprise that transforms customer lifestyles.



### Gilim International (HBAF) "The H Is Silent" Campaign

The objective of this campaign was to promote the new "HBAF" brand. The diverse flavors offered by HBAF to go with the whole variety of everyday settings were featured using the luxurious image radiated by model Jeon Ji-hyeon. The ad copy "The H is silent" was used to artfully imprint the somewhat challenging brand name in consumers' minds.

The model and copy became memes, eliciting an explosive response. The campaign was also a resounding business success, with sales almost doubling as a result.



## 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 Korean Foundation for Quality. Verification results are presented on pages 158 through 163.

**Characteristics of the report** The 2021 Sustainability Report is the third\* sustainability report issued by Cheil. The 2021 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 2014-2015 Sustainability Report, issued in July 2015. The report is available on our website.

**Report preparation standards** This report was prepared in accordance with the GRI Standards Core option. Details relating to reporting standards are shown on pages 154 through 156.

**Reporting period** The reporting period for this report is from January 1 to December 31, 2021. For some important matters, the report also covers periods prior to 2021 or in the first half of 2022.

**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
- Selection of Key Issues
- ESG Management Status



## 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

Key ESG-related issues and updates are regularly referenced as agenda items for meetings of the Board of Directors. By requiring the Board of Directors to discuss and inspect ESG issues, we ensure that the Board of Directors assumes and exercises responsibility in ESG management.

\* Our ESG organization was formed in April 2021, and ESG activities can be said to have fully commenced at this time. Taking this into account, actual ESG reporting to the Board of Directors will begin in 2022.

The ESG-related agenda items for reporting to the Board of Directors are as follows.

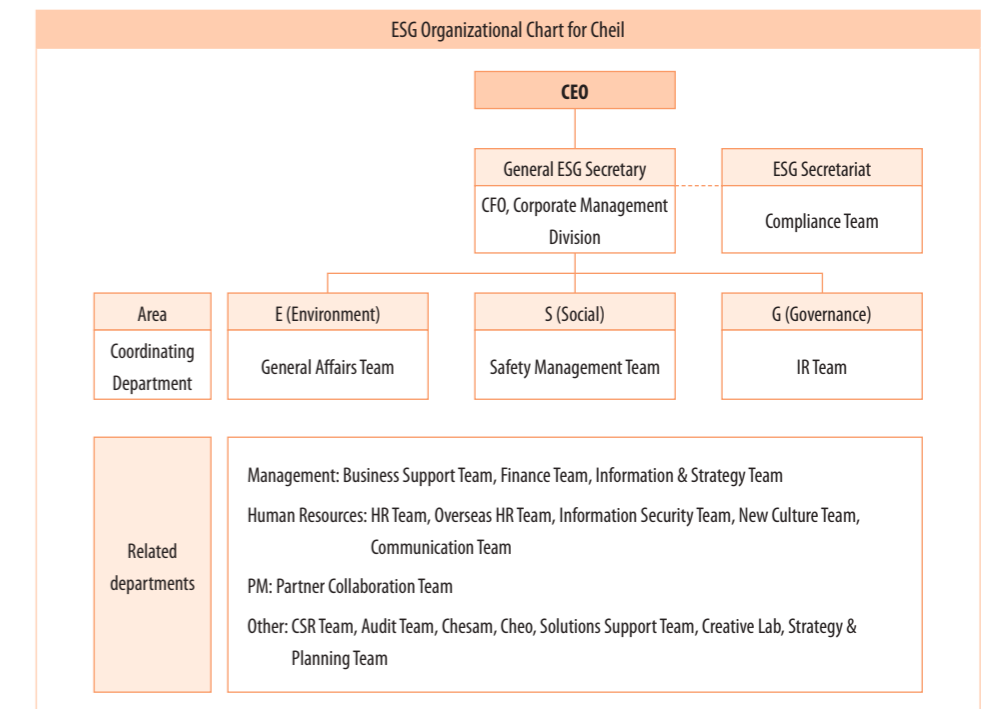
Reporting Period	Matters Reported
1H	- Annual ESG activity plans * Includes timeline and schedules for Sustainability Report issuance and ESG meetings
2H	- Discussion of key ESG outcomes and KCGS grade for present year

### Composition of company-wide ESG organization

The CFO 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 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 20 ESG activity-related departments throughout the organization. These departments are the Business Support Team, Finance 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 quarterly meetings to discuss the ESG agenda of Cheil in depth. The outcomes of these meetings are reported to upper management, including the CEO. This allows upper management to maintain management and supervision over sustainability issues.



## Stakeholder Participation in ESG Management

We at Cheil intend to faithfully fulfill our social obligations toward sustainable growth for the society in which we live. Our stakeholder inclusion process applies to all Cheil management activities. Through this process, we identify the areas of interest and thoughts of various stakeholders to be reflected in 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.

**Methods of participation** Communication channels are operated specific to the characteristics of each stakeholder category, allowing us to develop a thorough understanding of the matters of interest of our various stakeholders and reflect these interests in our management activities.

Stakeholder	Participation Method	Frequency of Communication
Shareholders	Business reports, general meetings of shareholders, IR briefings	As needed
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	
Partner businesses	Work meetings, partners portal site	

**Stakeholder participation in ESG processes** At Cheil, we hold quarterly ESG meetings attended by 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	
Quarter	Subject matter
1	- Sharing of annual plans for key ESG activities
2	- Updates from relevant teams regarding evaluation by each ESG evaluation agency
3	- Sharing of annual ESG activity outcomes - Discussion to select key ESG themes to emphasize in the year's sustainability report
4	- Presentation of key themes in the year's sustainability report

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

## 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 issues most important to us are identified through materiality assessment. These material issues are managed in systematic fashion toward sustainable growth.

**Materiality assessment process** **Issue Pooling** GRI and other ESG reference indicators, sustainable management trends in the industry, and internal issues at Cheil form a Sustainable Management Issue Pool comprised of 14 issues.

### Materiality Assessment

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

### Material Issues

Core ESG Issues	Related Stakeholders	Importance of the Issue	Management Plan	Pages of the Report
Sustainable Management	Employees, customers, shareholders, investors, local community, state, etc.	The company needs to continue to create profits and grow in order to maintain and create jobs for employees, as well as contribute to the local and national economies.	- Formation of an in-house ESG organization - Regular ESG Meetings - Participation in ESG management by the Board of Directors	36-38
Eco-friendly Management	Local community, state, partner businesses, etc.	Minimizing waste and greenhouse gas emissions generated in the office environment and ad production sites can contribute to achieving the 2050 Net Neutrality vision of the local community and the national government	- "Environment-Friendly Practices Agreement" signed with 96 partner businesses—first in the Korean advertising industry - Green Cheil environmental campaign for employees	44-52
Safety and Health	Employees, partner businesses, customers, etc.	Achieving zero accidents in the office environment and ad production sites promotes the safety and health of employees, partner businesses, and customers	- Safety Management Team instated - "Safety Management Process and Manual for Ad Filming Sites and Exhibition Venues" established - Workplace risk assessments and regular safety inspections	80-84
Fair Transactions	Partner businesses, state, etc.	Strict adherence to related laws and statutes in transactions with partner businesses can help to achieve shared growth with partner businesses and contribute to national economic progress	- Operation of dedicated organization for mutual cooperation with partner businesses - Established and enforced "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" - Highest score for two consecutive years in "Win-Win Growth Index" operated by the Korea Commission for Corporate Partnership; Cheil Fair Transaction Agreements received highest score from Fair Trade Commission for three consecutive years	98-109

## ESG Management Status

In addition to business reports, Cheil will issue a "2021 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 2022.

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, 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 from our headquarters in Korea and key overseas branches and included in our independently verified "2021 Sustainability Report". The report is the first of a series of sustainability reports to be issued and published annually.



# Environment

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



## Environmental Management System

### Environmental goals

At Cheil, we aim to achieve 2% annual reductions in energy usage, greenhouse gas emissions, carbon emissions, water usage, and waste output, respectively. 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. In 2021, we established and implemented the following execution plan.

- |  |   |
|--|---|
| - Jan. - Air handling system gas leak repairs and boiler pipe cleaning                     | - Jul. - Drain pipe cleaning  |
| - Feb. - Replacement of aged parts in hot and cold water systems and in low-NOx burners    | - Aug. - Repair of septic tanks and leaks in exhaust pipes          |
| - Mar. - Power cut off to heating coils in areas susceptible to freeze damage              | - Sep. - Repairs to natural smoke ventilator windows in offices     |
| - Apr. - AC outdoor units overhauled   | - Oct. - Water tank level sensors replaced                          |
| - May - Air handling system filters replaced and conference room lighting upgraded to LEDs | - Nov. - Repairs to freeze-damaged heating coils                    |
| - Jun. - Cooling tower cleanin   | - Dec. - Repairs to gas leaks in areas susceptible to freeze damage |

### Environmental policy

#### Domestic leadership in environmentally friendly ad production to alleviate climate change

##### Signing Ceremony for Environment-Friendly Practices Agreement

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 "Environment-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: 1) minimizing waste output from our production sites, 2) improving energy efficiency and working toward a transition to environmentally friendly energy in the long term, 3) increased collaboration in environmentally friendly idea development and content production, and 4) 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 manage annual (short-term) environmental objectives, including 1) inspection and improvement of partner support systems in 2021 to build consensus on environmentally friendly practices and create environmentally mindful production environments, and 2) establishing and making a lifestyle habit of environmentally friendly practices at production sites in 2022.



▲ "Environmentally Friendly Practices Agreement Signing Ceremony" (Aug. 25, 2021)

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

##### ① Environment-related evaluation of partner business operations

In 2021, the first year of the agreement, we planned to induce 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 will be broadened gradually to keep pace with industry circumstances.

Work is in progress to reform our vendor/contractor registration systems. Starting 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) will be 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

##### ② 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.

## Environmental Management System

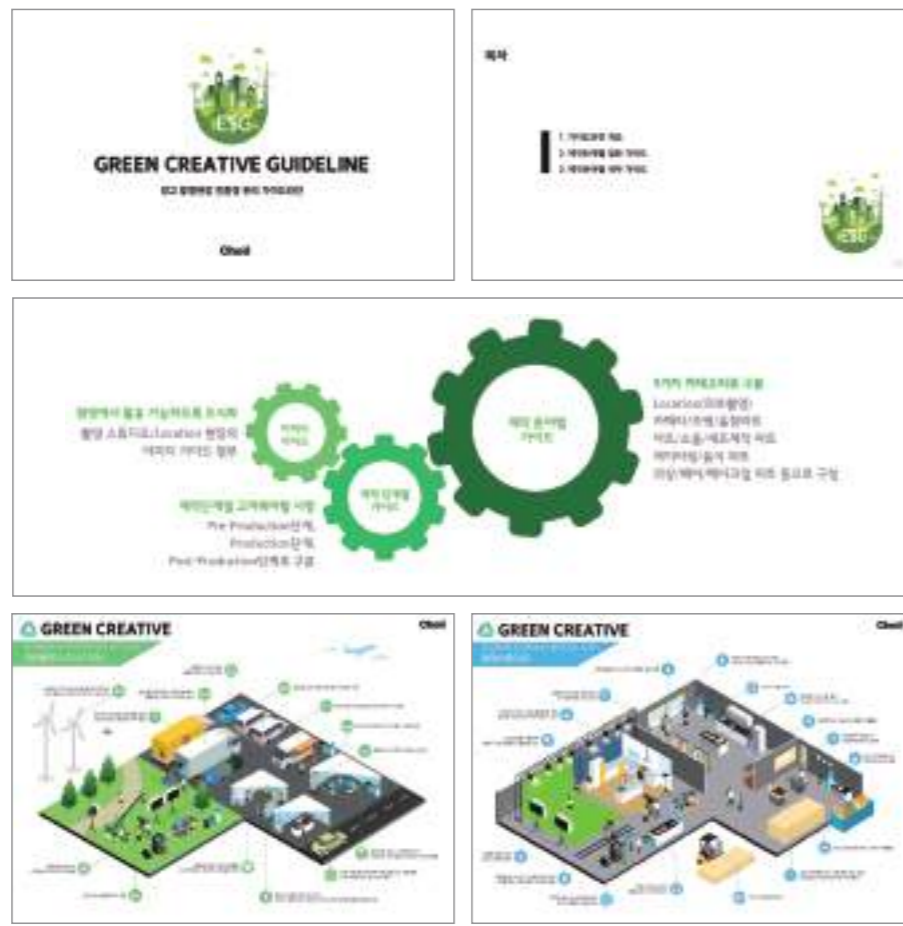
The “Guide on Environmentally Friendly Management Practices for Ad Filming Sites” includes 1) a detailed guide on ad production phases and 2) a detailed guide for each production area. Using the guide, partners will be able to more easily achieve reductions carbon emissions.

Due to the nature of the advertising industry, 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.

### Main contents of the “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.



## Evaluation of environmental management organizations and performance

### Environmentally friendly management

Environmental friendliness is a foremost management value for Cheil. This is reflected in our Green Cheil campaign, whose purpose is to engage all employees in minimizing environmental pollution arising from our business activities. Through our “Green Cheil” campaign, we are building and advancing climate change awareness in our organization and discovering novel environmentally friendly management ideas, pushing ahead with environmentally friendly culture in the advertising industry.

### Decision-making organizations for environmental management

Environmental management agenda items at Cheil are coordinated among the ESG Officers of each of the ESG-related departments in our organization through our quarterly company-wide ESG meetings. The proceedings and outcomes of each of these quarterly meetings are promptly reported to the CFO of the Corporate Management Division who is the top senior executive in the division and is also the General ESG Secretary for Cheil. Starting in 2022, the meetings are being reported twice annually to the Board of Directors, our highest decision-making body, through which our entire organization makes decisions on the environmentally friendly management agenda items through organic cooperation.

\* Quarterly ESG meetings started in 2021, and will be referred as agenda items to meetings of the Board of Directors starting in 2022.

### 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 worksites.

Specific environmental management objectives include reducing energy usage, greenhouse gas emissions, carbon emissions, water usage, and waste output by 2% per year, respectively. The General Affairs Team’s environmental management performance is evaluated according to these objectives, which are reflected in the KPIs for our environmental management officer (10 points for reaching 2% target; 5 points for achieving between 1% and 2%; 0% points for achieving less than 1%) to ensure responsibility and accountability in our environmental efforts.



## Environmental Management Activities

### Green Cheil

Keeping pace with our ESG management efforts, the Cheil “Green Cheil” organizational culture campaign was launched in March 2021. Under the campaign, which involves the entirety of our organization from associates to upper management, we are reforming and advancing environmental awareness as we engage in a suite of activities aligned with our ESG management initiatives. 2021 is just the start, and the “Green Cheil” campaign will remain as a fixture in Cheil’s annual activities.

#### “Cheil” branded tumblers for everyone

Commemorating the launch of the “Green Cheil” campaign, “Cheil” branded tumblers were distributed to all members of our organization (including employees of in-house partners), encouraging eco-friendly lifestyles and helping to protect the environment by cutting back on the use of disposable cups.

#### Encouraging use of tumblers at worksites

Reducing use of disposable plastic and paper cups at the office cafe was an easy and close-to-home way of helping to protect the environment. We initiated a workplace campaign encouraging the use of tumblers as an easy way of inducing participation by our employees.

- Tumbler cleaning brush gift for employees pledging to use tumblers instead of disposable cups at their workplace
- Prizes awarded to the most active tumbler campaign participants
- Donations to environmental groups for every tumbler campaign post on social media (WWF Plastic-Free Campaign)

To encourage participants to stay in the environmentally conscious habit of using tumblers even after the campaign period, the existing bring-your-own-tumbler discount was more than doubled. (KRW 200 → KRW 500)

#### Green Tips for paperless offices posted at all worksites

We aim to create paperless offices by doing away with all unnecessary printed materials and cutting back on quantities for necessary printing. The paperless office at Cheil is achieved by 1) sharing documents on-screen without printing and 2) adjusting spacing on documents to reduce page count. These “Green Tips” are easily practiced by all members of our organization. Furthermore, all conference rooms have been TV-equipped so as to reduce the need for printed materials, and all company premises are equipped with wireless Internet. Replacing printed materials and documents for reporting and meetings with screens is thus yet another way that Cheil is not only environmentally conscious, but also proactive.

\* All reports to the CEO and executives to be made by soft copy in principle

### Cheil “GoGo” Campaign (reducing use of disposables)

The “GoGo” campaign is a voluntary environmental protection campaign for employees intended to reduce the use of disposables both at the workplace and in individual personal lives as well.

- Participants snap and submit photos every time they use a reusable grocery bag instead of plastic, tumblers instead of disposable cups, and reusable containers when taking out food.
- Environmentally friendly bamboo toothbrush and solid toothpaste gift for all participating employees
- Environmentally friendly products gift package for most active campaign participants (including plastic-free bath supplies, airtight glass containers for food takeout, and eco bags made from upcycled firefighting uniforms)
- Donations to environmental groups for every post related to Green Cheil on social media (WWF Plastic-Free Campaign)

#### “Green Cheil” campaign idea competition

Environmentally friendly ideas devised and contributed by our employees themselves work best for inducing voluntary participation. The “Green Cheil” campaign idea competition was our way of eco-friendly idea-storming to help establish an eco-conscious “Green Cheil” campaign culture.

- [Submissions accepted for:]
- Ideas on Green Cheil campaigns to engage the entire Cheil organization
  - Proposals for achieving Green Cheil in workplace environments
  - Ideas to improve Green Cheil campaign awareness and encourage eco-friendly practices

A total of 21 inspired and interesting eco-friendly ideas were submitted to the competition, and were judged by a 3-group, 26-member panel (including the ESG Secretariat and heads of E/S/G coordinating departments). One winner and two runners-up were chosen, and the other submissions will form an environmentally friendly idea pool for future use. We are also working toward creating eco-friendly work environments by replacing any paper cups with eco-friendly Kraft paper and using exclusively FSC-certified A4 paper.



Green Cheil is all about the environmentally friendly future of Cheil.

It is about implementing a work culture of avoiding unnecessary printing. It is about saving resources and cutting back on worksite carbon emissions.

It is about awareness of the need for environmental protection and making a lifestyle of eco-friendly practices.

**Environmental awareness-building training**

An environmental awareness-building program was incorporated into Cheil's 2H 2021 Compliance Training. This year, participants were briefed on the significance and importance of ESG management, our new ESG organization, and our environmentally friendly management efforts in 2021 including the "Green Cheil Campaign". A public interest campaign video encouraging use of reusable containers was shown as well, produced jointly by the Ministry of Environment and the Korea Public Service Advertisement Council. 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. 30 - Nov. 16, 2021
Participants	All Cheil employees (100% participation rate)
Program content	Significance of ESG activities, our ESG organization, environmentally friendly efforts in 2021, introduction to "Green Cheil" campaign, encouraging use of reusable containers, etc.

A video briefing for the "Guide on Environmentally Friendly Management Practices for Production Sites" was also made available on CIC, our internal training platform, as part of company-wide training on environmentally friendly practices at ad production sites.

Training period	Oct. 12-31, 2021
Participants / method	All Cheil employees / Video training (13 minutes) through CIC
Program content	Briefings on "Guide on Environmentally Friendly Management Practices for Production Sites" and "Guidelines for Protection of the Rights and Interests of Children and Youth at Filming Sites"

**Investments toward environmental management practices**

The Cheil target for greenhouse emissions and energy usage reductions is 2% per year, with plans to invest approximately KRW 13 million per annum to improve the efficiency of our boilers and cold & hot water systems, and pipe cleaning works are in progress to fulfill this goal. A further KRW 500,000 has been set aside each year for improved winter season space heating efficiency, and air caps are being installed for workspaces with space heating deficiencies.

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## Environmental Management Activities

### Environmentally certified products

Keeping pace with the fast changes in the domestic and international advertising and marketing environments, we continue to assess new business endeavors outside of our conventional advertising and marketing functions to deliver new value to consumers. One such endeavor is the launch of “Chesam”, an e-commerce mall launched in March 2020 to provide consumers with “new value in consumption”. Since the launch, Chesam has expanded from sale of its own goods to content-centered collaboration goods, and now offers a diversified lineup of novel products. Chesam is Cheil's e-Commerce Team. In a recent project with Samsung Securities, Chesam turned banners and standing banners used for advertising and promotions by the securities firm into eco-friendly fashion items. Our goods production partner “CUECLYP” is GRS- certified (Global Recycled Standard). This international certification is awarded only for textiles and garments containing at least 20% recycled raw materials. Eco-friendly textiles and recycled materials with the GRS certification were turned into a range of eco-friendly goods such as lunchbox sacks and coin purses, and Samsung Securities Instagram account followers who liked and commented on related posts were entered into a lucky draw to receive these goods. (Sep.-Nov. 2021)

Chesam is committed to eco-friendly packaging for all of its goods projects, and plans to also propose eco-friendly packages to key clients including Samsung Securities in 2022.



### 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 1) Seoul Forest (springtime tree and daffodil planting), 2) Yangjae Forest (clearing fallen leaves from ponds, park and bench cleanup), and 3) 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.



# GREEN CREATIVE

## Outcomes 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 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 more environmentally friendly workplace culture. Reducing greenhouse gas emissions and curbing the use of resources under the campaign, we are developing a collective awareness of the need for environmental protection and developing habits of eco-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 5 years

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

#### Greenhouse gas emissions

Unit: tCO<sub>2</sub>e

Category	2017	2018	2019	2020	2021	2021 reduction
Scope 1	794.807	841.823	736.138	729.864	716.996	12.867
Scope 2	1,145.193	1,199.007	1,215.535	1,145.782	1,147.626	1.844↓
Scope 3	12.494	13.448	11.806	10.363	10.938	0.575↑
Total	1,952.494	2,054.278	1,963.479	1,886.009	1,875.560	10.448

Scope1: Gas (stationary combustion), oil (mobile combustion) / Scope2: Electricity / Scope3: Courier services

#### Greenhouse gas emissions over revenue

Unit: tCO<sub>2</sub>e/revenue (KRW trillion)

Category	2017	2018	2019	2020	2021	2021 reduction
Scope 1	235.505	242.056	215.144	265.608	215.638	49.970
Scope 2	339.326	344.760	355.253	416.966	345.151	71.816
Scope 3	3.702	3.867	3.450	3.771	3.290	0.482
Total	578.534	590.683	573.848	686.345	564.078	122.267

Scope 1: Gas (stationary combustion), oil (mobile combustion) / Scope 2: Electricity / Scope 3: Courier services

### 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 use.

To lower our electricity consumption, all lighting fixtures are being replaced with LEDs (lighting upgraded to LEDs in 50 rooms in 2021, including conference rooms and restrooms), thereby reducing our year-on-year energy use and output of spent lightbulbs.

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.

#### ※ Energy use reductions over the past 5 years

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

#### Energy usage

Unit : TJ

Category	2017	2018	2019	2020	2021	2021 reduction
Electrical	23.931	25.055	25.400	23.942	23.981	0.039↑
Gas	10.313	11.628	10.093	9.656	9.515	0.141
Total	34.244	36.683	35.493	33.598	33.496	0.102

#### Energy usage over revenue

Unit: TJ/Revenue (KRW trillion)

Category	2017	2018	2019	2020	2021	2021 reduction
Electrical	7	7	7	9	7	2
Gas	3	3	3	4	3	1
Total	10	10	10	13	10	3

#### 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.

## Outcomes of Environmental Management

### 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 500 discount on beverages at our office cafe).

We are serious about reducing the use of plastics as well. The Cheil GoGo campaign has replaced disposable umbrella covers with a reusable option, phased out the use of disposable plastic bags, reduced the use of disposable paper cups, and encouraged use of non-plastic toothbrushes to develop everyday eco-friendly habits of cutting back on the use of disposables such as plastics. We have also instituted an electronic contracting system, under which all of our subcontracting master agreements (around 900, each agreement around 29 pages long)\*, individual subcontracting agreements, quotes, proof-of-delivery documents, inspection result notifications, and output statements (around 9,000, each around 7 pages)\*\* have been converted to electronic form to reduce our annual A4 paper use by around 180,000 sheets. (Total savings achieved by Cheil and partner businesses)

\* 900 documents × 29 pages × 2 (1 copy each for Cheil and partner) = 52,200 pages

\*\* 9,000 documents × 7 pages × 2 (1 copy each for Cheil and partner) = 126,000 pages

### Water consumption reduction activities

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 5 years

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

#### Water usage

Unit: Tons

Category	2017	2018	2019	2020	2021	2021 reduction
Water	25,643	23,702	22,109	21,953	22,118	165↑

#### Water usage over revenue

Unit: Tons/revenue (KRW 100 million)

Category	2017	2018	2019	2020	2021	2021 reduction
Water	7,598	6,815	6,462	7,989	6,652	1,337

### Waste output reduction activities

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

#### ※ Waste output over the past 5 years

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

Unit: Tons

Category	2017	2018	2019	2020	2021	2021 reduction
Waste	-	38	41	27	23	4

### Activities to reduce atmospheric pollutants

Cheil operates no production processes, and the only atmospheric pollutant-emitting facilities on our premises are boilers used for space heating. To further reduce our atmospheric pollutant emissions, all units have been replaced with low NOx boilers.

#### ※ Atmospheric pollutant emissions over the past 5 years

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

Unit: g

Category	2017	2018	2019	2020	2021	2021 reduction
NOx	49	60	58	52	40	12

### 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 five years.

Also, as required by the relevant laws such as the Environmental Technology and Industry Support Act, Cheil will be disclosing environmental information for all of our establishments through the Ministry of Environment's "Environmental Information Disclosure System". Cheil environmental information for 2021 will be registered on the "Environmental Information Disclosure System" by the end of June 2022, with public disclosure expected in December 2022 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 Foundation for Quality) is also disclosed through our Sustainability Reports.

## Outcomes of Environmental Management

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

Agenda	Objectives	Measures
Environmentally friendly work culture and habits	<ul style="list-style-type: none"> <li>- Minimize paper-printed documents</li> <li>- Infrastructure support to facilitate soft copy reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Paperless campaign enforcement with tips and reminders in all work areas</li> <li>- All reports to CEO and directors to be paperless in principle</li> <li>- In-team document sharing in electronic form to reduce unnecessary printing</li> <li>- Digital company newsletter and other in-house communications</li> <li>- Monitors installed in all conference rooms, wireless Internet access throughout premises</li> </ul>
Minimizing use of disposable products	<ul style="list-style-type: none"> <li>- Encourage use of tumblers at the workplace</li> <li>- Reusable umbrella covers provided</li> </ul>	<ul style="list-style-type: none"> <li>- Tumblers distributed to all staff, with discounts offered at office cafe</li> <li>- Single-use disposable umbrella covers replaced with reusable option</li> </ul>
Environmentally friendly office supplies	<ul style="list-style-type: none"> <li>- Environmentally friendly paper cups, toilet paper, and copy paper</li> </ul>	<ul style="list-style-type: none"> <li>- Uncoated, unbleached paper cups</li> <li>- Certified eco-friendly toilet paper</li> <li>- Reviewing use of lighter-weight copy paper</li> </ul>
Office electricity consumption reduction campaign	<ul style="list-style-type: none"> <li>- Lights-off policy where possible</li> <li>- Reduced elevator use</li> </ul>	<ul style="list-style-type: none"> <li>- Automatic lights off during lunch hours and past 8 PM (lighting only where needed)</li> <li>- "Inviting stairways" (Aug. 2017)</li> </ul>
Building energy savings	<ul style="list-style-type: none"> <li>- Adjusted winter/summer air conditioning and space heating temperatures to save energy</li> <li>- Reduced electricity consumption for lighting</li> </ul>	<ul style="list-style-type: none"> <li>- 26±1°C in summer (casual business attire including shorts; no tie policy), 23±1°C in winter</li> <li>- LED lighting to reduce electricity consumption and spent light bulb waste</li> </ul>
Participation in Seoul traffic reduction initiative	<ul style="list-style-type: none"> <li>- Company policies and infrastructure to encourage use of public transit</li> </ul>	<ul style="list-style-type: none"> <li>- Company-hired taxi system, parking space restrictions, and bicycle parking</li> </ul>
Atmospheric pollutant emissions reduction	<ul style="list-style-type: none"> <li>- Eco-friendly burners for boilers</li> </ul>	<ul style="list-style-type: none"> <li>- Replacement with low-NOx (eco-friendly) burners</li> </ul>
CSR activities for environmental protection	<ul style="list-style-type: none"> <li>- Encourage environmental protection contributions by employees</li> </ul>	<ul style="list-style-type: none"> <li>- Food waste reduction campaign at company cafeteria</li> <li>- Raising awareness of environmental campaign issues by company volunteer work group</li> </ul>
Events to encourage environmentally friendly practices	<ul style="list-style-type: none"> <li>- Encourage eco-friendly lifestyles among employees</li> </ul>	<ul style="list-style-type: none"> <li>- "Cheil GoGo" campaign to minimize use of disposable plastics</li> <li>- "Green Cheil" campaign idea competition</li> </ul>
Environmental awareness-building training	<ul style="list-style-type: none"> <li>- Improve environmental awareness and build environmental consensus</li> </ul>	<ul style="list-style-type: none"> <li>- Briefings on 2021 ESG efforts and encouraging use of reusable containers</li> </ul>
Investments in environmental management practices	<ul style="list-style-type: none"> <li>- Greenhouse gas emission and energy usage reductions</li> </ul>	<ul style="list-style-type: none"> <li>- KRW 13 million/year investment for improved boiler and hot &amp; cold water system efficiency and KRW 500,000/year for installation of air caps in areas with insufficient space heating</li> </ul>
Environmentally certified products	<ul style="list-style-type: none"> <li>- Collaboration with advertisers to produce eco-friendly fashion goods</li> </ul>	<ul style="list-style-type: none"> <li>- Production of goods such as lunchbox sacks and coin purses made of "GRS-certified" textiles and recycled materials</li> </ul>



# Social

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



## Human Rights Management

**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 fulfilment 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 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 1) reasonable filming hours for children and youth, 2) prohibition of late night filming, 3) guarantee of the right to rest, and 4) general safety and protection of children and youth in ads.

### Regulations on filming hours for children and youth

Category	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 "Mutual Cooperation 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.

\* Mutual Cooperation Partners Portal (<https://partner.cheil.com/srp/index.do>)

**Human Rights Violation Prevention Program** We are serious about preventing human rights violations of and by members of our organization. The "Grievance Reporting Channel" in our company message board is intended to prevent inconveniences due to human rights violations and infringements by employees, and any reports submitted through this channel are handled transparently according to established in-house procedures.

**Human rights awareness programs** The Cheil human rights awareness programs are administered through CIC, our online training platform. All employees are required to complete courses on "Workplace Harassment Prevention" (20 minutes) and "Improving Disability Awareness" (65 minutes). In 2021, these courses were administered over four weeks, from September 30 to October 29, 2021.

\* 100% participation rate (1,184 persons / excluding employees on leave of absence, executives, and foreign nationals)

**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. Statutory 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.

\* No reports related to discrimination in 2021.



## Employees

### Employee diversity **Diversity in human resource composition**

We make a priority of diversity in our human resources pool. Our gender balance is particularly notable, with women accounting for close to 50% of our employees.

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 five 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 2021.

### **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**

Item	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	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**

Item	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 10 days (20 days for multiple births) * (Statutory) Up to 10 days → (Cheil) Up to 20 days for multiple births

### **Childcare support**

Item	Description
Childcare leave	Employees who are caregivers for children under 12 years of age may take childcare leave not exceeding 2 years * (Statutory) Up to 1 year per child → (Cheil) Up to 2 years per child (Statutory) Childcare leave only until age 8 or Grade 2 → (Cheil) Childcare leave for children up to age 12
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**

Item	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 20 days of family care leave of absence (deducted from annual family care leave of absence allowance) in cases where a family member requires care due to illness, accident, old age, or child care * (Statutory) Up to 10 days a year → (Cheil) Up to 20 days a year



**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	Max. enrollment	Hours of operation	Land area
2008.6.2	45	7:30 - 19:30 (Extended care until 24:00 if needed)	152m2 (2 stories, 1 basement level)

**Cheil Daycare Center staffing and instructor-child ratio**

\* As of Jan. 2022

Director	Instructors	Nutritionist	Cook	Clerk	Total
1	7	1	1	1	11

Age	Child Care Act	Cheil Daycare Center
1	1:5	1:4
2	1:7	1:6
3	1:15	1:12
4	1:20	1:12
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.

Item	2021
Enrollment (annual average)	28
Parents using Daycare Center services (annual average)	27
Cheil subsidy (annual)	KRW 512,918,000

**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**

	2018	2020	2021
Average duration of employment (years)	8.23	8.93	9.58

**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 procedure

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

### 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
- Semiannual 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.

Category	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 services	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	Water parks	Free all-day 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**

**Work environments geared toward work-life balance**

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.

While affording members of our organization added autonomy in managing their work hours, we have also introduced the “Slack Day” system. On a Slack Day, any employee can opt to spend just four hours at work, leaving early to spend personal time. Employees are encouraged to take all of the Slack Days they need, so long as the minimum monthly work hours are met.

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.

**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.





**Hyu Center for soundness of mind**

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. <b>1. Saving Private Cheil</b> These 3-day 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. <b>2. Family Counseling</b> Programs to improve couple and parent-child interactions are offered as well. In-depth professional psychological testing to determine attachment, characteristics, and dispositions on both sides of the parent-child 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. <b>3. Group "Healing" Program</b> 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 involve capacity-building and growth assistance for employees, going beyond mere problem-solving to pursue progress and growth for individuals, teams, and families. <b>1. Individual Beyonding</b> Individualized psychological testing and solutions coaching for various life and work-related issues including self-development, goal achievement, and the pursuit of happiness. <b>2. Team Beyonding</b> 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. <b>3. Family Beyonding</b> 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.

**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 1) initiation training to help new/experienced recruits to achieve a "soft landing", 2) job and general training to reinforce job-specific and general business competencies, 3) leadership training to build leadership and communication skills, and 4) overseas dispatch programs 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.

**Education and training costs/time per employee**

Cheil retains education and training cost data for five years. As of the time of reporting for our 2021 Business Report, Cheil spends KRW 1,159,000 per employee per year on employee education and training.

**※ Average training hours per employee**

As of 2021, total training hours administered by Cheil reached 33,286 hours. This comes to an average of 25.1 hours spent in education and training for each employee.

\* 1,326 total employees

**Scholarship promotion programs**

Cheil supports higher learning and scholarship activities of our employees by providing 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. Cheil manages a growing pool of competent talent across a large 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 1) executive training, 2) officer training, 3) team leadership training, and 4) 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.

## **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 chapter of the Labor-Management Council was elected through a mobile vote in 2021 due to COVID-19 restrictions. The new leadership has been aggressive in its efforts to improve communications and establish a creative and mutually respectful organizational culture at Cheil, adding a "Labor-Management Council" category on our "i-pub" company message board.

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

#### Health and safety management policies

Cheil is compliant with all relevant laws and regulations for accident prevention. We are a leader in safety-first culture, and the safety of all employees, executives, and stakeholders is our first and foremost value. 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, create safe working environments, 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 sustained safety activities. (Reflected in 2022 revisions to corporate Safety Management Policy)

#### Reinforced health and safety management systems

The health and safety management systems at Cheil have been revised and fortified substantially to meet the requirements of the Serious Accidents Punishment Act which enters into effect in 2022.

Pursuant to the revisions, our health and safety management systems have been divided into 1) facilities safety and employee health management at Itaewon HQ and GT Tower offices and 2) 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, risk assessments for all facilities and equipment on company premises, 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 venues. A new "Safety Management Manual" has been set up with help from expert consultants and distributed to all Cheil organization members and partner businesses.

#### Establishment and staffing of dedicated health and safety organization

To facilitate the implementation of professional health and safety management practices suited to the advertising industry and worksites such as ad filming locations and exhibition venues, we have established a dedicated health and safety affairs organization (Safety Management Team) as an industry first. The Safety Management Team is staffed by experts holding the Industrial Safety Engineer certification, and additional experts in health and safety are being trained in-house. Through our new health and safety organization and experts, Cheil plans to enforce more systematic and professional health and safety management starting in 2022.

#### 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. 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 twice annually under the supervision of our lead executive.

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

##### 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 "Sub-manuals". 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.

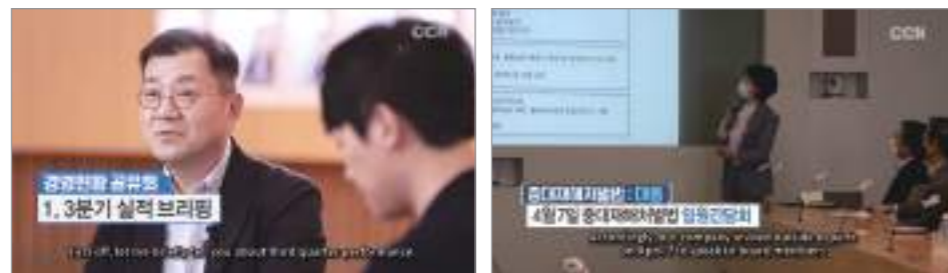
The process and manuals have been distributed to all employees as well as our partner businesses through a briefing session. Safety at all of our sites has been managed according to this process since the second half of 2021.



**Training - Raising safety consciousness in employees**

Interest and participation on the part of all members of the organization are crucial for proper safety and health management. Cheil administers semiannual online safety training for all employees to improve safety consciousness. 1H 2021 safety training focused on the newly enacted Serious Accidents Punishment Act and Cheil's preparations for its enforcement, while 2H 2021 training dealt with safety management at filming sites and exhibition venues.

Outside experts were invited to give talks to the organization on the safety obligation of upper management (executives) under the Serious Accidents Punishment Act. Once for each half of the year, a message from the CEO was delivered urging all members of the organization to adopt a sharper interest in health and safety practices through our internal broadcasting system.



The organization has also been encouraged to participate in the Cheil Safety First Campaign to collectively brainstorm ideas to better address safety hazard factors that may arise at work and during everyday living.



**Accident-free workplace**

Cheil was an accident-free workplace in 2021, without a single safety-related accident (injury) occurring.

Classification	2021
Frequency rate*	0.000
Hazard rate**	0.000

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

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

**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 of the Cheil organization 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 MBTI consulting to improve mutual understanding within the organization and a variety of Care programs for psychological health. The Hyu Center has recently partnered with an outside financial consulting firm to offer support to employees facing economic difficulty due to personal debt and other circumstances.

**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.

First, our safety and health programs include employees of the seven in-house partner businesses (janitorial services, security, etc.) at Cheil offices. Second, a health and safety consultative body 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 worksite 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.

## Occupational Health and Safety

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. At the “Environmentally Friendly (ESG) Business Practices Agreement Signing Ceremony” held on August 25, 2021, Cheil and 100 of our key outside contractors signed an arrangement committing all parties to measures for serious accident prevention at production sites.

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.

## Security and Privacy

### Systems for protection of information and privacy

#### 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 retained 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 relevant message boards for convenient reference at any time.

Privacy protection training is administered by our in-house legal team twice a year as 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.

#### Issuances of personal information protection policy Compliance Newsletters in 2021

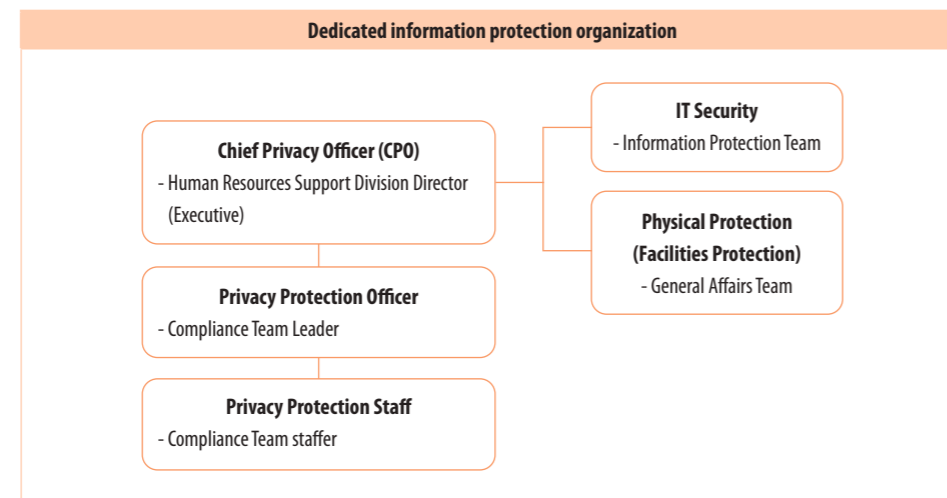
- Consumer's 10-year mobile phone number used without authorization by OO (October)
- Recent Personal Information Protection Act violations and sanctions (September)
- European parents file suit against OO for illegal gathering of children's personal information (July)
- Class action against AI Chatbot OO for illegal use of personal information (January)
- Recent personal information protection law violations and sanctions abroad (January)

To ensure that our employees can conveniently maintain compliance with the broad and complex obligations under the Personal Information Protection Act during their busy work day, we have prepared a checklist summarizing legal obligations relating to personal information from its collection to destruction, and we are currently setting up a 24-hour system for monitoring and inspection of Personal Information Protection Act compliance.

\* System to be launched in second half of 2022

**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 9 (Roles and Responsibilities of the Privacy Protection Department) of the “Internal Management Plan”, the Privacy Protection Department engages in the following activities in compliance with personal information protection-related laws and statutes to ensure safe utilization of personal information.

- Personal information protection activities**
1. Planning and administering personal information training to the organization (at least once a year)
  2. Issuance of notices on privacy protection guidelines to the organization
  3. Inspecting the state of privacy management and making improvements as necessary
  4. Implementing a system of internal controls for privacy protection
  5. Establishing and regularly revising personal information handling policy and guidelines
  6. Enforcing, supervising, and managing prohibition on “collection, utilization, and storage” of resident registration numbers
  7. Managing and supervising outside contractor for personal information handling
  8. Destroying and managing personal information whose purpose of use has been achieved or whose retention period has lapsed
  9. Immediately reporting personal information leaks to the information owner and related departments

**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, Etc., 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). Regular web hacking simulations and system security inspections and analyses are conducted under the instruction/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 will be 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, 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**

Every year at Cheil, we administer in-house training on information security and intellectual property rights. This is to protect not only the company's trade secrets and confidential information, but also the intellectual property rights of outside parties.

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 protection and information security training in 2021			
Training	Content	Month administered	Completion rate
[Company-wide, Korea] Compliance Training	<1H> Briefing on the latest privacy-related legal violations and guidelines	May	100% * 1,172 persons
	<2H> 1. Briefing on the latest privacy-related legal violations and guidelines 2. Information Security Training	October	100% * 1,184 persons
[Company-wide, overseas] Compliance Training	Information Security Training	July - October	100% * 4,436 persons
New Recruit Training	1. Briefing on personal information handling process precautions and guidelines 2. Information Security Training	• New recruits: January, October • Experienced recruits: Monthly	100% * 22 new recruits, 56 experienced recruits
Training for Domestically Stationed Foreign Nationals	Information Security Training	December	85.7% * 6 persons
Special Personal Information Protection Training	1. Briefing on the latest privacy-related legal violations and guidelines 2. Information Security Training	October - November	89

**Information security and personal information protection activities**

**Information security activities and system inspections**

**Information security activities**

Item	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 worksites. 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.
Mock exercises for malicious email response	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 2021
Information security activities	Revision of Information Security Policy	Annual	Dec. 9
	DDoS situation propagation training	Annual	Jun. 9
	Malicious email response mock exercise	Annual	Dec. 27
	Office environment security inspection	Semiannual	Aug. 10, Dec. 27
	Information Security Training	Annual	Oct.
Systems	System (new/modified) security inspection	Once before opening	Apr. 1, May 17
	Manual website security inspection	Annual	Jul. 30
	Automatic website security inspection	Monthly	Jan. - Dec.
	Server/database/network security inspection	Annual	Jun. 28, Jul. 14, Aug. 21

**Information security and personal information protection-related inspection activities**

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, we do enforce separate in-house security standards (based on ISO 27001/ISMS), under which 446 sub-items are managed and inspected across 7 areas: 1) Information security policy, 2) Information security organizations, 3) Improving security consciousness, 4) Security accident response, 5) IT security, 6) Physical security, and 7) Personal information protection. 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	
Date	Website
October 8, 2021	Chesam
June 22, 2020	Cheil Worldwide social media
December 18, 2019	Idea Festival

Personal information damage liability insurance policy (2021)
- Insurer: Samsung Fire & Marine Insurance
- Limit of liability: KRW 500 million
- Coverage period: Dec. 31, 2021 - Dec. 31, 2022 (renewed annually)

**Protecting the rights of information owners**

The subject of the personal information collected 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", "Personal Information Handling Policy", and "Personal Information Handling Consignment Agreement". These are regularly updated to reflect any amendments to the applicable laws and standards. When obtaining consent for collection of personal information, Cheil Worldwide informs information subjects of the following.

1. Purpose(s) of collection and utilization of personal information
2. Personal information items to be collected
3. Retention and use period for personal information
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   | - Name of the personal information protection officer(s) or department responsible for personal information protection affairs and handling of related grievances, and contact information such as phone number  |
| 2. Periods for handling and retention of personal information   |  |
| 3. Matters relating to furnishing of personal information to third parties (where applicable)   | 9. Matters relating to installation and operation of devices for automatic collection of personal information such as Internet access data files, and matters relating to refusal of the same (where applicable) |
| 4. Matters relating to consignment of personal information handling (where applicable)  | 10. Matters relating to changes to the Personal Information Handling Policy  |
| 5. Matters relating to rights and obligations of information subjects and legal agents thereof, and methods for exercise of said rights | 11. Matters relating to measures to ensure safety of personal information  |
| 6. Personal information items handled and collection methods  | 12. Matters relating to overseas transmission of personal information (where applicable)   |
| 7. Matters relating to destruction of personal information (procedures and methods for destruction, etc.)                               |  |
| 8. Matters relating to personal information protection officers   |  |

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 five years.

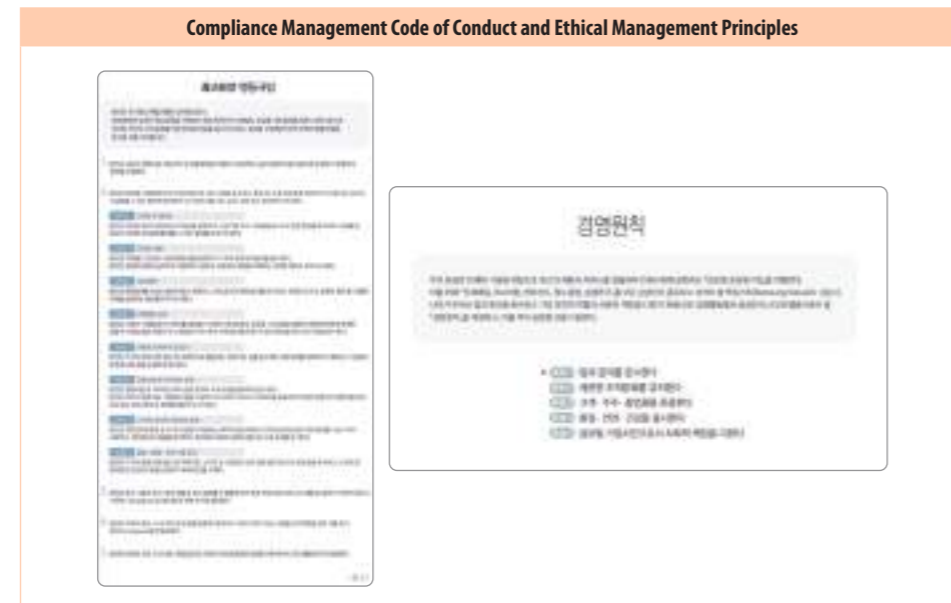
## Ethics and Compliance

### Employee rules for compliance practices **Cheil Worldwide Compliance Rules**

The Cheil Worldwide “Compliance Rules” were enacted and entered into effect in June 2012, prescribing the basic principles and standards for compliant management by all employees of our organization. These rules are made available to members of the organization on our in-house Compliance System for reference as needed.

### Employee Ethics Code

The Samsung “Compliance Rules and Code of Conduct” and “Ethical Management Principles” are published on our in-house portal (Knox) to help members of the organization to practice “Right Way Management” and adhere to our compliance rules.



### Training for employees

### Compliance training programs

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 extended COVID-19 pandemic in 2021 made offline training impossible, and our training programs were migrated online.

### Employee compliance training in 2021

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. Employee guidelines relating to non-compliant behaviors 3. Soundness of mind training 4. Understanding our internal accounting systems 5. Serious Accidents Punishment Act training	May	100% * 1,172 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. Workplace bullying prevention training 4. Sexual harassment prevention training 5. Information Security Training 6. Disability awareness-building training 7. Safety management at mobile work sites including filming sets	October	100% * 1,184 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	July-October	100% * 4,436 persons
New recruit training	Issues and guidelines on intellectual property rights and compliance	• New recruits: January, August • Experienced recruits: Monthly	100% 22 new recruits, 56 experienced recruits
Training for executives	Information on core compliance issues	May	100% * 30 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	December	85.7% * 6 persons
Pre-dispatch training for expatriate employees	Global Compliance guidelines	April, September	100% * 12 persons
Special training by job function	<For PMs> Latest resolutions by the Fair Trade Commission and implications for Cheil Worldwide	March	100% * 36 persons
	<For AEs> Recent claims against Cheil Worldwide	July	92.2% * 189 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 2019 - 2021			
Unit: Persons			
Year	Total	Domestic	Overseas
2019	6,094	1,316	4,778
2020	5,131	1,229	3,902
2021	5,608	1,172	4,436

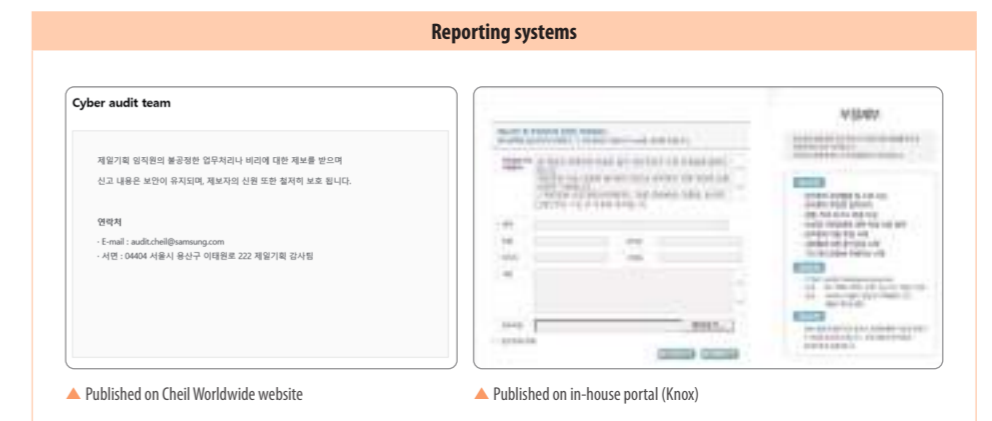
**Monitoring systems Regular ethical management audits**

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 whistleblower 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 30, 53% 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.

**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 five years.

2021 Compliance Inspections - Disclosed in 2021 Business Report	
Inspection	Month
Inspection of privacy-related documents : Internal Management Plan, Personal Information Checklist, etc.	As needed
Semiannual compliance self-inspection : Quizzes on key legal provisions relating to Cheil Worldwide to inspect familiarity and knowledge	May, October
Mock exercises for personal information leaks	October



### Principles for protection of consumer interests

#### **Rules on fair business practices for consumers**

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.

#### **Principles for mindfulness of consumer safety in rendering advertising services**

Our advertising services 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 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.

#### **Advertising service safety assessment - 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 2021 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 been subjected to no related sanctions.

#### **Training for employees**

Regularly scheduled annual and as-needed intellectual property rights training is administered at Cheil Worldwide to ensure that our productions for advertisers respect the rights of third parties, including copyrights and portrait rights.

All members of the organization are required to sign and submit a Confidentiality Pledge for the protection of trade secrets of advertisers, and annual company-wide training programs are administered to remind us of the importance of information security.

#### **Fair business practices with competitors**

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 company. 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”.

**Principles for Win-Win Management Practices**

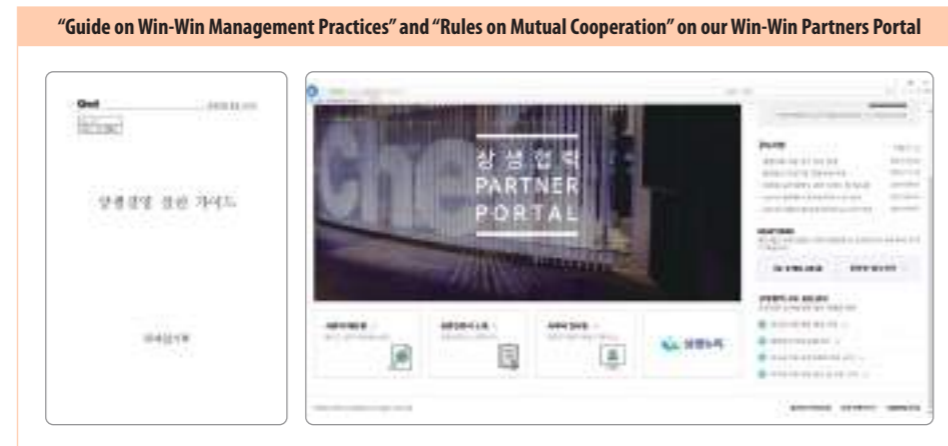
**Guide on Win-Win Management Practices and Rules on Mutual Cooperation**

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 “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.

“Rules on Mutual Cooperation”
<p>① <b>“Rules on Subcontracting”</b> These rules ensure that subcontractor 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.</p> <p>② <b>“Rules on Partner Selection and Operation”</b> Our rules for selection and operation of partner businesses ensure fair and equitable treatment of all partners and prospective partners.</p> <p>③ <b>“Rules on Operation of the Subcontractor Transactions Review Committee”</b> 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.</p> <p>④ <b>“Rules on Issuance and Preservation of Documents in Subcontractor Transactions”</b> 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.</p>



**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 two consecutive years (2019 and 2020), and have been rated “industry-best” in Fair Trade Agreements by the Fair Trade Commission for three years running (2018, 2019, and 2020). These industry-leading ratings in Win-Win Growth Index and Fair Trade Agreement evaluations have afforded Cheil Worldwide a number of incentives, including exemption 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. We lead by example in establishing fair and reasonable trade practices in the advertising industry.

**Operation of dedicated organization for mutual cooperation with partner businesses**

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 five staff (as of December 2021), 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 “Rules on Mutual Cooperation”.

Cheil Worldwide maintains close communication with our partners through regular annual “Partner Business Meetings” and consistent VOC monitoring. In particular, partner businesses may report difficulties and complaints arising in the process of doing business with us through a Help Desk. These complaints and reports are received and processed in real time to help us to promptly reflect feedback from the field in our practices. 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, 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 authority
- 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

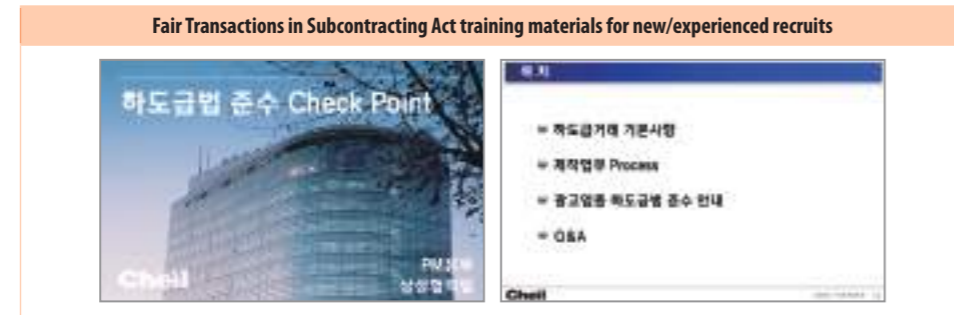
**Measures taken against legal infringements by partner companies**

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.

New and experienced recruits are required to attend lectures on key provisions of the Fair Transactions in Subcontracting Act, spreading fair transaction culture and improving awareness beyond the responsible departments across the entire organization.



Cheil Worldwide operates a Compliance System to ensure ethical management. Through the system, various instructions and guidelines relating to ethical 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”.

Upon amendment of the Fair Transactions in Subcontracting Act and other fair transaction-related laws, Cheil Worldwide employees are notified and updated through our “Compliance Newsletter” or our in-house message boards.

In the case of Fair Trade Commission deliberations and resolutions which have important implications for Cheil Worldwide, small group training on the overview of such deliberations and resolutions is provided to the relevant departments. Our training and awareness-building activities to prevent unfair transaction practices by members of the organization are diverse, strict, and far-reaching.

**Fair transaction training for employees in 2021 - Special training by job function for PMs**

Method	Content	Month administered	Completion rate
Small group training	Latest resolutions by the Fair Trade Commission and implications for Cheil Worldwide	March - April	100% * 36 persons

**Awareness-building activities in 2021 - Compliance Newsletter issuance**

- Sanctions against ○○ for violation of technical materials handover procedure (November)
- Fair Transactions in Subcontracting Act and Mutually Beneficial Cooperation Act amended to reinforce protection of SME technical documents (September)
- Ministry of SMEs and Startups requests Fair Trade Commission to press charges against self-dealing practices (July)
- CEO of ○○ resigns over exaggerated claims of COVID-19 blocking effect of ○○ violation of Labeling and Advertising Act (May)
- Recent sanctions against false and exaggerated advertising relating to COVID-19 treatment and prevention (April)
- ○○ demands and receives SME technical documents without proper documentation (April)
- Two large corporations sanctioned for violation of technical materials handover procedure (January)
- Fair Trade Commission levies KRW 15.3 billion fine on ○○ for unfair business practices against subcontractor

### 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, 2021, there is a total of 572 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 will adopt the "Safety Management Evaluation" (Qualified Contractor Selection) criteria when evaluating and selecting partners, enforcing strict and preemptive safety management to prevent accidents at worksites.

#### 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" (<https://partner.cheil.com/>) for reference at any time by our partners.

No partners failed to meet our social responsibility standards in 2021.

**Activities in support of partners** **Supporting ESG for partners**

**Supporting ESG activities of 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.

We are continually looking to improve and optimize our strategic directions and areas of emphasis for support of our partners’ ESG activities. 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.

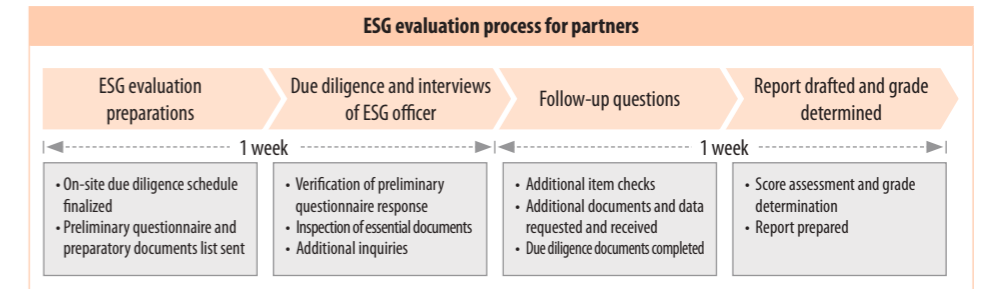
Cheil Worldwide will continue to contribute to the Shared Growth Cooperation Fund to support ESG consulting activities to reinforce the ESG capabilities of the advertising industry.

**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 (November 2021). Consulting was provided free of charge to our partners, with all costs borne by Cheil Worldwide. Consultants visited each of our partners to administer preliminary questionnaires and perform due diligence and interviews of ESG officers. Each partner was evaluated in each of the ESG areas (Environment, Social, and Governance) and rated on a 7-point grade scale, and suggestions for improvement were provided.

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

ESG evaluation metrics for partners
<ul style="list-style-type: none"> <li>• E (Environment): Environmental understanding, environmental management (energy, greenhouse gases, water resources, waste, atmospheric pollution), environmental performance, environmental cooperation</li> <li>• S (Social): Safety consciousness, safety management (management system certifications, product safety certifications, occupational accidents), human rights sensitivity, fair social practices</li> <li>• G (Governance): Ethical management (rules and systems), governance (equity structure, dividends, etc.), transparency of accounting practices, transparency of transactions</li> </ul>



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	Product safety and quality
	Opportunities for eco-friendly technologies		Transparency of management
	Hiring practices		Anti-corruption practices and compliance management
Rating	NESG grade definition	Environmental (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	

**Activities in support of partners**

**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 “Tax Law-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 funding. 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 have been moved online.

Sharing of the latest advertising trends in Korea and abroad		Online briefings for partners in 2021		
		Briefing	Date	Participating partners
		1	3.19	87
		2	6.30	309
		3	11.4	346

Quality improvement support programs for partners in 2021		
Session	Program	Participating partners
1	Deutsche Bahn: No Need to Fly	238
2	Old Spice: The Endless Ad	140
3	VOLKSWAGEN: Snelweg Sprookjes	114
4	Microsoft: Football Decoded	78
5	Doconomy: DO Black	75
6	NIKE: YOU CAN'T STOP US	84
7	HEINEKEN: SHUTTER ADS	64
8	Notpla: Notpla	65
9	ABINBEV: Contract for Change	67
10	Dove: Courage is Beautiful	42
11	Bodyform: #wombstories	38
12	BECO: #StealOurStaff	33

**Other support activities**

Cheil Worldwide partners enjoy a wide variety of supports. We make a point of providing “100% cash payments to subcontractors”, 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

### 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 activities

#### Geuldongmu Project ([www.geuldongmu.org](http://www.geuldongmu.org))

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 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.

Program	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 (<a href="http://www.geuldongmu.org">www.geuldongmu.org</a>). 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 1,367,329 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 2,130 views, and 5 social media events were held, reaching 3,346 participants and receiving 1,368 comments. Online campaigns (2) introducing the stories of North Korean defectors who have successfully assimilated in South Korean society have attracted 335 views to date.</p> <p>*A format unique to Korea, consisting of concise, brief, easy-to-read slides designed to convey information quickly and effectively</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 eight 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>
Academic and professional career mentoring	<p>In this academic and professional career mentoring program designed to help young North Korean defectors choose the academic or career paths that are right for them, members of the Cheil Worldwide family from a variety of different college majors and a team of professional mentors provide tips and know-how through online mentoring lectures. 164 young North Korean defectors participated between 2016 and 2018 when the program was administered offline. In 2021, the program was migrated online onto a YouTube channel due to various circumstances. The channel uploads videos of the hosts and young North Korean defector guests visiting and talking to mentors in the professional fields in which they hope to work in the future.</p> <p>The channel started with five videos featuring five mentors (three professionals in education, broadcasting, and arts &amp; design, and two Cheil Worldwide employees). In just a month since its launch, the channel recorded 3,588 views, 102 comments, and 124 likes.</p>



### **Employee participation in social contribution programs**

#### **Green Cheil environmental protection campaign**

COVID-19 has made group volunteer work outside company premises difficult. In our search for other ways to be mindful of the environment in our everyday lives, we have engaged in a host of environmental protection campaigns to reduce our waste output and cut back on the use of disposable products. These include 1) a Zero Food Waste campaign at our office cafeteria to commemorate Earth Day (April 22), 2) a campaign to encourage use of tumblers instead of plastic cups in Summer (June to July), and 3) the Cheil GoGo campaign to reduce the use of plastics in our everyday lives (November). 743 members of the Cheil Worldwide organization have participated in these campaigns and taken the initiative in eco-friendly practices.

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

The Cheil Worldwide "Regulations on Volunteer Activities" are posted throughout 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 advertising**

Cheil Worldwide maintains strong interest in a variety of social issues. We are serious about making our campaigns as beneficial to public interests as possible, and are eager to propose public interest-oriented campaigns to our clients. We also propose and implement efforts to raise awareness in and resolve social problems together alongside government and public agencies as well as NGOs.

At Cheil Worldwide, we firmly believe that involving enterprise and various interested organizations in socially responsible activities is the only way toward finding common solutions to environmental issues and ensuring the safety and well-being of us all.

### Shinhan Financial Group: GenieUs Productions



#### The Challenge

Startups, small businesses, and young entrepreneurs taking their first steps in the market have been hit hard by COVID-19. Publicity and marketing are two areas where assistance is often most needed, especially in the early stages.

We needed ideas that could provide them with real help, providing publicity and marketing opportunities which would open up further opportunities to these businesses and entrepreneurs.

#### The Idea

<GenieUs Productions> is a digital ad communications platform whose aim is to attract general public attention and discover new opportunities in startups, young entrepreneurs, and small businesses.

A social media campaign was launched to provide advertising and publicity support for the goods and services of startup tenants at “Shinhan Squarebridge”, a new platform for startup innovation and growth opened in Incheon by the Shinhan Financial Group.

#### The Result

A total of eight “GeniUs Startup Ads” were produced, showing how social media content for startups are produced in the style of TV entertainment programming.

The startups participating in the campaign reported substantial market response, and the campaign will continue to seek out new opportunities among various members of our society.

### KT: Smart Roads Jeju



#### The Challenge

Jeju was once a quiet island community. But with an exploding population and massive numbers of tourists and rental cars, accidents are on the rise.

This makes traffic congestion a growing problem for ambulances. A solution was desperately needed to ensure that ambulances could deliver their patients—often in critical condition—to hospitals and the life-saving care that they need on time.

#### The Idea

The C-ITS service is a smart, AI-enabled next-generation traffic analysis and control system implemented by KT in Jeju. The system uses AI to analyze various situations on the road to prevent accidents, aid accident response, and coordinate traffic signals to facilitate emergency vehicles.

This advertisement was produced by KT and Cheil Worldwide to raise public awareness of the cooperative-intelligent transport systems that enable safer and more convenient traffic communication services for customers.

#### The Result

Our production showed how KT’s Smart Digital Roads on Jeju Island, using AI-enabled C-ITS technology to control and coordinate traffic, can help to solve a major problem experienced by local communities. By demonstrating an example of symbiosis between corporate technology and society, the value of sustainability was successfully demonstrated.

### Samsung Electronics: Team Samsung



**The Challenge** The COVID-19 pandemic has changed many consumers' views on the home. With people spending more time at home, many changes have arisen in our lifestyles. New ideas were proposed on how state-of-the-art technologies in household appliances can benefit both humanity and the planet in the spaces that we call home.

**The Idea** The energy episode of the "Team Samsung" series of advertisements highlights how Samsung works for its social responsibility through smart, environmentally conscious products. AI and IoT technologies are employed to interlink Samsung appliances in the home, enabling efficient use of electricity, water, and detergents.

**The Result** A Smart Home experience was conveyed through energy-saving home appliances.

### Shinhan Financial Group: Do the Green Thing



**The Challenge** What is the role of finance in carbon net neutrality? As a leading financial group of Korea and Asia, we thought long and hard about what environmental friendliness means for finance.

**The Idea** Consumers are battling climate change due to carbon emissions by reducing their use of disposable products and increasing the use of bicycles and other eco-friendly means of mobility. Through this advertisement, the Shinhan Financial Group pledges to match these efforts of consumers and live up to its corporate environmental responsibility by increasing investment in environmentally friendly enterprise and accelerating the transition to a low-carbon economy.

**The Result** The campaign directly communicates with customers on the environmentally friendly finance objectives of the Shinhan Financial Group.

### Samsung Electronics: Care Plus



#### The Challenge

Why can't we keep using our electronic products for longer periods? Why can't they always work and look like new?

Using our electronic products and appliances for a longer term not only helps us get more value out of our own investments, but is also a choice that benefits the earth and our environment.

#### The Idea

The advertisements informed consumers of the "Samsung Care Services", a suite of services where the manufacturer provides functional inspection, parts replacement, and washing services to help consumers to get longer use and more value out of their Samsung household appliances.

#### The Result

Samsung intends to live up to its corporate social responsibility to protect the Earth's environments by curbing wasted resources through extended use of already-purchased products rather than promoting their replacement with new ones.

### World Wide Fund for Nature (WWF) Korea: Fish Love Band



#### The Brief

Fishing has risen in popularity in recent years, and nearly 10 million Koreans enjoy the sport today. But the growing sport fishing population means more indiscriminate hunting of premature fish.

The problem is that most people going fishing simply have no idea whether the fish they have just caught is legal. Also, the charts created by the government intended to inform fishers of what sizes of which fish need to be released are simply too broad and complicated. There needed to be an easier, more convenient way of protecting juvenile fish and fish stocks.

#### The Idea

Cheil Worldwide went about gathering data on the most commonly caught fish in Korean littoral waters. We then created the "Fish Love Band", a lightweight wristband that wraps easily around the wrist and doubles as a ruler for measuring fish. The bands can be straightened out to form a rigid ruler for measuring, and will snap around the wrist with a gentle slap. We've all played with them as kids. The bands come in seven colors and designs, and can also be worn as fashion accessories when not out fishing. If your fish isn't up to size, let it go. That's all there is to preventing overfishing and protecting fish stocks.

#### The Result

News of the Fish Love Band spread far and wide through TV and online media. Dozens of celebrities volunteered to be part of the campaign. The campaign was found to greatly improve fish protection awareness. While 96.6% of sport fishers had answered before the campaign that they knew very little about fish size regulations, 89.7% of respondents in a survey administered after the campaign answered that they would "release undersized and juvenile fish."

### Korean National Police Agency: The Box Tape Kids



#### The Brief

As of April 2020, the number of Korean children missing for 1 year or longer stood at 661. While public interest is critical to finding missing children, the longer children stay missing, the more public interest fades. Missing children's parents desperately hand out flyers, but no more than a few hundred can be handed out in a day. There had to be a more effective way for information on missing children to reach more people.

#### The Idea

Over the course of the pandemic, package delivery services have seen huge growth in overall volume of packages. Packages are quick to make their way to all corners of the country. We devised an idea to use the boxes delivered to doorsteps all across the nation as a medium for spreading information on missing children. Information on missing children was printed onto the box tape used to close and seal packages. This information includes photos from the time that each child went missing, synthesized images of what the child is thought to look like now, where the child was last seen, and any physical characteristics that may help with identification. A QR code is also provided to allow parents to register their own children's fingerprints to allow for quick identification should any more children go missing.

#### The Result

In the space of a month, around 630,000 packages using our specially made box tape were delivered to all corners of the country. This equates to more than 100,000 flyers for each of the missing children. The design license has been made public, allowing the rights to anyone willing to participate in the campaign.

### E-Mart: Light Saver



#### The Challenge

The COVID-19 pandemic has left people anxious, with the knowledge that the threat of viral infection looms everywhere. But consumers need to purchase food and daily necessities, and the supermarket can be a place full of threats. Cheil Worldwide's proposal to E-Mart, one of Korea's major supermarket chains, was designed to reassure and protect shoppers.

#### The Idea

We found that shopping cart handles, which hundreds of customers inevitably touch on a daily basis, were a primary threat. A special handle was developed with embedded LEDs that emit disinfecting light rays harmless to the human eye. Thus the "Light Saver"—an innovative shopping cart never seen before that kills viruses and ensures the safety of shoppers and supermarket staff alike while consumers shop as usual—was developed.

#### The Result

Most shoppers coming into stores chose to use the Light Saver-equipped carts. Measurements showed that the number of viruses on shoppers' hands and shopping cart handles had decreased, even while the total shopper count and purchase amount per shopper had increased. The Light Saver had caught two birds with one stone, helping revenues at offline stores which had dwindled during the pandemic to recover while also reassuring and protecting the safety of customers.

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## Social Contribution

### E-Mart: SAFE SALE



#### The Brief

Everything about shopping offline at the supermarket starts and ends at the hands. In fact, COVID-19 infection through contact by hands and fingers is as common as infection by airborne droplets from saliva or sneezing. E-Mart needed a way to keep customers' hands safe from viral infection, and to keep shoppers reassured that they were protected from the viral threat.

#### The Idea

We saw that many offline grocery shoppers during the pandemic were bringing and wearing their own gloves in the stores. We proceeded to develop anti-viral shopping gloves for grocery shoppers, but with a special design feature encouraging shoppers to wear them. The gloves would be activated by body heat while the customer shopped, and the virus character printed on the palm would fade to reveal a discount barcode. By scanning this barcode at the counter, the shopper wearing the gloves would receive a discount on their purchase, serving as gloves that keep the virus out and keep the money in.

#### The Result

Shoppers visiting E-Mart were eager to use the Safe Sale gloves, and the discount bar codes hidden in the gloves induced higher per-customer sales than usual.

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### Samsung Electronics Spain: TALK



#### The Brief

Amyotrophic lateral sclerosis (ALS, often called Lou Gehrig's disease) is a serious neurodegenerative disease which affects the motor neurons and renders the victim unable to move or speak. The disease can cost around 40,000 Euros a month to manage, and while there are devices that allow patients to communicate, these cost around 6,000 Euros a year. The average Spanish ALS patient has an income of around 23,000 Euros per year, making these costs prohibitively expensive.

#### The Idea

Engineers at Samsung Electronics already knew that Lou Gehrig's disease patients often retain some ability to control eye movements. They proceeded to develop a mobile app to help patients to communicate with others through their eyes. Based on eye tracking technology, the app uses the cameras on mobile phones or tablet PCs to translate eye movements into words and home IoT system commands.

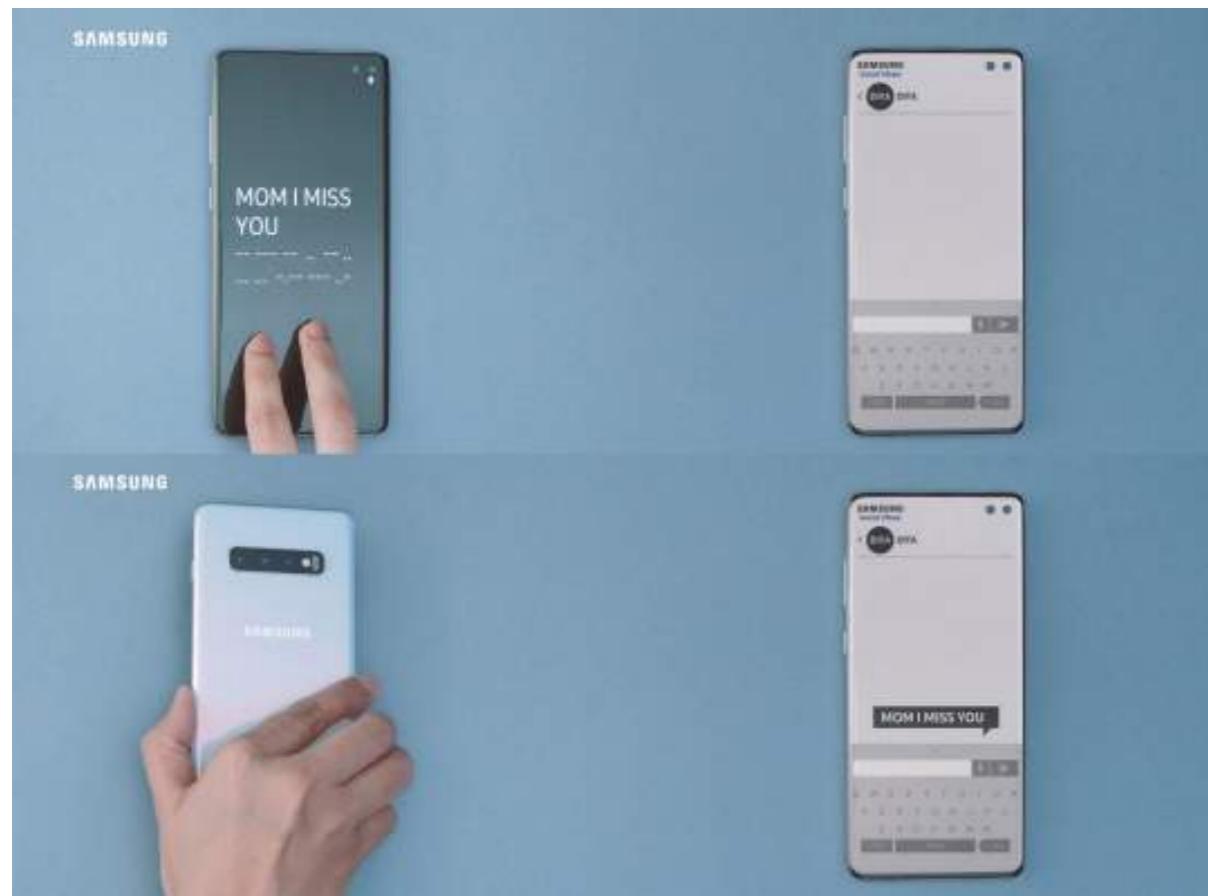
#### The Result

In just three months, more than half of the Lou Gehrig's Disease patients in Spain had downloaded the free app. Even without the impossibly expensive conventional devices, they were now able to resume communicating with the world around them.

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## Social Contribution

### Samsung Electronics India: Samsung Good Vibes



#### The Brief

There are more than 500,000 blind and deaf individuals in India, and Braille and contact sign language are the only means by which they can communicate. Unfortunately, nearly all of the non-disabled are completely illiterate in both. It has been around 200 years since Braille was invented, but little has changed. The deaf and blind are unable to enjoy the benefits of the convenient world brought about by the mobile phone.

#### The Idea

We decided to find a solution to this difficulty faced by the blind and deaf. The result was an innovative app that combines Morse Code with the haptic (touch) feedback feature on smartphones to allow the blind and deaf to communicate simply by tapping the screen. The app employs voice recognition and conversion technology, allowing the disabled and non-disabled to communicate easily with the deaf and blind through voice and text.

#### The Result

Working with the competent agencies, blind and deaf individuals in 28 Indian cities were trained on how to use the smartphone app. Many blind and deaf people who had been left behind in terms of mobile technology and its benefits now have a means of convenient bi-directional communication with the world around them through the smartphone.

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### Starbucks: What's your name? - Iris



#### The Brief

A "name" is a representation of a person's self-identity. Transgender persons experience various situations where they are incorrectly addressed by their previous name, which causes them emotional and psychological distress.

#### The Idea

Iris, a subsidiary of Cheil Worldwide, was inspired by the practice at Starbucks stores of asking customers for their name, writing the name given on the customer's cup, and calling out the customer's name at pickup. The gender-affirmation felt by individuals who often face uncomfortable situations in everyday life due to their previous name but can always be themselves at Starbucks were conveyed through a heartwarming film. As part of the campaign, Starbucks launched and sold special-edition fundraising Mermaid Cookies and donated the proceeds to the Mermaids helpline service for transgender, nonbinary, and gender-diverse children, and Starbucks stores were declared a safe place for gatherings of sexual minorities.

#### The Result

Through the campaign, calls to the Mermaid helpline increased by 600%, and donations of more than £100,000 were raised. By voicing support to sexual minorities and declaring Starbucks stores spaces open to all, the campaign provided us with an opportunity to better understand and be more caring toward this otherwise socially marginalized part of our society.

# Governance

- Corporate Governance Charter
- Shareholders
- Directors/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	Activities
Shareholders and investors	<ul style="list-style-type: none"> <li>• Management outcomes</li> <li>• Risk management</li> <li>• Information sharing</li> <li>• Sustainability issues (ESG, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• IR meetings</li> <li>• General Meetings of Shareholders</li> <li>• Business Reports / Corporate Governance Reports</li> <li>• IR section of company website</li> <li>* States key events of General Meeting of Shareholders including dates, governance structure, etc.</li> <li>• ESG section of company website</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforcing shareholder returns policy</li> <li>• Transparent disclosure</li> </ul>

### 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.

For the 48th Ordinary General Meeting of Shareholders, in order to provide accurate and sufficient information to shareholders prior to the meeting in accordance with the amended Enforcement Decree of the Commercial Act, our Business Report and Audit Reports for the 2020 business year were disclosed on the DART electronic disclosure system one week prior to the meeting. Shareholders were thereby able to exercise their vote after sufficient review not only of the agenda items but of the financial condition of Cheil Worldwide.

Cheil Worldwide is active in communications with our shareholders and other stakeholders, disclosing NDR and other IR events 11 times on our website in 2021. A “Corporate Governance Report” is disclosed once annually, 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 understand our governance structure thoroughly.

### 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 improve shareholder value, our dividends have consistently increased year-on-year since 2017. Even amidst the management difficulties in 2021 due to the resurgence of novel COVID-19 variants, total dividends stood at KRW 103.3 billion, up 18% from KRW 85.1 billion in 2020.

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, are to be decided by resolution of the General Meeting of Shareholders. 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. Upon finalization of a decision to issue dividends, the company issues a "Dividend Notice" informing each shareholder of their dividend and issuance date.

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

Details on dividends for the past 5 years are as follows.

Classification		2017	2018	2019	2020	2021
Net profit of current period (KRW 100 million)		1,272	1,297	1,381	1,574	1,655
Cash dividends per share (KRW)	Common shares	760	770	820	840	990
	Preferred shares	-	-	-	-	-
Total dividends (KRW 100 million)	Common shares	770	780	830	851	1,003
	Preferred shares	-	-	-	-	-
Dividend Payout Ratio		60.5%	60.1%	60.2%	54.1%	60.6%
Dividend Yield	Common shares	3.6%	3.3%	3.3%	4.0%	4.2%
	Preferred shares	-	-	-	-	-

## 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 upon close examination of whether each candidate meets the qualifications required by the related laws and statutes including Articles 382 and 542-8 of the Commercial Act and has no important conflicts of interest with the company. As per Article 27, Paragraph 3 of our Articles of Association, persons who are employees or executives of the company or an affiliate thereof, are major shareholders of the company, or 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 the regulatory environment regarding personal information protection and international tax laws as well as the latest 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 grounds for support by outside experts as needed in the review and supervision of affairs of the company by our outside directors, and under these provisions we recommend that outside directors draw on the support of outside experts.

Outside Director Minho Kim, as Chair of the Korea Personal Information Protection Law Association and the top personal information expert in Korea, provides advice on potential risk management and seizing of opportunities relating to the data-intensive digital business of the company. 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 improving the company's capacities in risk management in relation to our global business.

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

#### 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 2021	Training administered by	Attending outside directors	Reason for absence(s) if any	Training content
Jan. 27	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Feb. 16	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Mar. 17	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Apr. 28	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Jul. 23	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Oct. 27	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.
Dec. 8	Support Organization	Minho Kim; Yoon Oh	-	Board of Directors agenda items, management situation, etc.

\* 100% attendance rate

#### Evaluation of outside directors

The company evaluates the capacities of outside directors 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 Articles of Association of the company do not include provisions alleviating directors' accountability to the company solely by resolution of the Board 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.

**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, 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 2021	Agenda item	Approved/rejected
Feb. 17	Approval of individual annual compensation for registered directors in 2021	Approved
	Deliberation on compensation caps for registered directors and auditors for 2021	Approved

By principle, compensation for directors is assessed by clearly and specifically stating the KPIs for each duty of directors and strictly in connection with the management performance of each director.

\* The specific constitution of compensation for directors and payment ratios according to achievement of KPIs are disclosed through the semiannual / annual business reports.

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 inside directors through the adoption of a "Long-term Performance Incentives System".

Individual annual compensation for directors for the past three years was as follows.

Unit: KRW million

Name	Position	Total		
		2021	2020	2019
Jeongkeun Yoo	President and CEO	2,785	2,779	1,552
Jonghyun Kim	Vice President	984	1,076	680
Honggu Jung	Vice President	856	763	-
Minho Kim	Outside Director	83	78	78
Yoon Oh	Outside Director	83	78	78

\* Inside Director Honggu Jung was newly appointed inside director through the General Meeting of Shareholders in March 2021.

**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.

The company does not distinguish the President/CEO from the Chairman of the Board of Directors. However, the Board of Directors is chaired by a President/CEO with the highest level of advertising industry professionalism, making important contributions to the Board of Directors in establishing our business objectives and core management strategies and making the best efforts toward gathering objective outside opinions such as requesting and hearing the opinions of our outside directors.

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, 2021							
Name	Date of birth	Title (Position)	End of term	Gender	Management Committee	Internal Transactions Committee	Compensation Committee
Jungkeun Yoo	Jun. 1963	Inside Director (President and CEO)	Mar. 16, 2025	Male	○ (Chair)		
Jonghyun Kim	Jul. 1966	Inside Director (Head of Business Division 1)	Mar. 17, 2024	Male	○		
Honggu Jung	Aug. 1964	Inside Director (CFO, Corporate Management Division)	Mar. 18, 2023	Male	○	○	○
Minho Kim	Jun. 1965	Outside Director	Mar. 17, 2022	Male		○ (Chair)	○ (Chair)
Yoon Oh	Nov. 1962	Outside Director	Mar. 17, 2024	Male		○	○

\* Due to expiration of the term of Outside Director Minho Kim, the company has newly appointed Byoungwan Chang (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.

## 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.

Our Board of Directors plays a core role in establishing the objectives, values, and strategies of the company. From January to December 2021, a total of seven meetings of the Board of Directors were held. Key agenda items referred in 2021 included approval of quarterly financial statements, approval of goods and services transactions with related parties, and amendments to the regulations of the Compensation Committee and Board of Directors.

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 2021 was 100%.

With regard to the “Approval of amendment to the rules for the Board of Directors and board committees” item referred at the 7th meeting of the Board of Directors in 2021, specifically the provisions on the “order of representative authority for the chair of the Board of Directors and committee chairs”, Outside Director Minho Kim proposed that the rank of senior vice president be eliminated in keeping with a change to the personnel system combining the executive vice president and senior vice president ranks, and the agenda item was supplemented to reflect such elimination in the rules.

Key reporting items for 2021		
Session	Date	Matters Reported
1	Jan. 28	Report on operation of the Internal Accounting Control System Report on matters resolved by the Business Management Committee
2	Feb. 17	Report on evaluation of the Internal Accounting Control System operation
3	Jul. 26	Report on matters resolved by the Business Management Committee
4	Oct. 28	Report on matters resolved by the Business Management Committee
5	Dec. 9	Report on compliance status

Key matters resolved in 2021 (100% attendance of inside and outside directors)			
Session	Date	Agenda item	Approved/rejected
1	Jan. 28	Approval of FY2020 financial statements and annual business report	Approved
2	Feb. 17	Convocation of the General Meeting of Shareholders for FY2020 and decision of purposes	Approved
		Approval for adoption of electronic voting for General Meetings of Shareholders	Approved
		Approval of goods and services transactions with affiliated parties	Approved
3	Mar. 18	Appointment of directors' duties	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. 29	Approval of Q1 FY2021 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
		Approval of establishment of Health and Safety Plan for 2021	Approved
5	Jul. 26	Approval of 1H FY2021 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
		Approval of donation	Approved
6	Oct. 28	Approval of Q3 FY2021 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
		Appointment of Compliance Officer	Approved
7	Dec. 9	Approval of self-dealing limit	Approved
		Approval of insurance transaction with affiliated party	Approved
		Amendment to rules for Board of Directors and board committees * Opinion for revision and supplementation: Supplementation opinion from Outside Director Minho Kim	Approved
		Approval of donation	Approved

**Board Committees**

The Board of Directors enhances its operations by delegating professional authority to three committees (Business Management Committee, Internal Transactions Committee, and Compensation Committee) in accordance with Article 35 of the Articles of Association and Article 12-2 of the Rules on Operation of the Board of Directors.

Operational regulations have been adopted by Cheil Worldwide for each of these committees. The regulations for operation of the Internal Transactions Committee and Compensation Committee require each to be composed of at least three directors, at least two thirds of whom are outside directors. Accordingly, both of our outside directors and Inside Director Honggu Jeong serve as members of the Internal Transactions Committee and Compensation Committee, both chaired by Outside Director Minho Kim, ensuring independent operation of the Internal Transactions Committee and Compensation Committee.

However, with the expiration of the term of Outside Director Minho Kim, the company has accordingly newly appointed Mr. Byoungwan Chang as an outside director of the company through the General Meeting of Shareholders on March 17, 2022, and the chairs of the respective committees will be appointed at the time that the committees meet following the 2022 General Meeting of Shareholders.

\* Outside Director Yoon Oh was appointed chair at the Second Meeting of the Internal Transactions Committee on April 28, 2022. The Compensation Committee has not met since the General Meeting of Shareholders.

The Business Management Committee deliberates and resolves key matters relating to the management of the company, therefore requiring its members to hold expertise in the advertising industry. Thus, the committee is comprised solely of inside directors having industry-leading expertise in advertising.

The Internal Transactions Committee was installed voluntarily by the company 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 agenda items referred to the respective committees in 2021 are as follows.

**Compensation Committee Meetings (100% attendance rate)**

Date	Agenda item	Approved/rejected
Feb. 17	Approval of individual annual compensation for registered directors in 2021	Approved
	Deliberation on compensation caps for registered directors and auditors for 2021	Approved
Dec. 22	Approval for payment of special incentive for 2021	Approved

**Internal Transactions Committee Meetings (100% attendance rate)**

Date	Agenda item	Approved/rejected
Feb. 17	Prior review of goods and services transactions with affiliated parties in 2Q 2021	Approved
Apr. 29	Prior review of goods and services transactions with affiliated parties in 3Q 2021	Approved
Jul. 26	Prior review of goods and services transactions with affiliated parties in 4Q 2021	Approved
Oct. 28	Prior review of goods and services transactions with affiliated parties in 1Q 2022	Approved
Dec. 9	Prior review of self-dealing limits	Approved
	Approval of insurance transaction with affiliated party	Approved

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

Date	Agenda item	Approved/rejected
Jan. 21	Payment of second installment of directors’ long-term performance incentives for 2017-2019	Approved
May 27	Capital increase for Egypt branch	Approved
Jul. 22	Approval for payment guarantee for lease agreement for Dallas office, US	Approved
	Approval of equity investment in HIVELAB	Approved
Oct. 21	Approval of participation in capital increase with consideration for Samsung Heavy Industries	Approved
	Approval of payment guarantee for loans by Cheil US	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 and Article 37, Paragraph 1 of the Articles of Association). 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.

Accordingly, the term of Standing Auditor Heechan Yoo, appointed by resolution of the General Meeting of Shareholders for FY2017 on March 21, 2018, expired as of May 18, 2021. By resolution of the General Meeting of Shareholders for FY2020 on March 18, 2021, Mr. Hongsub Lee was newly appointed as standing director and is accordingly performing auditors' duties.

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. From January 2021 to the present, the standing auditor of the company has attended all meetings of the Board of Directors, ensuring checks and balances for Board of Directors operation.

### Professionalism of auditors

Auditor Hongsub Lee, current standing director of the company, is a Korean certified public accountant and tax attorney with 28 years of professional experience at the accounting firm Deloitte Anjin LLC. As a holder of a doctoral degree in business administration from Dongguk University, Mr. Hongsub Lee has not only expertise in accounting 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"> <li>• (Current) Auditor, Cheil Worldwide</li> <li>• (Current) Member, Korean Auditing and Assurance Standards Board, Korean Institute of Certified Public Accountants</li> <li>• Certified Public Accountant, RSM Shinhan Accounting Firm (2018)</li> <li>• Vice-Representative, Financial Group, Audit HQ, Deloitte Anjin LLC (2007)</li> <li>• Senior VP, Financial Group, Audit HQ, Deloitte Anjin LLC (2003)</li> <li>• Ph.D in Accounting, Dongguk University (2016)</li> </ul>	Yes	Accountant	<ul style="list-style-type: none"> <li>• Basic qualifications: Korean certified public accountant, tax accountant</li> <li>• Work experience: Deloitte Anjin LLC (1989-2017), RSM Shinhan Accounting Firm (2018-2020)</li> </ul>

### 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. The company administered the following training to the standing director in 2021.

Training Date	Administered by	Training provided on
Feb. 16	Listed Companies Supervisory Board	Key matters for inspection pursuant to reinforcement of institutional investors' rights prior to 2021 General Meeting of Shareholders
Mar. 29	Responsible team at Cheil Worldwide	Briefing on company situation (overview of businesses, financial situation, etc.)
Apr. 1	Samil PwC	ESG and corporate management and changes to disclosure requirements: (1) ESG management - issues and tasks / (2) Current and future ESG disclosure requirements
Apr. 26	Korea Listed Companies Association	ESG management and roles of auditors (audit committee members)
May 10	Korea Listed Companies Association (Listed Companies Supervisory Board)	1H 2021 Online Seminar of the Listed Companies Supervisory Board: Evaluation of ESG disclosures and practices
May 17	Korea Listed Companies Association (Listed Companies Supervisory Board)	1H 2021 Meeting of the Listed Companies Supervisory Board - Job training for auditors and audit committee members (1) Changes to the audit environment and roles and responsibilities of auditors (audit committee members) (2) ESG management and risk management strategies (3) Cases in internal audits using Big Data
May 27	Korea Listed Companies Association (Listed Companies Supervisory Board)	2021 Listed Companies Supervisory Board Special Online Lecture (May): (1) Legal risks under enforcement of the Serious Accidents Punishment Act and corporate response (2) Evaluation of ESG practices
May 31	The Korea Auditor Federation	12th Auditors' Forum: Response strategies and tasks for ESG management and non-financial reporting
Jun. 4	The Korea Academy of Business Ethics & Samil PwC	Spring Academic Seminar - Special seminar on "Prosecution of unlawful practices and crisis management in the digital age"
Jun. 10	Cheil Worldwide Inc.	Future business directions for Cheil Worldwide
Jun. 21	Korea Listed Companies Association (Listed Companies Supervisory Board)	2021 Listed Companies Supervisory Board Special Online Lecture (June): Changes to the economic topography brought by the pandemic
Oct. 21	Responsible team at Cheil Worldwide	2H 2021 Compliance Training - Intellectual property rights / Labeling and Advertising Act, PR / personal information protection, Serious Accidents Punishment Act, etc.
Oct. 25	Korea Listed Companies Association (Listed Companies Supervisory Board)	2021 Listed Companies Supervisory Board Special Online Lecture (October): Key matters of note for auditors (audit committees) at 2021 final audit
Nov. 8	Korea Listed Companies Association (Listed Companies Supervisory Board)	2021 Listed Companies Supervisory Board Online Seminar (November): Labor law issues for 2021 and key judicial precedent relating to labor affairs
Nov. 18	Audit Committee Forum	4th Annual Forum 2021 for Auditors and Audit Committee Members Theme 1: Validity review of Audit Committee best practices and means for improvement Theme 2: Roles of Audit Committees in investigation and reporting of unlawful practices
Nov. 19	Korea Accounting Institute	2021 Online Training to address K-IFRS Inquiries
Nov. 29	Financial Supervisory Service, etc.	Online briefing session on K-IFRS amendments, etc. for 2021
Dec. 7	The Korean Institute of Certified Public Accountants	ESG Academy, intensive/certification curriculum: Basic and Professional ESG Curricula (Nov. 2 - Dec. 17)

\* Standing Auditor Hongsub Lee was newly appointed through the General Meeting of Shareholders on March 18, 2021. The training administered in February was attended by Standing Auditor Heechan Yoo.

## Audit

### 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	Staff (persons)	Rank (years employed)	Key activities
IR Team	3	1 director (4.0 years average) 2 managers (0.9 years average)	- 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 2021; years employed in current duties

### Independence of external auditors

#### Prior review of non-audit services

Immediately after appointment of the external auditor, the company announced the results of the audit contract with the external auditor on the website of the company. To ensure independence of the external auditor, all non-audit services are subject to prior review, and other accounting firms are used for affairs restricted under Article 21 of the Certified Public Accountant Act, etc. 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	Service period	Compensation for service (Unit: KRW million)
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. 2020 - Dec. 2021	11
	Oct. 1, 2020	Tax affairs advisory	Oct. 2020 - Feb. 2021	20
	Oct. 1, 2020	Tax affairs advisory	Oct. 2020 - Mar. 2021	160
FY2019	Jul. 1, 2019	Tax adjustment	Jul. 2019 - Mar. 2020	25
	Jul. 1, 2019	Tax affairs advisory	Jul. - Dec. 2019	11
	Aug. 1, 2019	Management consultancy	Aug. 2019 - Feb. 2020	130

#### 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 28% for FY2019 (non-audit KRW 170 million / audit KRW 600 million), 66% for FY2020 (470 million / 710 million), and 9% for FY 2021 (70 million / 740 million). Compensation for non-audit services increased in 2020 due to tax consulting.



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## 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. Risk factors are then immediately rectified through inspection by our managing organization and prevention activities are implemented. Also, in cases where risks arise or relevant regulations are violated, these are reflected in evaluation and compensation to ensure accountability.

### Advance risk monitoring through "Early Warning System"

Expansion of the global business of Cheil Worldwide 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 beforehand and promptly reflected in and managed under the management scope of the "Early Warning System".

### Operation of risk management items as essential KPIs

In addition to our financial performance, Cheil Worldwide designates and manages a wide range of other key management risk and opportunity factors as essential indicators for evaluation. This includes 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 work hours, etc.), safety (prevention of serious accidents, etc.), advertiser risks (VOC management, compliance with guidelines on settlements and claims, 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.

### 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 customer/industry trends.

### 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 Win-Win Growth Index rating for Corporate Partnership from the Korea Commission for two consecutive years (2019 and 2020)
- Award for Excellence in Safety Management at the 2021 Samsung Safety and Environment Awards

**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 the 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**

Quarterly Management Briefings are held at Cheil Worldwide to share our financial outcomes and management status with all members of the organization. With the COVID-19 pandemic making offline gatherings difficult, these briefings were held live online through our videoconferencing systems. The briefings were also carried by the internal broadcasting system and made available for viewing online, ensuring that the entire organization is thoroughly informed of the current state of company affairs.

In 2021, seven official Messages from the CEO were issued as part of sustained CEO communication on our business status, performance, and strategic directions.



**Direct communication with the CEO**

Cheil Worldwide has adopted a CEO communication program called "Eyes and Ears" through which members of the organization can communicate directly with the CEO regarding matters relating to human resource policies, company life, and operations. The program has gathered opinions and questions from the organization on four occasions in 2021 (Jan., Feb., Jun., Nov.), its first year of operation.

Questions and proposals from the organization on all company-related matters were gathered through our Intranet system and at our worksites. The CEO responded to these questions and proposals through a video address broadcast through our internal broadcasting system and Intranet. Around 30 questions and proposals were addressed by the CEO, and real actions were taken to implement improvements where needed.

**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.

During 2021, a total of 84 regular reports on industry trends were issued to upper management and key departments of the organization. Three detailed reports were issued to Upper Management, which included a total of 9 reports dealing with global industry cases relating to ESG, such as the AdGreen Resources Guide.

**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 five 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.

# Appendix

- Facts and Figures
- Association and Organization Memberships
- GRI Table
- Third Party Assurance Statement
- Greenhouse Gas Verification Statement



## Facts and Figures

### ※ Domestic organization

Classification		2021	
		Employees (persons)	(%)
Total employees		1,286	
Employees by rank	Male	667	52
	Female	619	48
	Staff	338	26
	Male	115	34
	Female	223	66
	Officers	892	69
	Male	502	56
	Female	390	44
	Executives	35	3
	Male	30	86
	Female	5	14
	Other	21	2
	Male	20	95
	Female	1	5
	Employees by age	Under 30	155
30s		522	41
40s		475	37
50s and over		134	10
Foreign nationals		29	2
Disabled persons		20	2

\* Standards for preparation of table

- Total employees: As of closing at year's end (including expatriate employees)

- Persons on leaves of absence / retirees excluded (counting standard differs from Business Reports)

- Staff: C1(A), C1(B) / Officers: C2, C3 / Other: Advisors, Counselors, Consultants, Drivers, etc.

- Age: Closing year - Year of birth

- Foreign nationals: Foreign nationals with alien registration number

\* Management refers to officers and executives.

### ※ Overseas organization

Region	2021	
	Employees (persons)	
Total employees	4,578	
North America	163	
China	379	
Europe	923	
CIS	167	
Southeast Asia	863	
Southwest Asia	824	
ME	301	
Africa	98	
Latin America	848	
Japan	12	

### ※ Employees and compensation

Classification		2021
Total	Employees (persons)	1,326
	Ratio of full-time female employees (%)	51.0%
	Total wages (KRW million)	158,907
	Average wage (KRW million)	124
Male	Employees (persons)	657
	Total wages (KRW million)	91,416
	Average wage (KRW million)	140
Female	Employees (persons)	669
	Total wages (KRW million)	67,491
	Average wage (KRW million)	107

\* Average per-person wages calculated using average number of wage recipients (1,284 persons, 651 male / 633 female)

## Facts and Figures

### ※ Full-time / fixed-term employment ratio

Classification	2021	
	Employees (persons)	(%)
Employees by employment contract type	Full-time	1,301
	Fixed-term	25
		98.1
		1.9

### ※ Childcare leave of absence

Classification	2021	
	Employees (persons)	(%)
Total persons on childcare leave of absence	47	
	Male	12
	Female	35
		26
		74
Persons returning to duty after childcare leave of absence	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, 2022)

### ※ Retirements

Classification	2021
Turnover rate (%)	10.1

\* Turnover rate = Annual persons retired / Average annual workforce

### ※ Welfare and benefits as a ratio of revenues

Classification	2021
Revenue (KRW million)	1,017,011
Welfare and benefits expenditure (KRW million)	26,517
Ratio (%)	2.6
Employees (persons)	1,326
Welfare and benefits expenditure per person (KRW million)	20.0

### ※ Education and training costs per employee

Year	Education and training costs (KRW thousand)	Workforce (persons)	Education and training costs per person (KRW thousand)
2021	1,537,477	1,326	1,159

## 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
Women's Korean Basketball League

## GRI Table

GRI Standards			
GRI 102: General Disclosures	Indicator	Pages	Note
Organizational profile	102-1	Name of organization	12
	102-2	Activities, brands, products, and services	16-20, 26-31
	102-3	Location of headquarters	12
	102-4	Location of operations	12, 14-15
	102-5	Ownership and legal form	FY2021 Business Report (Dec. 2021), p. 205
	102-6	Markets served	12
	102-7	Scale of organization	FY2021 Business Report (Dec. 2021), pp. 25-26
	102-8	Information on employees and other workers	150-151
	102-9	Supply chain	104
	102-10	Significant changes to the organization and its supply chain	22-23
	102-11	Precautionary principle or approach	144-145
	102-12	External initiatives	62
	102-13	Membership of associations	153
Strategy	102-14	Statement from chief decision-maker	10-11
	102-15	Key impacts, risks, and opportunities	10-11
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	92
	102-17	Mechanisms for advice and concerns regarding ethics	94-95
Governance	102-18	Governance structure	135, 138-139
	102-19	Delegating authority	138-139
	102-20	Executive-level responsibility for economic, environmental, and social topics	36-37
	102-21	Consulting stakeholders on economic, environmental, and social topics	38
	102-22	Composition of highest governing body and its committees	135-139
	102-23	Chair of the highest governing body	135
	102-24	Nomination and selection of highest governing body	135-139
	102-25	Conflicts of interest	135-139
	102-26	Role of highest governing body in establishing purpose, values, and strategy	36-37
	102-27	Collective knowledge of highest governing body	36-38
	102-29	Identifying and managing economic, environmental, and social impacts	36-38
	102-30	Effectiveness of risk management processes	36-37
	102-31	Review of economic, environmental, and social topics	36-37

GRI 102: General Disclosures	Indicator	Pages	Note	
Governance structure	102-33	Communicating critical concerns	136-139	
	102-34	Nature and total number of critical concerns	136-139	
	102-35	Remuneration policies	134, FY2021 Business Report (Dec. 2021), pp. 213-217	
	102-36	Process for determining remuneration	71	
	102-37	Stakeholders' involvement in remuneration	71	
Stakeholder engagement	102-40	List of stakeholder groups	38	
	102-41	Collective bargaining agreements	79	
	102-42	Identifying and selecting stakeholders	38-39	
	102-43	Approach to stakeholder engagement	38	
	102-44	Key topics and concerns raised	39	
Reporting practice	102-45	Entities included in the consolidated financial statements	FY2021 Business Report (Dec. 2021), pp. 32-35	
	102-46	Defining report content and topic boundaries	39	
	102-47	List of material topics	39	
	102-48	Restatements of information	-	
	102-49	Changes in reporting	-	
	102-50	Reporting period	32	
	102-51	Date of most recent report	32	
	102-52	Reporting cycle	32	
	102-53	Contact point for questions regarding the report	32	
	102-54	Reporting format in accordance with GRI Standards	32	
	102-55	GRI content index	154-156	
	102-56	External assurance	158-163	
GRI 103: Disclosure of Management Approach				
Indicator	Pages	Note		
Management Approach	103-1	Explanation of the material topic and its boundary	39	
GRI 200: Economic Disclosures				
Indicator	Pages	Note		
Economic performance	201-1	Direct economic value generated and distributed (EVG&D)	151-152, FY2021 Business Report (Dec. 2021), pp. 25-26 and p.154	
Anti-corruption	205-2	Communication and training regarding anti-corruption policies and procedures	94, 101, 109	

## GRI Table

GRI 300: Environment		Indicator	Pages	Note
Energy	302-1	Energy consumption within the organization	55	
	302-4	Reduction of energy consumption	55	
Water and wastewater	303-5	Water consumption	56	
Discharge	305-1	Direct greenhouse gas emissions (Scope 1)	54	
	305-2	Energy 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	
Wastes	306-2	Waste by type and disposal method	57	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	57	

GRI 400: Social		Indicator	Pages	Note
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72	
Occupational Health and Safety	403-1	Occupational health and safety management system	80-84	
	403-2	Hazard identification, risk assessment, and incident investigation	80-84	
	403-5	Worker training on occupational health and safety	82	
	403-6	Promotion of worker health	83	
	403-9	Work-related injuries	83	
Training and education	404-1	Average hours of training per year per employee	77	
	404-2	Programs for upgrading employee skills	77-79	
		Job transition assistance programs	69	
	404-3	Percentage of employees receiving regular performance and career development reviews	69-70	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	64, 135, 150-151	
	405-2	Ratio of basic salary and remuneration of women to men	151	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	63	
Human rights assessment	412-2	Employee training on human rights policies and procedures	63	
Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	104-105	
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	96	
	417-3	Incidents of non-compliance concerning marketing communications	96	
Customer privacy	418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	91	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in social and economic areas	95	



## Third Party Assurance Statement

### Assurance Statement on the Sustainability Report for Cheil Worldwide

#### Dear Stakeholders of Cheil Worldwide,

KFQ has been engaged by Cheil Worldwide to provide independent assurance on the 2021 Sustainability Report for Cheil Worldwide (the 'Report'). It is our responsibility to provide an independent assurance statement in accordance with the standards and scope of assurance as specified below. Cheil Worldwide has sole responsibility for the preparation of the Report.

#### Standards and Scope of Assurance

- Standards: AA1000AS(v3) and AA1000AP(2018)
- Type: Type 1, covers the assessment of adherence to the Accountability principles of inclusivity, materiality, responsiveness, and impact.
- Level: Moderate, limited evidence has been obtained to support our assurance statement.
- Scope:
  - GRI Standards(2020) Core option
    - Reporting Principles
    - Universal Standards
    - Topic Specific Standards

Topic	GRI Disclosure	Topic	GRI Disclosure
Management Approach	103-1, 103-2, 103-3	Occupational Health and Safety	403-1, 403-2, 403-5, 403-6, 403-9
Economic Performance	201-1	Training and Education	404-1, 404-2, 404-3
Anti-Corruption	205-2	Diversity and Equal Opportunity	405-1, 405-2
Energy	302-1, 302-4	Non-Discrimination	406-1

Topic	GRI Disclosure	Topic	GRI Disclosure
Water and Effluents	303-5	Human Rights Assessment	412-2
Emissions	305-1, 305-2, 305-3, 305-4, 305-5	Supplier Social Assessment	414-2
Waste	306-2	Marketing and Labeling	417-2, 417-3
Environmental Compliance	307-1	Customer Privacy	418-1
Employment	401-2	Socioeconomic Compliance	419-1

#### Methodology

In order to assess the reliability of disclosures about the sustainability performance in the Report by applying the standards, we reviewed sustainability-related processes, systems, internal control procedures, and available data. The documentation reviewed during the assurance engagement includes:

- Non-financial information e.g., data provided to us by Cheil Worldwide, disclosed Business Reports, and information obtained from media and/or the internet; and
- Financial information i.e., Financial statements reported on the DART (Data Analysis, Retrieval and Transfer System, <http://dart.fss.or.kr>), the Electronic Disclosure System managed by Financial Supervisory Service.

The assessment was performed by document review and onsite inspection. We interviewed employees who are responsible to prepare the Report, where we evaluated the validity of the materiality assessment processes, a stakeholder-centric approach to select material issues, data collection and management procedures, report preparation procedures, and validation of claims stated in the report. It was confirmed that errors, inappropriate information, and ambiguous expressions identified during the assessment were properly corrected prior to the Report being published.

#### Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party audit services to the Cheil Worldwide business.



## Third Party Assurance Statement

### Limitations

The completeness and responsiveness of sustainability performance represented in the Report have inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, we assessed the information and evidence provided by the company. We did not perform any further assessment procedures on raw data.

### Findings and Conclusions

As a result of the assessment, we confirm that the Report fulfills the 'Core option' requirements of GRI Standards(2020), adheres to the AA1000AS(v3)'s Accountability principles, and demonstrates a Type 1 assurance level, as evidenced by reviewed data and information. Based on the assessment, nothing has come to our attention to suggest that the Report provides material errors or misstatements and does not properly describe the adherence to the Accountability principles.

#### • Inclusivity

Cheil Worldwide is gathering opinions from various stakeholders including shareholders, customers, local communities, employees, and partner companies through communication channels such as shareholders' meetings, SNS, management briefing session, and labor-management council. Nothing came to our attention to suggest that the main stakeholders are not stated in the Report.

#### • Materiality

Cheil Worldwide identifies material issues by conducting a materiality assessment using ESG-related global indicator analysis, regular stakeholder meetings and competitor benchmarking results, followed by prioritization. It is confirmed that the Report properly describes the identified issues resulting from the materiality assessment without any omission.

#### • Responsiveness

Cheil Worldwide consistently engages with stakeholders to respond to their feedback and main interests. Nothing came to our attention to suggest that its responses and performance are inappropriately described in the Report.

#### • Impact

We found during our assessment that Cheil Worldwide is identifying and monitoring impacts relating to stakeholders and reporting them to the extent possible. Nothing came to our attention to suggest that it does not properly assess and report impacts relating to material issues.

### Recommendation for improvement

KFQ recommends following developmental approaches in order to systematize sustainability management in the future and to disclose the results of the report effectively.

- The sustainability report for Cheil Worldwide elucidates its internal organization and supply chain ESG management system. After that, we hope that Cheil Worldwide will be able to evaluate its impact on external stakeholders and reflect it in upcoming reports.
- As a leading advertisement company, we hope that Cheil Worldwide continuously discloses its well-developed ESG management strategy and performance that meet stakeholders' expectations.



May 2022

Seoul, Korea

Ji Young Song, CEO

Korean Foundation for Quality (KFQ)

*Ji Young Song*



## Verification Statement of 2021 Greenhouse Gas Emissions

### Verification objectives

Korean Foundation for Quality ("KFQ") was commissioned by Cheil Worldwide to verify the Cheil Worldwide's Greenhouse Gas Emissions for the calendar year 2021.

### Verification Scope and Criteria

The emissions data covered by KFQ's verification are the Greenhouse Gas Emissions from head-office of Cheil Worldwide. The verification has been performed in accordance with the 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification of Ministry of Environment 2021-278)' and '2006 IPCC Guidelines' for Scope 1 and Scope 2 emissions. In case of Scope 3 emissions, 'Technical Guidance for Calculating Scope 3 Emission (Greenhouse Gas Protocol)' was applied.

### Verification approach

The verification has been conducted by KFQ in accordance with ISO14064-3 (Specification with guidance for the verification and validation of greenhouse gas statements) and the verification criteria mentioned above.

Data and information related to greenhouse gas emissions provided by Cheil Worldwide were reviewed and cross-checked to ensure that the data applied to the emission calculation were accurate and that the emission was properly calculated according to the verification criteria.

### Verification Limitation

The purpose of this verification is not to verify the validity of the GHG emissions calculation criteria established by Cheil Worldwide. Therefore, there may be significant differences in emission calculation results depending on the calculation criteria set by Cheil Worldwide, which may affect comparability.

### Verification Opinion

As a result of the work described above, following conclusions are made on the Cheil Worldwide's 2021 Greenhouse Gas Emissions;

- 1) Scope 1 and Scope 2 emissions were appropriately calculated in accordance with the Rule for emission reporting and certification of greenhouse gas emission trading Scheme.
- 2) Scope 3 emissions were appropriately calculated in accordance with the Technical Guidance for Calculating Scope 3 Emission (Greenhouse Gas Protocol) and internal standards.
- 3) No significant errors or omissions were found in all material respects. The Greenhouse Gas Emissions of Cheil Worldwide for the year 2021 were confirmed as below:

[Unit: ton CO<sub>2</sub>-eq]

Cheil Worldwide	GHG emissions				
	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Sub Total (Scope 1+Scope 2)	Other Indirect Emissions (Scope 3)	Total (Scope 1+Scope 2+Scope 3)
Head Office	716.996	1,147.626	1,864.622	10.938	1,875.560

※ Other Indirect Emissions: Downstream Transportation and Distribution

- 4) Therefore, KFQ confirms that calculation of the Cheil Worldwide's 2021 Greenhouse Gas Emissions is appropriate.

May 2022

Seoul, Korea

Ji-Young Song, CEO

Korean Foundation for Quality

*Ji Young Song*

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