

**Environment
Social
Governance**

**Sustainability
Report
2023**



Cheil

Cheil

Cheil



cheil

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CEO Message



Dear esteemed stakeholders,

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

2023 was a tough year for everyone. The global economy was more uncertain than ever before due to rising costs and interest rates, and war, and the advertising market also faced significant challenges. Nevertheless, 2023 is a very meaningful year for Cheil Worldwide. We were honored to rank among the top 10 global agencies selected by Ad Age, and won the Grand Prize at Cannes Lions International Festival of Creativity for the first time in over 10 years. We also put our best efforts into ESG management, and achieved the remarkable accomplishment of receiving an 'A' in the 'KCGS overall rating' for two consecutive years. Looking at the detailed indicators, it is even more encouraging that the 'Environment' rating has improved from B+ to A, and the 'Social' rating from A to A+ compared to last year.

With such encouraging news, we are pleased to publish our fifth report. Four years have passed since the establishment of the ESG Secretariat in April 2021, and full-scale ESG management has now become deeply rooted in the company's overall management environment. Through "Regular ESG meetings," We share ESG activities among the respective departments and discuss ways to positively impact society and the environment, and make efforts to apply this to actual business. These efforts have naturally become an integral part of our business processes. In particular, we celebrated Cheil Worldwide's 50th anniversary last year and ESG was a major topic for the event. We set the direction for ESG and established specific action plans, and based on these, we are committed to achieving sustainable growth.

We named the environment (E) sector "Green Cheil," and prioritized the establishment of an eco-friendly workplace as our top task. We are beginning small by strengthening our Paperless Office initiative. This goes beyond the simple slogan of "Let's use less paper" by actively promoting the use of work collaboration tools to enable seamless work without relying on paper, shifting away from the existing email-centric communication." Through this, we are not only protecting the environment but also improving work efficiency. Although we enter the endemic era, we are constantly implementing telecommuting at the 20% level to improve work flexibility taking into account the work

environment of each department and at the same time contribute to the reduction of carbon dioxide emissions from commuting.

We named the Social (S) sector "Greater Cheil" and are exploring various ways to spread positive influence in society. "Safety" is always the top priority. We have achieved accident-free workplaces for three consecutive years since 2021, and became the first in the advertising industry to obtain certification for the safety and health management system (ISO 45001:2018) in 2023. Furthermore, the safety of everyone, from our executives and employees to our partner businesses, must be prioritized, and we are committed to ensure that our workplace is safe by continuously updating safety guidelines for onsite locations such as filming sets.

Meanwhile, "AI" was definitely the buzzword of 2023. Since the marketing field is one of the areas where generative AI is penetrating the fastest, we carried out AI-related training to enhance the growth of employees as well as work efficiency. We are currently organizing internal training programs to provide even more advanced training this year. Additionally, we always consider the values of DE&I from the idea development stage when creating contents such as advertising videos. We are implementing various review and legal review systems to ensure that we do not produce content that undermines the values of equity and diversity. Furthermore, we are working on fostering mutual growth with the local community. We created our branded goods in collaboration with local roasteries and fragrance brands in the Itaewon commercial district, where Cheil Worldwide's headquarters is located. In the production process, we also considered the environment and used minimal packaging, minimizing the impact on the environment but maximizing the impact on the local community.

In the governance (G) sector, we introduced the 'senior outside director system' for the first time to enhance the independence and transparency of the board of directors. To enhance shareholders' access to corporate information, we have been live-streaming the general meetings of shareholders online since 2022, and have implemented an electronic voting system since 2021 to increase convenience for shareholders. In addition, we regularly hold "management situation briefings" with executives and employees

to discuss our company's performance and business direction since internal communication with them is crucial. Furthermore, through the "CEO Messages" sent regularly and occasionally, we maintain constant communication with our executives and employees, engage in informal and casual interactions, and make an effort to listen to the voices of executives and employees regarding current issues the company faces at any time.

Last year marked the 50th anniversary of the founding of Cheil Worldwide. On the occasion of Cheil Worldwide's 50th anniversary, I looked back on our history and would like to share a memorable moment with you. It is the phrase "Benefit the world and Enrich their life," which was Cheil Worldwide's founding management philosophy. This means "To broadly benefit the world and enrich their life" which aligns with the ESG management philosophy required by companies and business leaders today. Back then, even before the term ESG existed, perhaps our predecessors were already considering the broader impact on our society. For the next 50 years, we will keep the management philosophy of "Benefit the world broadly and enrich their life" close to our hearts and do our best to ensure that we all grow together.

I would like to extend my gratitude to the stakeholders, executives and employees who show interest and support for Cheil Worldwide, and look forward to your continued warm support in the future.

Thank you.

Cheil Worldwide Inc.
President and CEO
Jonghyun Kim

김종현

Company Information

About Cheil

Company Name: Cheil Worldwide

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

Global Network : 46 countries

* Established a subsidiary in Maghreb, Morocco in Jan. 2023

Financial Performance (as of 2023, based on consolidated financial statements)

- Operating revenue: KRW 4.1383 trillion
- Gross operating profit: KRW 1.6189 trillion
- Operating profit: KRW 307.5 billion

Major Clients

- Domestic: Samsung Electronics, KT, Dongseo Foods, Shinhan Financial Group, Korea Ginseng Corporation, SK Corporation, GM Korea, Hankook Tire, Google Korea, Amore Pacific, etc.
- Global: Adidas, Alcon, AMEX, Beiersdorf, Blue Diamond, Bosch, Choice Hotels, Henkel, Indivior, JD.COM, Little Caesars, Neighborly, Paypal, Popeyes, Ripple, Sherwin-Williams, Shoe Show, Stop & Shop, Volkswagen, etc.

Our Family (Affiliates)

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

* See Business Report for a complete list of subsidiaries.

Sports Marketing

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

CONNEC+

Cheil Worldwide is an advertising company that aims to go beyond advertising.

Cheil Worldwide is a business-connected agency that closely collaborates with clients, creates the most creative and effective solutions from the clients' perspective, and contribute to improving their business performance. From advertising to retail, digital, and data, Cheil Worldwide's unique connected solutions offer optimized brand experiences for consumers and delivers substantial marketing outcomes directly linked to business performance for clients.

Based on CONNec+ .connecting brand experience, technology, and marketing outcomes, we will create new and innovative value for consumers, clients and the world, and contribute to advancing the world forward..

CONNec+
We Create Connected Experiences that Matter

Global Network



Connected Solution

Cheil Worldwide combines data, technology and creativity to provide business solutions that enhance performance.

Data Driven Marketing

Based on digital client behavior analysis data, we execute campaigns using automated marketing tools, continuously measure customer responses, and adjust our strategies and execution accordingly.

DMP (Data Management Platform)

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

AI Optimizer

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

Sales Tracker

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

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

AdTech Campaign

Digital Panel

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

Marketing Mix Model

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

4 Screen Optimizer

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

Private DMP

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

CYLNDR

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

Media Dashboard

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

Connected Solution

Platform Operation

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

CMS

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

Control Tower

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

Global Publishing Center

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

Space & Log

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

Retail Management

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

Field Force Management Tool

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

Asset Management Tool

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

Training Platform

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

Data Platform

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

Connected Solution

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

eCombus

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

Digital Signage

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

Digital Wall Bay

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

Digital Spec Card

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



History

<p>1973 Founded as Cheil Communications</p> <p>1975 Published first issue of in-house newsletter "Cheil Communications" First open recruitment</p> <p>1977 First in industry to conduct Annual Consumer Research</p> <p>1978 First Collegiate Competition for Advertising Academic Papers and Advertising Works</p> <p>1979 First in industry to publish advertising almanac</p> <p>1988 First in industry to open overseas network (Tokyo, Japan)</p> <p>1989 Joint venture subsidiary Cheil-Bozell founded</p> <p>1991 First in industry to establish marketing institute Opened joint marketing professional curriculum with University of Pittsburgh, US</p> <p>1992 New York office opened</p> <p>1994 New Advertising Services Declaration</p> <p>1997 First Korean company to win Gold Lion award at Cannes Lions International Festival of Creativity</p> <p>1998 First Korean advertising agency listed on stock exchange (KOSPI)</p>	<p>2000 Joint venture Hakuodo Cheil founded Brand Marketing Institute founded</p> <p>2002 Lead production agency for opening ceremony, 2002 Korea-Japan World Cup</p> <p>2004 Production for opening ceremony, African Cup of Nations football competition (ANC 2004)</p> <p>2005 Execution of cultural events for APEC South Korea 2005 Execution of Cheonggyecheon Stream reopening event</p> <p>2007 Adopted "Pro" job title system</p> <p>2008 English company name changed to "Cheil Worldwide" Acquired London-based BMB (Beattie McGuinness Bungay)</p> <p>First Korean company to win Gold Pencil Award at One Show First Korean company to win Silver Lion award at Cannes Lions International Festival of Creativity YLC (Young Lions Competition)</p> <p>2009 First in industry to win grand prize at Korea Advertising Awards for three consecutive years</p> <p>Acquired US advertising agency TBG (The Barbarian Group) Acquired China-based Cheil PengTai</p> <p>2010 General publicity agency for G20 Summit Seoul</p> <p>2011 First in industry to win Grand Prize at Cannes Lions One Agency founded in Dubai, UAE</p>
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<p>Publicity marketing and presentation for PyeongChang 2018 Winter Olympics host city selection</p> <p>2012 Most-awarded Korean agency at Cannes Lions (12 awards) Acquired US agency McKinney, 2012 First Korean agency to win Grand Prize at Spikes Asia</p> <p>2013 40th Anniversary: Changed CI, created a PR exhibition First in industry to win Grand Prize at all major advertising awards (Cannes Lions, Spikes Asia, Clio, etc.) DnA Center (Data and Analytics Center) established</p> <p>2014 Acquired Samsung Life Blueminx football team, Samsung Thunders Men's basketball team, and Samsung Bloominx Women's basketball team Acquired global agency Iris Worldwide</p> <p>2015 Look at Me campaign wins multiple awards at international advertising awards: Cannes Lions, D&AD, One Show, etc. Cheil Greater China wins grand prize at China's two largest advertising awards and named Advertising Company of the Year for the second consecutive year Acquired Samsung Fire Bluefangs volleyball team</p> <p>2016 Acquired Samsung Lions baseball team Iris, a subsidiary, acquired UK B2B marketing firm Founded</p> <p>2017 Iris, a subsidiary, acquired Canadian B2B marketing consulting firm PSL (Pricing Solutions Limited) Iris, a subsidiary, acquired UK digital marketing firm Atom42</p>	<p>2018 Managing agency for opening and closing ceremonies of PyeongChang 2018 Winter Olympics Acquired Romanian digital marketing firm Centrade Acquired Indian digital marketing firm Experience Commerce</p> <p>2019 40th Anniversary of Cheil Worldwide Idea Festival (Collegiate Idea Competition)</p> <p>2020 Acquired Chinese social big data analytics firm ColourData Won 3 Grand Prizes at the Korea Advertising Awards</p> <p>2021 First in industry to sign Environmental-Friendly Practices Agreement Signed an investment and business cooperation agreement with digital convergence company "HIVELAB"</p> <p>2022 Signed an investment and business cooperation agreement with metaverse company "EVR Studio" Won 6 Grand Prizes at the Korea Advertising Awards Achieved an A (Excellent) rating from "KCGS", Korea's leading ESG rating agency</p> <p>2023 50th Anniversary Won Grand Prizes at major global advertising awards: National Police Agency "Knock Knock" campaign, Cannes Lions, Spikes Asia, Adfest, etc. Won 4 Grand Prizes at the Korea Advertising Awards Hosted a new Samsung CSR project to support the socially underprivileged</p>
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'23 Awards

Event	Segment	Award	Campaign Title	Advertiser
Cannes Lions	Glass: The Lion For Change	Grand Prix	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Brand Experience & Activation	Gold Lion	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Direct	Bronze	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Brand Experience & Activation	Silver	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Sustainable Development Goals	Silver	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Radio & Audio	Bronze	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Mobile	Bronze	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Mobile	Silver	THE CHAT	BREAST CANCER NOW
	PR	Bronze	THE CHAT	BREAST CANCER NOW
Spikes Asia	Media	GRAND PRIX	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Mobile	GRAND PRIX	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Glass	GRAND PRIX	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	BE&Activation	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Direct	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	BE&Activation	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Strategy & Effectiveness	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	BE&Activation	Bronze	GALAXY BOOK ART PROJECT	SAMSUNG ELECTRONICS
	Mobile	Gold	QUEST FOR DYSLEXIA	SAMSUNG
	Media	Silver	QUEST FOR DYSLEXIA	SAMSUNG
	BE&Activation	Bronze	QUEST FOR DYSLEXIA	SAMSUNG
	Healthcare	Bronze	QUEST FOR DYSLEXIA	SAMSUNG

Event	Segment	Award	Campaign Title	Advertiser	
AdFest	Grande for Humanity	Grande for Humanity	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	MEDIA	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	MOBILE	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	MOBILE	Gold	QUEST FOR DYSLEXIA	SAMSUNG	
	PR	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	MEDIA	Silver	QUEST FOR DYSLEXIA	SAMSUNG	
	MOBILE	Silver	QUEST FOR DYSLEXIA	SAMSUNG	
	DIRECT	Bronze	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	MOBILE	Bronze	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	EFFECTIVE	Bronze	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
	ENTERTAINMENT	Bronze	QUEST FOR DYSLEXIA	SAMSUNG	
	D&AD	Creative Transformation / Services	Graphite Pencil	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
		Digital Design / New Services & Tools	Graphite Pencil	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
Direct / Products & Service		Wood Pencil	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
Media / Direct		Wood Pencil	QUEST FOR DYSLEXIA	SAMSUNG	
Direct / Innovation		Wood Pencil	SAMSUNG UNFEAR	SAMSUNG SPAIN	
Digital / Health & Wellbeing		Wood Pencil	SAMSUNG UNFEAR	SAMSUNG SPAIN	
Creative Transformation / Products		Wood Pencil	SAMSUNG UNFEAR	SAMSUNG SPAIN	

'23 Awards

Event	Segment	Award	Campaign Title	Advertiser
One Show	Gaming	Gold	QUEST FOR DYSLEXIA	SAMSUNG
	Public Relations	Gold	NO MORE RED	ADIDAS
	Interactive, Online & Mobile	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Interactive, Online & Mobile	Silver	QUEST FOR DYSLEXIA	SAMSUNG
	Interactive, Online & Mobile	Silver	QUEST FOR DYSLEXIA	SAMSUNG
	Public Relations	Silver	NO MORE RED	ADIDAS
	Direct Marketing	Bronze	QUEST FOR DYSLEXIA	SAMSUNG
	Gaming	Bronze	QUEST FOR DYSLEXIA	SAMSUNG
New York Festivals	DIRECT	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	NYF'IN FUNNY	Gold	THIN CRUST SUMMER	LITTLE CAESARS
	PURPOSE	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	DIRECT	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	DIGITAL/MOBILE	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	PUBLIC RELATIONS	Silver	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	COLLABORATIONS & PARTNERSHIPS	Silver	GALAXY BOOK ART PROJECT	SAMSUNG ELECTRONICS
	NYF'IN FUNNY	Silver	THIN CRUST SUMMER	LITTLE CAESARS
	COLLABORATIONS & PARTNERSHIPS	Silver	ART IN MOTION: BENTLEY X SURGEON	BENTLEY MOTORS
DIGITAL/MOBILE	Bronze	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY	
London International Awards	Ambient & Activation	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Digital	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Transformative Business Impact	Gold	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Non-Traditional	Bronze	KNOCK KNOCK	KOREAN NATIONAL POLICE AGENCY
	Ambient & Activation	Gold	SAMSUNG UNFEAR	SAMSUNG SPAIN

Event	Segment	Award	Campaign Title	Advertiser
London International Awards	Ambient & Activation	Gold	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Design	Gold	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Radio & Audio	Gold	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Design	Silver	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Radio & Audio	Silver	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Digital	Silver	THE CHAT	BREAST CANCER NOW
	Digital	Silver	THE CHAT	BREAST CANCER NOW
	Evolution	Bronze	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Health & Wellness	Bronze	SAMSUNG UNFEAR	SAMSUNG SPAIN
	Health & Wellness	Bronze	SAMSUNG UNFEAR	SAMSUNG SPAIN





Samsung Electronics Galaxy “S23 OOO Campaign”

Galaxy S23 campaign uses S23’s common visual code, “ooo,” (three circles representing the camera holes) to convey the product’s innovative performance and features. Words like WOOOW, GOODD, and COOOL are used to highlight exceptional performance. “BLOOOM” is used to highlight the nightography function, which enables taking vivid, colorful shots even in dark, and “ZOOOM” is used to highlight the space zoom function, which can capture up to 100 images. The powerful visual impact raised consumers’ expectations for the product.



Samsung Life Insurance “Where Good news Begins”

Samsung Life Insurance’s corporate PR campaign “Where Good news Begins” is the insurance industry’s first campaign in which all elements of an advertisement were created using generative AI. By visualizing the abstract product of insurance and making it more relatable, we reduced the emotional distance between ourselves and consumers, and the fact that a rather traditional insurance company attempted to use modern technologies for advertising created a positive issue.



Albamon “Albaga/Al-bayeo Campaign”

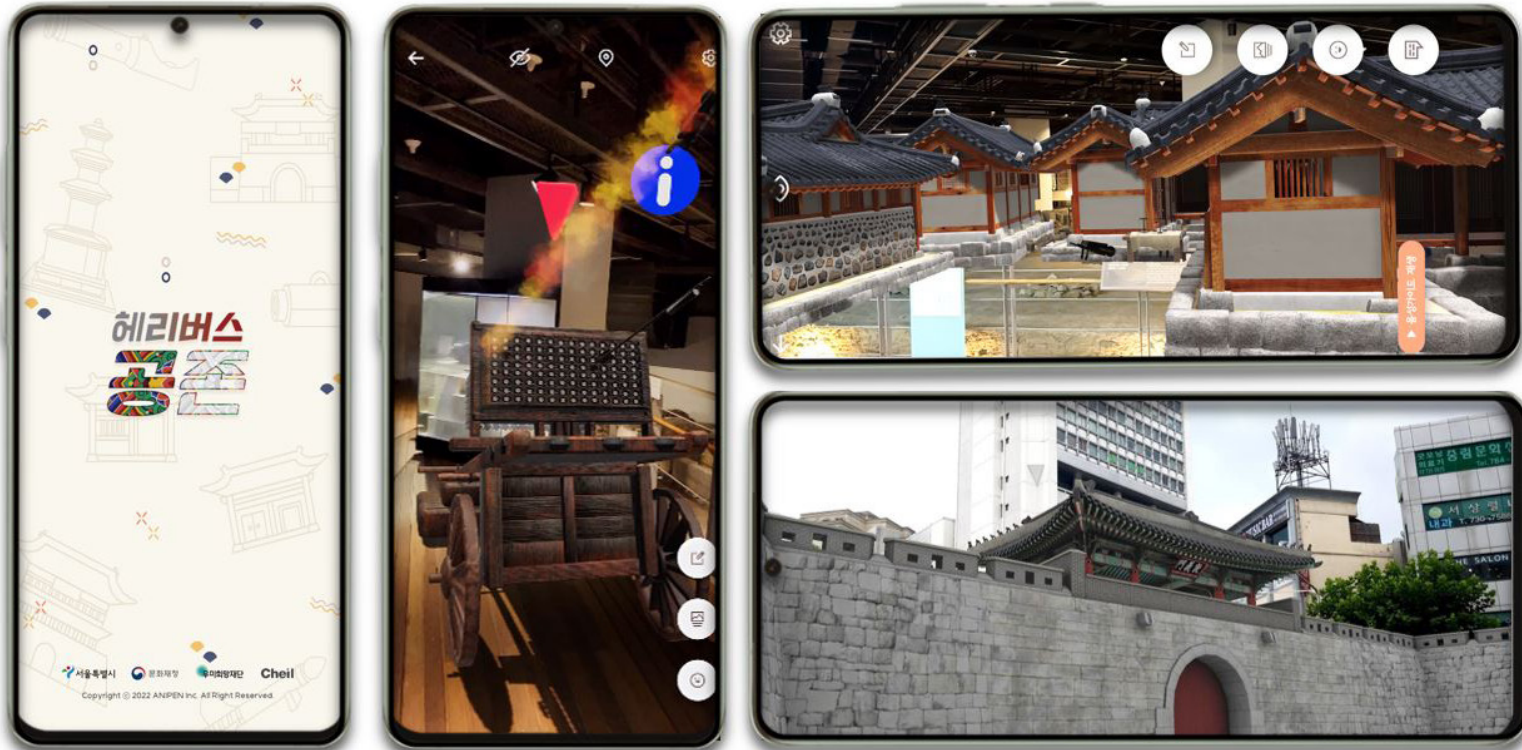
The “Albaga/Albayeo” campaign is designed to comically depict an incidence that happens in a rural village where old ladies mishear the words “Albaga” and “Albayeo” as “Al-baga” and “Al-bayeo.” The campaign, which featured actual rural village residents in cast and video, received a positive response online. This campaign effectively conveyed the notion that everyone, regardless of age or region, can easily find a part-time job they want with Albamon.



Hey Dealer “Finding Hidden History of Used Cars”

The “Finding Hidden History of Used Cars” campaign from Hey Dealer highlights the feature that allows anyone to easily look up the hidden history of a used car they wish to purchase. Actress Sohee Han and film director Chanwook Park were involved in the campaign, which was highly evaluated for its cinematic-style quality. Through the campaign, Hey Dealer’s creative desire to increase transparency in the used car market was effectively communicated.

'23 Performance



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

The “Heritage Metaverse <Coexistence> Project” is a public-private collaborative cultural heritage restoration project that Cheil Worldwide has been promoting for five years since it signed an “Agreement on Digital Reproduction of Cultural Heritage and Revitalization of a Historical and Cultural City” with Cultural Heritage Administration, Seoul Metropolitan Government, and Woomi Hope Foundation. In February 2023, “Gungisi,” the Joseon Dynasty’s weapons manufacturing center, one of the lost cultural heritages, was restored with digital technology for the first time in 140 years, and in November, the Gyeongbokgung Palace royal rites, an intangible cultural heritage, were digitally restored.



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.

* The sustainability management activities and performance of overseas business sites are reported on pages 148 to 149 of Socially responsible advertising.

* Environmental outcomes are based on Cheil Worldwide's headquarters (222, Itaewon-ro, Yongsan-gu, Seoul) as its scope of reporting, and greenhouse gas emissions Scope 3 is calculated based on the fuel consumption of quick service transportation between domestic business sites among upstream transportation emissions.

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 British Standards Institution. Verification results are presented on pages 195 through 203.

Characteristics of the report

The 2023 Sustainability Report is the fifth sustainability report* issued by Cheil Worldwide. The 2023 report systematically details our efforts and future plans in each of the areas of Environment (E), Social (S), and G (Governance). Cheil Worldwide plans to regularly issue and disclose sustainability reports annually.

* The previous report was the 2022 Sustainability Report, issued in June 2023. The report is available on our website.

Report preparation standards

This report has been prepared in accordance with GRI Standards 2021 and the SASB's Advertising & Marketing standard, the U.S. standard for sustainability accounting. Details on the reporting standards can be found on pages 194 through 196.

* Greenhouse gas emissions were calculated by applying the verification guidelines for operating the greenhouse gas emissions trading system, IPCC guidelines, and ISO 14064 standards.

Reporting period

The reporting period for this report is from January 1 to December 31, 2023. For some important matters, the report also covers periods prior to 2023 or in the first half of 2024.

Report-related inquiries

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ESG

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



Sustainable Management System

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

Role of upper management in ESG management

Review ESG by the Board of Directors

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

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

Date	Matters Reported
1H	<ul style="list-style-type: none"> - Annual plans for key ESG activities * Share plans/schedules for holding annual ESG meetings and publishing the Sustainability Report
2H	<ul style="list-style-type: none"> - Select ESG materiality and review the company's non-financial risk management measures based on the selected ESG materiality - Carbon neutrality and environmental management outcome reporting - Report on the company's risk management activities - Share the ESG evaluation result of KCGS for the present year

Incorporate ESG performance in directors' KPIs

We reflect the ESG performance reviewed by the Board as described above in the KPIs of the CFO, Corporate Management Division, who is also an inside director and the General ESG Secretary.

We require the General ESG Secretary to report ESG management challenges to the Board for the responsible management of the company's economic, environmental and human impacts, and include the outcomes in the evaluation of General ESG Secretary.

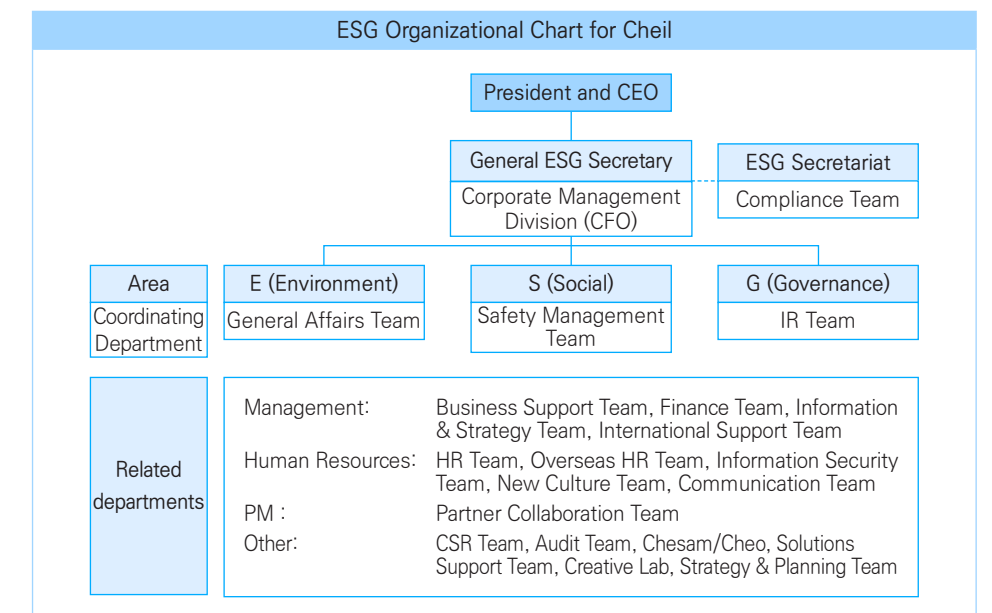
We regularly assess the performance of individual directors and the organizations they lead against specific KPIs, and the results of these assessments are directly linked to the calculation and delivery of their incentive awards. As such, Cheil Worldwide includes ESG management items as an important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

Composition of company-wide ESG organization

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

ESG Consultative Group

About 20 teams from our company's ESG-related departments regularly meet to discuss matters pertaining to sustainability management. This ESG consultative group holds in-depth meetings on our company's ESG issues through regular meetings three times a year, and the contents of these meetings are also reported to the upper management and the Board of Directors.



Stakeholder Participation in ESG Management

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

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

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

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

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

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

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

ESG Management Status

In addition to business reports, Cheil issued a “2023 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 2024.

To this end, we have established our own “ESG Information Disclosure Indicators” drawing on the various sustainability information disclosure standards available in Korea and overseas (including the GRI Standards 2021, SASB, the “K-ESG Guidelines” from the Ministry of Trade, Industry and Energy, the “ESG Information Disclosure Guidance” issued by Korea Exchange, and the WFE) and the evaluation criteria of the major ESG evaluation bodies (KCGS, National Pension Service, MSCI, etc.) in Korea and abroad. All ESG-related data covered by these disclosure indicators has been gathered and included in our independently verified “2023 Sustainability Report”. Cheil plans to issue and disclose sustainability reports once a year.

Selection of Key Issues

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

Materiality assessment process

Issue pooling

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

Materiality assessment

Four key issues were selected through review according to international standards from the SASB, etc., media research, business criticality, regular meetings of internal stakeholders, benchmarking with global competitors, and then opinions from external stakeholders such as professional accounting firms.

Results of Key Issues Selection

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

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

Pri- ority	ESG key issues	Related Stake- holder	Importance of the Issue	Management Plan	Pages of the Report
1	Marketing and Labeling	Customers and employees, etc.	As a marketing company, we comply with labeling and advertising laws to ensure that consumers receive accurate information about advertisers' products or services that is not false or misleading, and to help them make informed decisions about products and services.	<ul style="list-style-type: none"> - Establishment/publication of fair transactions policy and guidelines related to fair labeling and advertising - Operation of a pre-airing review process - Training for employees 	117 - 119
2	Customer Privacy	Customers and employees, etc.	As marketing using personal customer information increases, strict compliance with privacy laws and regulations when collecting personal customer information for marketing purposes has become an important issue in the marketing industry.	<ul style="list-style-type: none"> - Establishment/publication of policies and systems relating to privacy protection - Establishment and operation of a dedicated information protection organization - Personal information inspection and management activities, including development and operation of the "Personal Information Trustee Management" system - Activities to prevent privacy breaches - Training for employees 	100 - 109

Pri- ority	ESG Key Issues	Related Stake- holder	Importance of the Issue	Management Plan	Pages of the Report
3	Human resources diversity	Customers and employees, etc.	As diversity and inclusivity gain prominence in today's world, increasing the diversity of executives and employees, including their gender, nationality, and age, allows us to create advertising and marketing contents with a comprehensive understanding of consumers.	<ul style="list-style-type: none"> - Establishment and publication of "Diversity respect policy" and training - Operation of an open recruitment and training system without gender restrictions - Efforts to improve the employment rate of disabled persons - Operation of various maternal protection/childcare and family care support systems 	70 - 73
4	Management of Greenhouse Gas Emissions	Local community, partner businesses, etc.	Minimizing 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	<ul style="list-style-type: none"> - Reduction of city gas and electricity usage through a variety of energy efficiency measures 	46 - 64

* Considering the key issues in the SASB Advertising and Marketing sector, due to its fairly low sector importance, "Occupational Health and Safety," one of the key issues in 2022, was dropped from the major topics in 2023, and "Socioeconomic Compliance" was limited to marketing and labeling perspective compliance. Meanwhile, "Human resources diversity" was newly added as a key issue in 2023.

Key Issues for 2022	<ul style="list-style-type: none"> - Marketing and Labeling - Customer Privacy - Socioeconomic Compliance - Occupational Health and Safety - Management of Greenhouse Gas Emissions
Key Issues for 2022	<ul style="list-style-type: none"> - Marketing and Labeling - Customer Privacy - Human Resource Diversity - Management of Greenhouse Gas Emissions

Environment

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



Environmental Management System

Environmental management policy

Environment-friendly management policy

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

Environmental management goals

Climate change and carbon neutrality risk/opportunity factors and their financial impacts

The risk and opportunity factors linked to Cheil’s climate change and carbon neutrality, and the financial impact of those risk factors and opportunity factors on our business operations are as follows.

Opportunity	Financial impact	Risk factor	Financial impact
Reducing energy use in office space can save costs related to energy consumption	Utility costs (sales management expenses) can be cut down among the profit and loss categories in financial statements	Natural disasters including storms, floods, wildfires, and hot temperature that could damage our assets and threaten the safety and welfare of our employees	Assets may increase due to investment in safety facilities, and the amount of depreciation/insurance (sales management expenses) among profit and loss categories may increase accordingly
Create prospects for income growth by organizing marketing campaigns for customers looking to reduce their carbon footprint *Low-carbon or net-zero marketing, sustainability-focused brand strategy *Development, promotion of sustainable consumption for consumers, etc.	Sales figures can be increased among profit and loss categories in financial statements	There is a transitional risk that the cost of complying to environmental standards may increase if the standards get stricter in the future	The amount of labor costs, training costs, payment commissions, etc. (sales management expenses) may rise among the profit and loss categories as a result of the training and operation of the responsible department

Environmental management strategies

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

* Based on emissions/usage unit over revenue in the current year

In the medium to long term, we aim to achieve carbon neutrality by steadily reducing our greenhouse gas emissions by 2% per year, reducing our greenhouse gas emissions by 25%* by 2030 and achieve complete carbon neutrality by absorbing as much greenhouse gas as we emit and reducing net greenhouse gas emissions to zero by 2050.

* Reduction from 2018

Mid- to long-term quantitative goals for carbon neutrality		
Target year	(Mid-term) 2030	(Long term) 2050
Reduction of greenhouse gas emissions	25% reduction	Net emissions: 0

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%

In addition, we placed solar power generation facilities on a portion of the rooftop of our company building in 2023, and plan to introduce 100% new/renewable energy in the medium to long term.

Detailed plan

In fiscal 2023, we developed and implemented a plan to reduce greenhouse gas emissions and energy usage through facility efficiency improvements as follows:

<ul style="list-style-type: none"> • Jan. – Cleaned boilers (2 units) • Mar. – Repaired pipe insulation for air handling unit rooms, cleaned air handling unit and air conditioner filters on each floor • May – Installed external automatic doors (2nd floor) and air curtain (blocking cold and heat), replaced automatic control parts (increased efficiency) • Jun. – Replaced water heater vacuum pump (increased efficiency) • Jul. – Replaced old air conditioners (introduced high-efficiency inverter type air conditioners), replaced air handling unit filters 	<ul style="list-style-type: none"> • Aug. – Repaired cooling tower and deodorizing fan equipment, replaced with LED lighting fixtures • Sep. – Replaced with LED lighting fixtures • Oct. – Cleaned septic tank, replaced water heater service valve and made solution adjustment • Nov. – Replaced old air conditioners (introduced high-efficiency inverter type air conditioners) • Dec. – Installed solar power generation facility, repaired condensate piping for energy efficiency improvement (changed piping layout)
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Environmental Management System

Environmental management strategy

Governance structure

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

Risk management

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

Setting indicators and goals

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

Strategy

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



Environmental Management System

Evaluation of environmental management organizations and performance

Decision making organization for environmental management

We organize regular company-wide ESG meetings held three times a year, where ESG representatives from about 20 teams in the company's ESG-related departments discuss issues related to our environmental management. In particular, the General ESG Secretary, who is also the Chief Financial Officer (CFO) and registered executive, has decision-making authority and responsibility for environmental management and directly attends these meetings to oversee environmental management-related issues. In addition, starting in 2022, the content and results of the regular meetings have also been reported twice a year to the Board of Directors, our highest decision-making body, so that the entire company can jointly discuss and review pending issues related to environmentally friendly management. In particular, the issues and performance of environmentally friendly management related to climate change and carbon neutrality are reported to the Board regularly (once a year) for review at the Board level.

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

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

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

Considering environmental factors when investing

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

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

Domestic leadership in environmentally friendly ad production to alleviate climate change

Environment-Friendly (ESG) Practices Agreement

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

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

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

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

Environmental Management System

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

Environment-related evaluation of partner business operations

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

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

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

Evaluation of products supplied by vendors/contractors

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

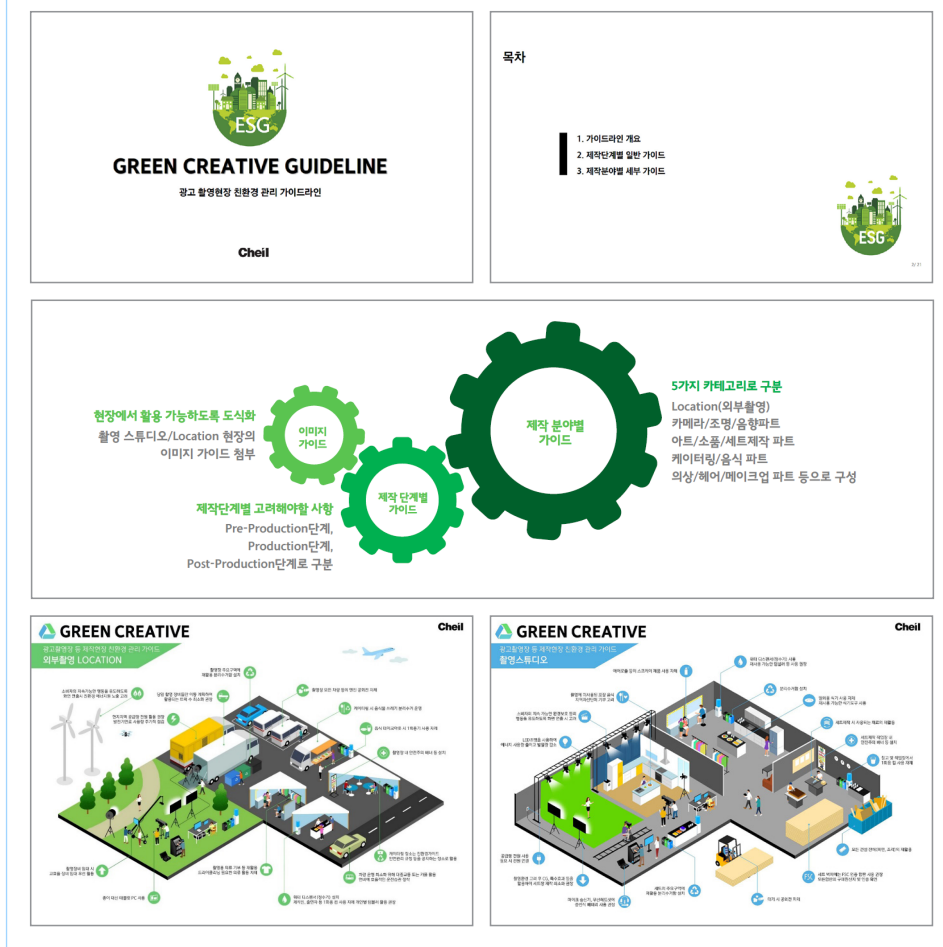
The “Guide on Environmentally Friendly Management Practices for Ad Filming Sites” includes △ a detailed guide on ad production phases and △ a detailed guide for each production area such that partners will be able to more easily achieve carbon emission reductions.

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

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

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

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



Environmental Management Activities

Green Cheil

Cheil Worldwide launched “Green Cheil,” an internal eco-friendly organizational culture campaign, in 2021 to involve employees in environmental management in line with ESG management, and has been making continued efforts to raise awareness of our employees and encourage their participation.

Ongoing activities to establish a culture of using tumblers at worksites

We encourage employees to use tumblers instead of disposable cups in our office cafe by offering a discount (50% off the price of the drink) when using personal tumblers. We are also carrying out continued activities to establish a culture to use tumblers by raising the convenience of using tumblers through infrastructure support such as hygiene management of pressure washers and installation of tumbler drying racks on each floor.

Special guest lectures on the topic of the environment

We invited prominent experts in the environmental field and organized special in-house lectures to raise employees’ interest in the environment and provide them with practical knowledge and a genuine attitude toward eco-friendliness. Our executives and employees had time to gain valuable insights into eco-friendliness through a lecture on <Ecological Transition: Climate and Biodiversity Crisis> by Professor Jaechun Choe, a leading expert in the field of biology.

Company-wide refrigerator cleaning campaign

We ran a company-wide refrigerator cleaning campaign called <Take Care of My Refrigerator> with all employees to improve the conditions and safety of the workplace as well as to cut down on carbon emissions that come from storing a lot of food in the refrigerator. We redefined refrigerator storage and disposal rules and held a thorough cleaning session. We also held a “Clean Refrigerator Contest” and a “Refrigerator Usage Idea Contest” to encourage employees to voluntarily participate in a refrigerator cleaning campaign that protects both their health and the environment.

New Year’s Book Bazaar

In an effort to ponder the meaning of resource circulation by recycling and reducing unnecessary items and provide a friendly sharing opportunity at the same time, we received donations of books from employees and held a book bazaar. Employees voluntarily paid the amount they wanted to donate to purchase the books they wanted, with all earnings going toward purchasing new books for children at local child care facilities.

Environmental awareness building training

An environmental awareness-building program was incorporated into Cheil’s 1H 2023 Compliance Training.

During the training, we introduced employees to precautions regarding eco-friendly advertising and introduced examples of ESG management activities, such as eco-friendly management activities of affiliates and media/entertainment companies, and trends in ESG supply chain due diligence. 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	Apr. 20 – May 12, 2023
Participants	All Cheil employees (100% participation rate)
Content	Briefing on precautions regarding eco-friendly advertising Eco-friendly management examples of affiliates and media/entertainment companies ESG supply chain due diligence Introduction to the Carbon Neutral Campaign – Nakdonggang National Institute of Biological Resources “Our Small Actions For The Earth”

Investments toward environmental management practices

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

Classification	Content	Amount (Unit: KRW 1,000)	Note
Energy efficiency	Increased thermal efficiency by cleaning heat source equipment	5,740	
	Introduced inverter-type high-efficiency air conditioners	36,600	Each floor
	Installed solar power generation equipment	33,000	Rooftop
	Improved condensate piping energy efficiency	7,700	
	Replaced lighting with LED	285	Corridor and common space
	Replaced and repaired hot and cold water dispenser parts	10,500	
	Reduced heat loss with winter insulation	177	
Total		94,002	

Environmental Management Activities

Environmental protection activities for local communities

Cheil has been engaged in a number of activities to protect the environment. In summer 2023, we conducted a “Growing Trees in Pots” activity for the employees in order to strengthen the conservation of biodiversity in collaboration with Tree Planet, an organization that plants endangered plants in Korea.

The employees planted 35 trees, including the Spleenwort, which is the natural monument, Table Palm, Monstera, and Schefflera, and donated them to local community welfare centers. These plants were utilized to provide psychological and emotional assistance for seniors living alone.

Tree Planet contributed to the conservation of biodiversity by planting endangered plants that only grow in Korea and require protection, such as the natural monument, Spleenwort, equal to the number of trees we purchased, i.e. 35 trees.



In addition, we invited Professor Jaechun Choe to Cheil Worldwide to provide a special lecture under the title “Ecological Transition, Climate and Biodiversity Crisis.” The employees were able to learn about threats to biodiversity posed by climate change and COVID-19, as well as other issues, and had time to explore and discuss potential solutions.

Cheil has also carried out volunteer activities for local communities. In May, a total of 187 employees participated in plogging activities to collect trash at Seoul Forest, Banpo Hangang Park, and Ichon Hangang Park during the course of three sessions. In addition, in an effort to reflect on the meaning of environmental protection and foster unity within the company, we ran a step donation campaign and a leftover meal system campaign. Over the course of two weeks, 265 employees took part in the Step Donation Campaign, choosing to go for a walk rather than use electronic devices during their free time and to use the stairs instead of the elevator. By taking 30 million steps, far exceeding the goal of 20 million steps, we contributed to saving energy. To commemorate the achievement of the goal, we delivered a donation to Yongsan Senior Welfare Center. Furthermore, in November, we implemented the “No Food Waste Today Campaign” in our company cafeteria to reduce environmentally harmful leftovers that emit carbon dioxide. The campaign showed anticipated effects, as seen by the 16.1kg reduction in overall leftover food from the day before and the 85.1g reduction in leftover food per individual from 103.8g.

Cheil Worldwide offered employees the chance to engage in a range of environmental protection activities throughout 2023, thereby enhancing their environmental awareness and motivation to take action.

Outcome of Environmental Management

Greenhouse gases

Greenhouse gas emission targets

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

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

Greenhouse gas emissions-cutting activities

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

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

※ Greenhouse gas emissions reductions over the past 3 years

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

Greenhouse gas emissions

Unit: tCO₂-eq

Classification	2021	2022	2023	2023 reduction
Scope 1	716.996	694.218	775.153	80.935 ↑
Scope 2	1,147.626	1,143.798	1,157.438	13.639 ↑
Scope 3	10.938	7.495	8.005	0.510 ↑
Total	1,875	1,845	1,940	95 ↑

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

* Performance compared to target: 2% reduction in target, 5% increase in performance

* Following the end of the COVID-19 pandemic, the average number of employees in the office increased by 32% (740 → 980) compared to 2022, which resulted in higher energy usage including electricity, gas, and gasoline.

Greenhouse gas emissions over revenue

Unit: tCO₂-eq/revenue (KRW trillion)

Classification	2021	2022	2023	2023 reduction
Scope 1	216	163	187	24 ↑
Scope 2	345	269	280	11 ↑
Scope 3	3	2	2	-
Total	564	434	469	35 ↑

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

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

Energy

Energy consumption reduction activities

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

To reduce our electricity consumption and the output of used light bulbs, we are replacing all lighting fixtures with LEDs and have replaced 89 lighting fixtures in the office cafeteria, etc. with LEDs in 2023. 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±2°C in the summer and 23±2°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.

In 2023, we installed and operated solar power generation facilities to cut down on electricity usage, and improved boiler condensate piping to cut down on gas consumption. Further, energy consumption reductions are achieved by cleaning out and repairing boiler and hot and cold water system pipes every year. All ceiling-type air conditioners were replaced with inverter types on the 3rd to 11th floors and air caps were installed in areas vulnerable to heating in the winter to improve heating and energy efficiency.

Outcome of Environmental Management

※ Energy use reductions over the past 3 years

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

Energy usage

Unit: TJ

Classification	2021	2022	2023	2023 reduction
Scope 1	13,006	12,618	13,962	1,344 ↑
Scope 2	23,981	23,901	24,186	0,285 ↑
Scope 3	0.163	0.112	0.119	0.007 ↑
Total	37	36	38	2 ↑

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

* Performance compared to target: 2% reduction in target, 4.5% increase in performance

Energy usage over revenue

Unit: TJ/Revenue (KRW trillion)

Classification	2021	2022	2023	2023 reduction
Scope 1	4	3	3	-
Scope 2	7	6	6	-
Scope 3	0	0	0	-
Total	11	9	9	-

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

New and renewable energy usage plan

Cheil has partially installed solar energy generation facilities on the rooftop and plans to gradually remove other unnecessary installations currently present on the rooftop and install more solar PV panels to maximize the amount of renewable energy and minimize carbon emissions.

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 (50% discount on beverages at our office cafe).

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

We have also instituted an electronic contracting system, under which all of our subcontracting master agreements (around 1,018, each agreement around 29 pages long)*, individual subcontracting agreements, quotes, proof-of-delivery documents, inspection result notifications, and output statements (around 9,022, each around 7 pages)** have been converted to electronic form to reduce our annual A4 paper use by around 190,000 sheets. (Total savings achieved by Cheil and partner businesses)

* 1,018 documents × 29 pages × 2 (1 copy each for Cheil and partner) = 59,044 pages

** 9,022 documents × 7 pages × 2 (1 copy each for Cheil and partner) = 126,308 pages

Activities to reduce water consumption

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

※ Water usage over the past 3 years

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

Water usage

Unit: Tons

Classification	2021	2022	2023	2023 reduction
Water	22,118	19,520	23,731	4,211 ↑

* Water source: Water supply

Water usage over revenue

Unit: Tons/Revenue (KRW trillion)

Classification	2021	2022	2023	2023 reduction
Water	6,652	4,589	5,734	1,145 ↑

Outcome of Environmental Management

Activities to reduce waste output

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

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

※ Waste output over the past 3 years

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

Unit: Tons

Classification	2021	2022	2023	2023 reduction
Wastes	23	28	59	31 ↑

Activities to reduce atmospheric pollutants

Cheil has no manufacturing processes, and the only air pollutant equipment at our facilities on our premises are boilers used for space heating and water heaters. To further reduce our atmospheric pollutant emissions, we replaced our boilers with low NOx burners in 2021 and our water heaters with low NOx burners in 2022.

※ Atmospheric pollutant emissions over the past 3 years

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

Unit: g

Classification	2021	2022	2023	2023 reduction	
NOx	Boiler	40	26	23	3
	Water heater	-	-	92	
SOx	Boiler	-	-	3	
	Water heater	-	-	2	

* In accordance with changes in air quality measurement in 2023, measurement target (water heater) was added and item (Sox) was added

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

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

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

Cheil environmental information for 2023 will be registered on the "Environmental Information Disclosure System" (www.env-info.kr) by the end of June 2024, with public disclosure expected in December 2024 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 (BSI) is also disclosed through our Sustainability Reports.

Outcome of Environmental Management

[Summary] 2023 Environmentally friendly management activities and practices at Cheil

Agenda	Description	Measures
Environmentally friendly work culture and habits	<ul style="list-style-type: none"> - Minimize paper-printed documents - Infrastructure support to facilitate soft copy reporting 	<ul style="list-style-type: none"> - Installation of digital bulletin boards in elevator lobbies on all company floors to replace paper posters for internal announcements - All reports to CEO and directors to be paperless in principle - In-team document sharing in electronic form to reduce unnecessary printing - Digital company newsletter and other in-house communications - Monitors installed in all conference rooms, wireless Internet access throughout premises
Minimizing use of disposable products	<ul style="list-style-type: none"> - Encourage use of tumblers at the workplace - Use Rain Keepers 	<ul style="list-style-type: none"> - Incentivize tumbler use by offering discounts at office cafe - Use Rain Keepers to discourage single-use plastic during rainy weather
Environment-friendly office supplies	<ul style="list-style-type: none"> - Environment-friendly paper cups, toilet paper, and copy paper 	<ul style="list-style-type: none"> - Uncoated, unbleached paper cups - Certified eco-friendly toilet paper - Reviewing use of lighter-weight copy paper
Office electricity consumption reduction campaign	<ul style="list-style-type: none"> - Lights-off policy where possible - Reduced elevator use 	<ul style="list-style-type: none"> - Automatic lights off during lunch hours and past 8 PM (1st time) and past 10 PM (2nd time) (lighting only where needed) - Make "inviting stairways" (Aug. 2017)
Building energy savings	<ul style="list-style-type: none"> - Adjusted winter/summer air conditioning and space heating temperatures to save energy - Reduced electricity consumption for lighting 	<ul style="list-style-type: none"> - Minimize air conditioning and heating by utilizing outdoor air during seasonal changes - Reduced air conditioning and heating supply time by easing the supply cycle to 26±2°C in summer (casual business attire including shorts; no tie policy) and 23±2°C in winter - Lowered energy loss from entry and exit and maintained an appropriate temperature in the lobby by installing an air curtain on the outer automatic door on the 2nd floor - LED lighting to reduce electricity consumption and spent light bulb waste
Participation in Seoul traffic reduction initiative	<ul style="list-style-type: none"> - Company policies and infrastructure to encourage use of public transit 	<ul style="list-style-type: none"> - Company-hired taxi system, parking space restrictions, and bicycle parking
Atmospheric pollutant emissions reduction	<ul style="list-style-type: none"> - Measurement and management of air pollutants in boilers and water heaters for first and second half of the year 	<ul style="list-style-type: none"> - Self-measurement of air pollutants from boilers and water heaters to reduce air pollutants, and management such as adjustment of air fuel ratio
CSR activities for environmental protection	<ul style="list-style-type: none"> - Encourage environmental protection contributions by employees 	<ul style="list-style-type: none"> - Food waste reduction campaign at company cafeteria - Raising awareness of environmental campaign issues by company volunteer work group
Environmental awareness building training	<ul style="list-style-type: none"> - Improve environmental awareness and build environmental consensus 	<ul style="list-style-type: none"> - Inform precautions related to environment-friendly ads - Share eco-friendly management cases and ESG supply chain due diligence trends in associated companies and in the Media & Entertainment industry - Introduce Carbon Neutrality Campaign
Investments toward environmental management practices	<ul style="list-style-type: none"> - Greenhouse gas emission and energy usage reductions 	<ul style="list-style-type: none"> - Replace with LED lighting, introduce inverter-type high-efficiency air conditioner, and install solar power generation facility



Social

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



Human Rights

Human Rights Management Policy

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

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

Leadership in human rights advocacy in ad production environments

Children and youth are the stakeholder group that is most vulnerable to human rights-related risks in the popular culture and arts industry, including the advertising industry. Our “Guidelines for Protection of the Rights and Interests of Children and Youth at Filming Sites” (August 2021) is based on Articles 31 and 32 of the UN Convention on the Rights of the Child, Chapter 2, Section 2 of the Popular Culture and Arts Industry Development Act, and the Korea Communications Commission guidelines, and is made public on our website*.

* Website (cheil.com/hq/sustainability)

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

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

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

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

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

Human rights violation prevention program

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

Stakeholder	Grievance support channel related to human rights	Percentage of grievances resolved in 2023
Employees	– “Grievance Support Channel” in company message board	– 0 human rights complaints received through the reporting channel on the left between January 1, 2023 and December 31, 2023
Partner businesses	– Help Desk in “Win-Win Partners Portal”	

Human rights education program

The Cheil human rights awareness programs including courses on “Workplace Harassment Prevention” and “Improving Disability Awareness” are administered every year through offline training as well as online training platform to effectively deliver training contents to all employees.

Human Rights Program in 2023		
Training	Month administered	Completion rate
Workplace bullying prevention training Sexual harassment prevention training	May 30 – June 29 (Offline) November – December (Online)	100% * 1,347 persons
Disability awareness-building training	September 25 – October 20 (Online)	100% * 1,251 persons

* Participants: Mandatory for all employees, the number of people completed is based on the number of people currently employed at the time of training (excluding those on leave/foreigners, etc.)
* Separate training for executives (100% completion rate)

Sexual harassment and discrimination prevention policy and reporting procedure

Provisions for preventing and prohibiting sexual harassment at the workplace are included in the Cheil Rules of Employment, and are binding for all employees. Statutorily required training for workplace sexual harassment prevention is administered annually to all employees. In 2023, an outside labor attorney and an in-house labor attorney developed educational content to provide practical training. We operate a reporting channel for offenses, which are handled transparently according to the established in-house procedures in strict compliance with the related laws and policies. Discrimination on the basis of gender, nationality, manner of employment, etc. is prohibited at our workplaces. As with workplace harassment offenses, reports of discrimination are received through dedicated reporting channels and addressed transparently according to the established procedure.

* There were no discrimination complaints in 2023.

Employees

Employee diversity

Diversity in human resource composition

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

Cheil Worldwide is committed to diversity and inclusion. One of our guiding principles is to give all executives and staff members the chance to fully demonstrate their strengths. Our company contains these values and quantitative goals for increasing employee diversity in our "Diversity Respect Policy," which we also publish on our ^{*}website and internal bulletin board. We also provide guidance on the contents for employee training.

^{*} Website: cheil.com/hq/sustainability

In addition, we operate an open recruitment and training system without gender restrictions, and we manage and set targets in every area, including recruitment, evaluation, and education, to increase the proportion of women and female leaders. As a result, the proportion of female executives and employees is 47.8% and 52.5%, respectively, indicating a high level of gender balance compared to other domestic companies.

	2021	2022	2023	
Percentage of females (%)	50.5	52.3	52.5	
Female employment rate (%)	50.0	68.0	59.0	
Leadership	Female executives (%)	16.1	16.1	20.0
	Female managers (%)	45.8	47.2	47.8

Cheil Worldwide is continuing a number of initiatives in collaboration with the Korea Employment Agency for the Disabled to foster an atmosphere and culture that allow disabled employees to completely demonstrate their potential and to expand employment of disabled employees. As a result, the employment rate for the disabled improved from 1.61% at the end of 2022 to 1.67% at the end of 2023. Cheil plans to expand employment to reach the ^{*}required employment rate for the disabled.

^{*} 3.1% based on private companies in 2024

In addition, Cheil Worldwide encourage activities to establish a culture of diversity. We actively support hobby clubs in the workplace. Currently, there are 17 hobby clubs (as of 2023) with activities ranging from soccer, baseball, basketball, table tennis, yoga, and flower arranging to create a healthy corporate culture where employees can mingle regardless of position, function, gender, or nationality.

Cheil also conducts a reverse mentoring system to ensure a generational balance among workers, taking into account the issue of employment imbalance between generations, which has recently surfaced as a social concern.

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

Full-time / fixed-term employment ratio

Cheil wishes to maintain long-term relations with all of our employees. The percentage of fixed-term employees in our organization is extremely low compared to industry averages, with 98% of our staff employed full-time as of 2023.

Employees

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

Support systems

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

Maternity support

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

Childbirth support

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

Childcare support

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

Family care support

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

Cheil Daycare Center

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

Cheil Daycare Center – Overview

Opening date	Permitted capacity	Hours of operation	Land area
Jun. 2, 2008	45	7:30 – 19:30 (Extended care until 24:00 if needed)	502m2 (2 stories, 1 basement level)

Staff of Cheil Daycare Center

* As of January 2024

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

Cheil Daycare Center instructor-child ratio

* As of January 2023

Classification	Child Care Act	Cheil Daycare Center
1	1:5	1:4
2	1:7	1:6
3	1:15	1:10
4	1:20	1:15
5	1:20	None

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

Classification	2023
Enrollment (annual average)	19
Parents using Daycare Center services (annual average)	21
Cheil subsidy (annual)	KRW 476,487,000



Employees

Duration of employment and retiree support programs, etc.

Duration of employment

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

Average duration of employment

	2021	2022	2023
Average duration of employment (years)	9.58	9.55	9.78

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.

Furthermore, we offer paid self-development leave of at least 1 day and up to 5 days per month to employees aged 55 or older who are eligible for peak wage system in order to help them prepare for retirement and reemployment.

Performance evaluation systems for employees

Individual achievement and competency evaluation

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

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

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

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

Performance evaluation process

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

Employees

Leadership evaluation

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

Systems for employee involvement in career path design

We gather career plans and job satisfaction opinions from employees through the “Career League” program to help us design short- and long-term career paths through the organization.

The program also serves as a communication window through which we listen to career-related questions and difficulties experienced by members of our organization.

Remuneration policies

Procedures for stakeholder participation in remuneration policies

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

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

Remuneration policy based on objective performance

Performance of Cheil employees is evaluated according to clearly defined objective standards. We operate a remuneration policy that ensures proper rewards according to performance. Specifically, regardless of performance or non-performance departments, all employees, including executives, full-time employees, and contract employees, receive the same compensation under the company’s two main performance-related compensation systems: incentives for objectives (semi-annual) and performance incentives (annual).

- 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, regardless of their status and occupation. Good welfare and benefits improve quality of life, boost job satisfaction and morale, and induce better immersion during the work day.

The health of our employees is our highest priority. Along with free medical checkups and allowances to help cover medical expenses, we also operate a free company clinic and fitness center. Additionally, employees have access to the “Hyu Center”, staffed by a team of professional staff trained in stress management and psychological counseling. Employees with special dietary needs or preferences are provided with a separate “Well-Fit” selection offered at the company cafeteria.

Classification	Support Systems	Description
Health management	General health checkups	General health checkups for employees and spouses
	Medical allowances	Medical expense, illness, and injury insurance policies for employees, executives, and family members
	Free clinics	Family medicine clinic and dental clinic for employees
	Hyu Center	Stress management and psychological counseling
	Fitness center	Free leisure, sports, and fitness center at work
Family occasions	Allowances and leave	Allowances of special leave for marriage, funerals, and childbirth
	Funeral 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	Theme park	free all-day theme park and water park passes
	Accommodation and facilities	Discounts at Cheil partner condominiums and recreation facilities
	Sabbatical	Sabbatical leave and allowances for every 5 years of continuous employment
	Hobby clubs	Allowances for hobby clubs at the workplace
	i-spa	Facilities for relaxation at work for employees needing a break, massage, and reading time
	i-buffet	A system of selectable welfare benefits tailored to individual lifestyles

Employees

Organizational culture

Flexible and family-friendly work environment

Following the institution of the 52-hour work week, Cheil has adopted a “Selective Work Hours System” under which employees can freely adjust their work start and finish times and how long they work on a given day, so long as a minimum number of hours worked per month is met. In addition, employees can keep track of and manage hours worked through the “PiC+ System” to set up the work-life balance that best suits them. Additionally, we operate various working hour reduction systems such as reduced working hours during pregnancy, reduced working hours during childcare, and reduced working hours for family care, to support employees in finding a balance between work and family in a family-friendly work environment.

Family-friendly and team-building GWP events using our company’s sports clubs (basketball, volleyball, soccer, etc.), business support hospitality programs, and internal and external CSR activities in connection with our social contribution groups have also been consistently operated. This has taken many forms, including home game tickets for family outings, group visits to revitalize organization, and rental of premium viewing facilities (skyboxes). In particular, the Suwon Samsung Blueminx Escort Kids Event, which invited 22 children of employees and about 100 of their families to the soccer field, made families and employees proud of Cheil Worldwide by giving them a unique experience of Cheil.

Creative organizational culture

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

“i-pub”, our online communication hub

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

In 2023, we inspected inconvenient features of the mobile version of “i-pub” and made improvements so that our employees can communicate conveniently anytime, anywhere.

Grievance support channel “What’s bothering you?”

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

Special Guest Lecture “WOW Concert”

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

This year, we invited Ecologist Professor Jaechun Choe to give a lecture on “Ecological Transition: Climate and Biodiversity Crisis” so that our employees have time to think about noteworthy environmental issues in work and life in general. In the lecture “Opportunities and Risks of K-Content” with Jiyeon Kim, the producer of “Squid Game,” we were given vivid accounts of how content creation for a worldwide audience requires strategic planning and branding/marketing expertise.

Vacation Encouragement Campaign “Idea Vacation”

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. We also held a vacation photo contest to inspire our employees to engage in enjoyable creative activities that allow them to express their individuality and foster creativity, while allowing them to savor the scenery and the people they met while on vacation.

Hobby clubs “Mania Club”

Cheil Worldwide operates “Mania Club” to promote horizontal exchange between employees regardless of affiliation, job, or position, thereby reviving internal communication and expanding the range of non-work experiences that create the foundation for idea generation. Through this program, we support a range of communication activities based on shared interests, including hobbies, cultural enjoyment, talent development, and health promotion. In order to satisfy the long-standing desire of executives and staff and to live up to increased expectations, the program, which had been temporarily suspended since 2020 due to the coronavirus pandemic, was resumed this year for the first time in three years. Events involving employee participation and system renewal were also arranged.

SCI Engagement Survey to Monitor Employee Satisfaction and Organizational Health Diagnostics

Every year, we conduct the “SCI (Samsung Culture Index)” Engagement Survey to monitor employee satisfaction and organizational health diagnostics by Samsung Global Research, and implement various organizational culture improvement activities based on the results.

Education and training

Employee training programs

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

* Training for all employees, including initiation/job/leadership/compliance, is for all employees regardless of contract type, such as full-time/contract.

Programs are implemented across a number of external educational institutions for added effectiveness. We offer a digital marketing excellence program for talented employees in collaboration with Seoul National University. Additionally, we offer approximately 5,000 multi-campus e-learning courses for online education, which are taken by about 2,000 executives and employees annually through LinkedIn Learning and Udemy. Over 200 employees have unrestricted access to e-learning courses.

Managing effectiveness indicators for employee training programs

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

In this way, we measure the effectiveness of our employee training programs and continually manage the indicators to identify improvements and provide better training services.

Education and training costs/time per employee

Cheil retains education and training cost data. As of the time of reporting for our 2023 Business Report, Cheil spends KRW 1,845,000 per employee per year on employee education and training.

※ Average training hours per employee

As of 2023, total training hours administered by Cheil reached 40,883 hours. This comes to an average of 28.3 hours spent in education and training for each employee.

* 1,445 total employees

Scholarship promotion programs

Cheil supports higher education and scholarship activities of our employees by offering the Samsung MBA, Cheil MBA and academic leave programs. The Samsung MBA program affords our most competent employees the opportunity to obtain MBA degrees from the world's most prestigious business schools, and the Cheil MBA program supports domestic MBA and general master's programs for outstanding employees. We also support training leave of up to two years for employees who autonomously choose to pursue a master's degree or higher. In addition, we support learning expenses and testing fees for all employees including contractors seeking work-related certifications (Adobe solutions expert, industrial safety/logistics expert certification, etc.).

Talent discovery strategy

Goal

Our goal in talent discovery is to secure excellent talent and provide fair employment opportunities.

Talent pipeline development strategy

Various channels are operated by Cheil for new and experienced talent pipeline development including open recruitment and talent registration. 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.

Cheil is recruiting talented people for a wide range of jobs through various talent discovery programs as mentioned above. For the convenience of applicants, our recruitment process for new, experienced, and intern talent is provided in detail through the Samsung Recruitment website.

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 Worldwide operates a variety of job-specific development training programs to strengthen the capabilities of our employees and support their growth. Through various internal and external training courses, 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”.

Moreover, through the Cheil-Seoul National University Digital Marketing Excellence Program, we are developing comprehensive digital marketing skills to enable our employees to promptly adjust to shifts in the advertising industry, where digital/data marketing is becoming more and more crucial. We also provide Unreal Engine (game engine) training to innovate production methods and practice developing data marketing solutions through the Junior Capstone. Meanwhile, we organize creative forums and seminars at major international advertising festivals every year to provide opportunities to learn about the latest trends in the advertising industry. We also support our employees to gain new insights through participation in major exhibitions and events abroad. 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.

Managerial and leadership development training

Cheil operates a number of leadership programs which include △ executive training, △ manager training, and △ team leadership training. Through various management and leadership development programs, such as “New Team Leader Training” aimed at nurturing the leadership of new team leaders who have become team leaders for the first time, “Team Leader Leadership Training” designed to improve the coaching leadership and team member interviewing skills of team leaders, and “Executive Training” to foster the next generation of leaders, we strive to systematically cultivate the next generation of management leaders in accordance with internal succession planning and augment leadership and communication capabilities across the 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 Labor-Management Council, directly elected by employees in 2021, regularly communicates with the company after gathering diverse opinions from employees and continuously strives to build a culture of mutual respect between labor and management.

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

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

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

Occupational Health and Safety

Health and Safety systems

Safety and Health Management Policy and Goals

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

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

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

* Achieved accident-free workplace from 2021 to 2023 (three consecutive years)

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

Establishment of Safety and Health Management System (ISO 45001:2018)

Cheil Worldwide is taking the lead in the industry by being the first in the domestic advertising industry to obtain the international standard ISO 45001:2018 (Safety and Health Management System) certification in 2023, based on its current safety and health system. With the acquisition of ISO 45001 certification, we anticipate that Cheil's safety and health management system will be further enhanced and that we will be able to create a safer workplace.




CERTIFICATE



This is to certify that

Cheil Worldwide Inc.
222 Itaewon-ro
Yongsan-gu, Seoul, 04404
Republic of Korea

has implemented and maintains an **Occupational Health and Safety Management System**.

Scope:
The occupational health and safety activities and supporting processes associated with integrated marketing solutions including advertising strategy & execution, creative, media, retail marketing and digital marketing

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard:

ISO 45001 : 2018

Certificate registration no.	50351036 OHS18
Date of certification	2023-12-19
Valid until	2026-12-18




DQS Inc.



David Tellez
Managing Director

DQS IS A MEMBER OF




Accredited Body: DQS Inc., 1500 McConnor Parkway, Suite 400, Schaumburg, IL 60173 USA
Administrative Office: DQS Korea LLC., #207, ACE Highend Tower 3rd,
145 Gasan Digital 1-ro, Geumcheon-gu, Seoul, 08506, Republic of Korea
The validity of this certificate can only be verified by the QR-code.

Stakeholders for Safety and Health Management Policy

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

In addition, we specify the Code of Conduct for our partner businesses' employees in the "Safety Management Manual", send official safety guidelines for working at heights and lifting large objects, as well as risks related to natural disasters including typhoons, heat waves, and cold waves to the partner businesses, and conduct safety training for them in the first and second halves of the year to continuously raise their safety awareness.

Health and safety systems

Cheil Worldwide faithfully implements all safety-related laws and regulations, such as the Occupational Safety and Health Act and the Public Performance Act, and has significantly strengthened the company's safety and health management system to achieve an accident-free workplace in response to the Serious Accident Punishment Act implemented in 2022.

Pursuant to the revisions, our health and safety management systems have been divided into △ facilities safety and employee health management at Itaewon HQ and GT Tower offices and △ safety management at external and mobile worksites including sets and exhibition venues. Our health and safety organization staff has been increased, and various efforts have been made to bolster our workplace safety management practices and policies. These include safety awareness-building training and campaigns for employees, and safety training for partner businesses with a permanent presence on Cheil premises. In particular, we have renewed our safety management processes for external and mobile worksites including filming sets and exhibition values. A new "Safety Management Manual" has been set up with help from expert consultants as the first in industry, distributed to and implemented by all Cheil organization members and partner businesses.

Establishment and operation of Occupational Safety and Health Committee

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

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

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

Staffing of dedicated health and safety organization

To facilitate the implementation of professional safety and health management practices suitable for the advertising industry and workplaces such as ad filming locations and exhibition venues, we have established a dedicated safety and health affairs organization (Safety Management Team) as an industry first in 2021 and appointed the Chief Safety Officer to carry out and manage safety and health work based on safety-related personnel rights, budget rights, work stoppage rights, and partner company evaluation rights. In addition to recruiting new professionals with qualifications such as industrial safety engineers, we strive for the development of our professional workforce by nurturing our own safety and health experts. Cheil Worldwide promotes systematic and professional safety and health management since 2022 through newly establishing the safety and health affairs organization and recruiting experts with safety certification, and continuously cultivates the skills of those responsible for safety management through job training on the safety environment infrastructure and outside expert consulting, etc.

Identification and risk mitigation activities of key safety and health risks

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

Risk assessment and safety inspection for our establishments and facilities

Regularly scheduled risk assessments are conducted for Cheil establishments and facilities, including our Itaewon headquarters and offices in the GT Tower. Accommodating our employees in safer, more comfortable work environments is our priority.

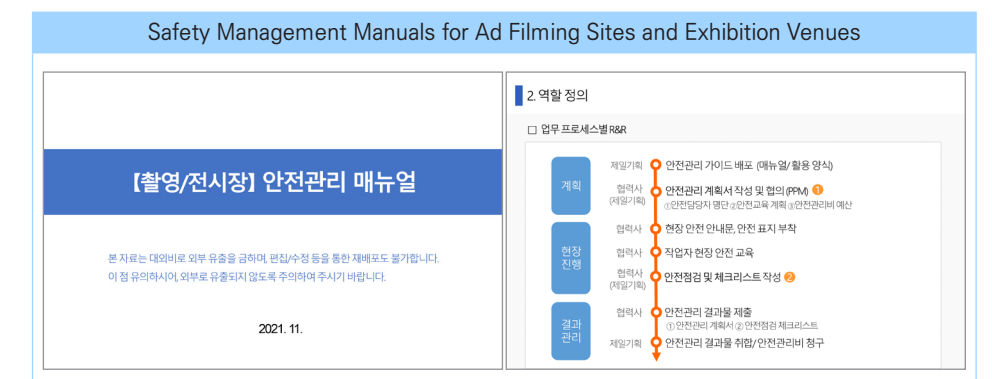
In addition, we conduct risk assessments from time to time when there are changes, such as replacements and modifications to workplace equipment, to identify and manage risk factors in advance.

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

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

All manner of safety accidents may potentially occur at ad filming sites or exhibition venues. As the leading corporation of the Korean advertising industry, we have taken it upon ourselves to reform industry work practices and reinforce our partner businesses' safety management capacities to improve the safety culture in the advertising industry as a whole. With consulting from the Korea Industrial Safety Association, we have established the "Safety Management Process for Ad Filming Sites and Exhibition Venues" and a set of "Submanuals". The "Safety Management Process for Ad Filming Sites and Exhibition Venues" proceeds in the order of "Establish safety management plan → Prior safety training and site inspection (checklist) → Management of outcomes". Each of the "Sub-manuals" contains safety inspection items and measures, instructions for dealing with emergency situations, and general safety-related guidance, and we are continuously improving the production environment and expansion of the application of safety and health laws and regulations of Cheil Worldwide.

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



We operate a communication channel using KakaoTalk so that all employees of Cheil Worldwide and its partner businesses can report hazards in mobile worksites.

In the event of a safety issue on site, workers exercise the authority for emergency work suspension to stop work, correct the hazard to ensure the safety of the site, and then resume work.

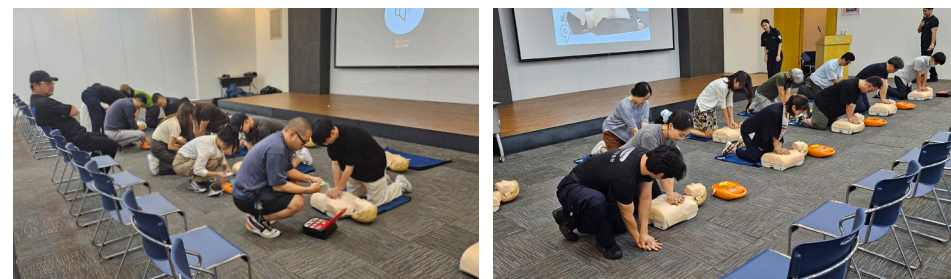
To ensure the smooth use of the authority for emergency work suspension, we provide training for the authority for emergency work suspension and continually remind employees that there are no penalties for exercising the authority.

Safety training – Raising safety consciousness in employees

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

Safety Training in 2023			
Classification	Content	Month administered	Completion rate
Employees	Safety Management Examples	May	100% * 1,238 persons
	Safety Management of Cheil Worldwide	September–October	100% * 1,251 persons
	CPR training	September	531
	Fire drill training	May	1002
	ISO 45001 internal auditor training	November	9
Our Executives	Safety accident cases and Serious Accident Punishment Act trends	May	100% * 31 persons
	2023 Safety accidents and Implications	November	100% * 29 persons
Partner businesses	Safety accident cases and major safety management issues Reporting system for accidents Expansion of the scope of application of the Serious Accidents Punishment Act	March	81 companies
	Risk assessment training – Risk assessment targets and Implementation method * Korea Occupational Safety and Health Agency instructor training	November	379 companies

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



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

In addition to training, we also conduct evacuation drills to prepare for emergencies such as fires and earthquakes, and various mock drills to prepare for emergencies such as water damage prevention drills for heavy rains and typhoons during the rainy season, and UPS fire drills. Furthermore, to further enable prompt response in the case of a cardiac arrest, we have incorporated regularized cardiopulmonary resuscitation (CPR) training and installed automated external defibrillators (AEDs) on all floors where employees work. The CEO delivers a message to all employees once every 1H and 2H, asking them to pay attention to and practice safety and health. In addition, we encouraged employees to participate in the “Risk Factor Discovery Campaign” and the “Comprehensive Safety Campaign,” including “Keeping Safety Tips in Daily Life,” to suggest improvements to safety risks that may occur in offices and mobile worksites and to establish a safety culture.



Occupational Health and Safety

Accident-free workplace

Cheil Worldwide did not have a single safety accident (disaster) in 2022 and 2023, achieving an accident-free workplace for the three consecutive years.

Classification	2021	2022	2023
Frequency rate of injury*	0.000	0.000	0.000
Accident rate**	0.000	0.000	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 and their family members. Other services provided include a consultation program to improve mutual understanding within the organization and a variety of mental health care program. Recently, we promoted extended operation of external employee assistance program (EAP: Employee Assistance Program) to support financial and investment management through a professional financial consulting firm. Cheil contributes to the emotional well-being of our employees by improving accessibility for employees in the Gangnam area and through external psychological counseling and coaching.

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 problem-solving-oriented counseling, operating a 3-stage platform consisting of “Caring”, “Healing”, and “Beyonding” stages to help with soundness of mind.

Classification	Description
Hyu “Caring” Program	The Caring program consists of psychological counseling services based on attachment and psychoanalysis, and helps employees to address and resolve psychological difficulties. Services provided consist of Individual Care (individualized stress management and psychological testing), Team Care (team workshops promoting mutual understanding and communication among team members), and Family Care (family psychological diagnostics and counseling).
Hyu “Healing” Program	A suite of three healing programs is operated with an emphasis on recovery for employees. 1. Saving Private Cheil 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. 2. Family Counseling 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. 3. Group “Healing” Program These group counseling programs invite groups to engage in discussion aimed at collective healing and growth. By sharing thoughts, empathizing with each other, and helping each other to address and come to terms with similar issues, group counseling can alleviate stress and instill a sense of belonging in participants.
Hyu “Beyonding” Program	These coaching programs include capacity building and growth support for employees. They go beyond problem solving to support the progress and growth of individuals, teams, and families. 1. Individual Beyonding Individualized psychological testing and solutions coaching for various life and work-related issues including self development, goal achievement, and the pursuit of happiness. 2. Team Beyonding These are team vision-building workshops that use results from psychological tests to diagnose team characteristics and strengths, and also provide suggestions for team progress and effective sharing/discussion of opinions within the organization. We also offer organizational management coaching to improve the mindfulness and leadership of team leaders. 3. Family Beyonding Family coaching is provided for couples’ communication skills, child-raising, career aptitude (academics) counseling, and other family issues to assist in recovery of family relations and family growth.

Health and safety of partner businesses

Health and safety support for partner businesses

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

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

Cheil Worldwide also conducts briefing sessions, training, and distribution of materials on safety management processes and manuals to our outsourcing partners (approximately 500) for filming and exhibitions.

In particular, in 2023, we provided training to partner businesses on the issue of expanding the scope of application of the Serious Accidents Punishment Act in 2024 and the obligation to conduct risk assessments to help partners comply with safety and health-related laws and operate their workplaces more safely, and through this training, we strive to ensure the safety of the employees of our partners and related parties at the production site so as to prevent accidents.

We conduct safety and health capability assessments for major partner companies once a year and restrict orders from companies with insufficient safety and health capabilities. Further, our vendor selection process includes 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. In addition, we assist partners who achieve excellent safety and health performance with their corporate accident insurance premiums.

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) with revisions made constantly.

In addition, we made it mandatory to submit a safety management plan, inspect through a checklist, and create a work plan prior to filming, and established, revised, and distributed related forms.

We conducted more than 40 safety inspections in 2022 and more than 30 safety inspections in 2023 to instruct on-site safety management and identified and improved risk factors at mobile worksites, such as filming and exhibition sites.

Security and Privacy

Systems for protection of information and privacy

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

Policies and systems relating to information protection

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

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

Policies and systems relating to privacy protection

Cheil has established a data protection policy that applies to all relevant business lines which is made public on our website. We also 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 internal message boards for convenient reference at any time.

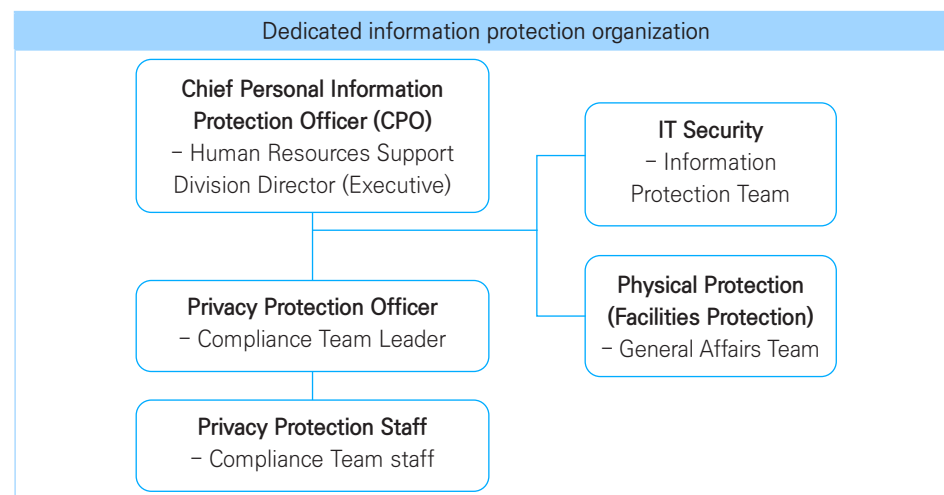
Twice a year, our in-house legal team administer trainings about an important aspect of the "Internal Management Plan" to inform all members of the organization of our obligations in terms of privacy protection. Our "Compliance Newsletter" is issued periodically to inform the organization of recent violations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

Compliance Newsletter History for Privacy Policy Compliance in 2023

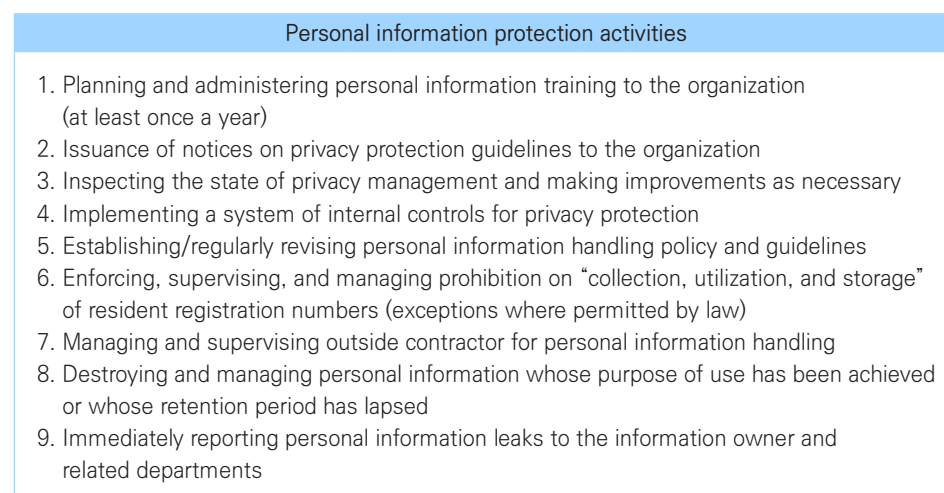
Description	Month
Personal Information Protection Committee sanctions eight businesses for violating personal information protection laws	February
Sanctions for telecommunication companies and agencies for violating personal information protection laws	March
Examples of personal information leakage due to mistake of responsible party	May
Information on revisions to the Personal Information Protection Act and Enforcement Decree	August
Sanctions for insufficient management of personal information processing trustee	October

Composition and activities of our privacy protection organization

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



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



Designation of Chief Information Security Officer

Pursuant to Article 45-3 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, our Human Resources Support Division Director (managing director) has been designated and declared/registered with the Ministry of Science and ICT as Cheil’s Chief Information Security Officer (CISO). (Jan. 3, 2019)

The CISO, who is selected from executives meets the requirements specified in applicable laws and regulations (e.g., whether he/she holds a dual position, has specialized expertise, etc.) and the relevant selection criteria are specified in the company’s Security Management Policy.

In addition, Cheil undergoes computerized audits by external independent audits (accounting firm) at least semi-annually to determine whether our overall information protection/personal information protection system, including security policy operation, vulnerability inspection, breach response, administrator authorization, and employee information security training, satisfies the standards of relevant laws and regulations.

In accordance with Article 13, Paragraph 2 of the Information Protection Industry Act, Cheil’s information protection status are publicly disclosed starting in 2022.

Designation of Chief Personal Information Protection Officer

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

Information security training

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

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

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

Privacy training and information security training in 2023			
Training	Content	Month administered	Completion rate
[Company-wide, Korea] Compliance training	<1H> 1. Briefing on the latest privacy-related legal violations and guidelines, Briefing on Personal Information Trustee Management system 2. Information Security Training	April-May	100% * 1,238 persons
	<2H> Briefing on the latest privacy related legal violations and guidelines and Amendment to the Personal Information Protection Act	September-October	100% * 1,251 persons
[Company-wide, Overseas] Compliance training	Information Security Training	June-October	100% * 5,424 persons
Training for new and experienced recruits	1. Briefing on personal information handling process precautions and guidelines 2. Information Security Training	• New recruits: February, August • Experienced recruits: Monthly	New recruits 100% * 46 persons Experienced recruits 96.4% * 53 persons
Training for foreign nationals working in Korea	Information Security Training	October-November	100% * 8 persons
In-house partner businesses training	1. Briefing on trustee obligations under the Personal Information Protection Act 2. Information Security Training	October	116

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

Information security and personal information protection activities

Information security activities and system inspections

Information security activities

Classification	Description
Enacting and revising information security policy	Our security standards are continually revised to reflect the latest legislation and rapidly changing information technologies. Notices are issued to ensure that all employees are familiar with and maintain compliance with the latest standards, and the latest security standards are applied to 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.
Malicious email response mock exercise	To protect Cheil trade secrets and other information assets in the midst of ever-increasing corporate hacking attempts through emails containing malicious code, we have issued malicious email warnings to the organization and perform regular mock exercises to prevent theft of company information assets.
Office environment security inspections	Theft and loss of trade secrets and other company information assets due to negligence on the part of our employees can be prevented. Workspaces are inspected regularly after work hours for any computers that may be left on, drawers or cabinets that may be unlocked, and any unattended documents in order to keep the organization alert to the ever-present threat of information leaks.
Information Security Training	New recruits are required to complete information security training to preempt legal infringements that may arise in the performance of work and to protect the information assets of the company. Regular information security training is administered annually to employees of our domestic and overseas locations and partner businesses.

System Inspections

① System (new/modified) security inspection

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

② Website / server / database / network security inspection

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

Category	Item	Frequency	Inspection dates in 2023
Information security activities	Information security policy revision	Annual	December
	Notice of information security	Annual	June
	Attend security technology seminars	Monthly	Jan. – Dec.
	Exchange of security works (service partners)	Three times a year	March, June, November
	Malicious email response mock exercise	Annual	December
	Office environment security inspections	Semiannual	August, December
Systems	Information Security Training	Annual	June
	Important SW security updates and company-wide announcements	Often	Often
	Blocking access to harmful domestic and foreign websites	Often	Often
	Application of security control service and hacking prevention	Often	Often
	System (new/modified) security inspection	Once before opening	October
	Application security inspection	Monthly	Jan. – Dec.
	Database security inspection	Annual	July
	Server/network security inspection	Monthly	Jan. – Dec.
Cloud security inspection	Annual	August	

Information security and personal information protection-related inspection activities

Regular inspection of suppliers and business partners through Personal Information Trustee Management System

In recent years, as the share of marketing using digital media has increased dramatically compared to marketing using traditional advertising media such as TV and print, marketing using customers' personal information has also increased. Accordingly, the supervision and regulation over the use of customers' personal information for marketing purposes by the Personal Information Protection Commission is also being reinforced.

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

The "Personal Information Trustee Management" system is a management/inspection system which ensures that all trustees (suppliers and business partners) doing business with Cheil Worldwide thoroughly protect customer privacy, and inspections are conducted to verify trustees' compliance with personal information protection and information security.

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

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

Information security check

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

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

Activities to prevent personal information leaks

Cheil Worldwide has 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
2021	10.8	Chesam
2022	8.9	Samsung Thunders basketball team
2023	8.17	Cheil Worldwide YouTube Channel

Personal information damage liability insurance policy (2023)
- Insurer: Samsung Fire & Marine Insurance - Limit of liability: KRW 500 million - Coverage period: Dec. 31, 2023 – Dec. 31, 2024 (renewed annually)

Right protection policy

The subject of the personal information handled by Cheil Worldwide has the right of access, rectification and deletion, or suspension of 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.

Cheil Worldwide collects customer privacy only when it is absolutely required, as when a contract has been fulfilled or when the customer’s explicit consent is obtained. Other than the customer, Cheil Worldwide does not collect personal data from third parties. In addition, we process the customer privacy only to the extent of receiving explicit consent from the customer, and do not rent, sell or provide personal data to third parties unless it is required by Articles 17 and 18 of the Personal Information Protection Act, such as when the customer consents or there are special legal requirements (Article 5 of the Personal Information Handling Policy). Further, we commit to deleting data when it is no longer needed, such as when the processing purpose has been fulfilled or the personal information retention period has expired (Article 7 of the Personal Information Handling Policy).

Protecting the rights of information owners

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

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

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

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

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

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

Personal information protection violations/grievances

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

Ethics and Compliance

Employee rules for compliance practices

Cheil Worldwide Compliance Rules

In April 2012, we established the “Compliance Control Standards”, which includes the composition of the compliance control organization and the standards and procedures for all compliance control activities of the compliance control organization, and in December 2022, we revised the above standards to reflect the latest compliance trends, refine the compliance education program, and establish the basis for online distance education.

In addition, since June 2012, we have enacted and implemented the “Operating Regulations of the Compliance Program” as a subordinate regulation to the above “Compliance Control Standards,” which includes the operating system of the compliance organization, division of duties, and specific operating measures of the compliance program, and we always post the above regulations on the internal compliance system so that employees can review them at any time.

Practice Guide

We have created a “Practice Guide” that contains the contents of relevant laws and regulations that employees should be familiar with when performing their duties, penalties for violations, examples of violations, and checklists, and it is always posted on the internal compliance system. The “Practice Guide” is divided into the laws and regulations most relevant to our business, such as the Copyright Act, the Act on Fair Labeling and Advertising, the Unfair Competition Prevention Act, and the Personal Information Protection Act, and contains various types of examples to make it easier for employees to understand.

In particular, Cheil Worldwide enforces a set of “Guidelines on Preventing Collusion” to prevent collusion and price-fixing practices in our relations with competitors. These guidelines clearly establish the definition and concept of “collusion” according to the Monopoly Regulation and Fair Trade Act, and set forth specific examples of practices such as the exchange of information with competitors which may be acknowledged as “collusive behavior”. Such practices are expressly prohibited under the guidelines.

Regardless of whether actual collusion has been committed, suspected acts and acts which may lead to collusion may also constitute collusion as defined in the Monopoly Regulation and Fair Trade Act. Accordingly, we prohibit contact with competitors as a matter of principle, and require a prior “Competitor Contact Declaration” process to report any contact with competitors to the Compliance Team. For instances where contact with competitors cannot be reported beforehand, we require members of the organization to report details of contact after the fact. The emphasis is on maintaining vigilance and awareness across the organization so as to altogether discourage engaging in any and all actions which could be misconstrued as “collusive”.

Employee Ethics Code

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

Employee Ethics Code and Anti-Corruption Principles posted on our website

(Employee Ethics Code)

To comply with laws and ethics and fulfill its corporate role and social responsibilities, Cheil Worldwide has established the “Management Principles” to serve as a standard of conduct in all management activities, and will actively implement them.⁹

1. Comply with laws and ethics.

- 1-1 Respect individual dignity and diversity.
 - Respect the basic human rights of all people
 - Forced labor, wage exploitation, and child labor are not permitted under any circumstances.
 - Do not discriminate against all stakeholders, including customers and employees, based on nationality, race, gender, religion, etc.
- 1-2 Compete fairly in accordance with the law and business ethics.
 - Comply with national and local laws and regulations, respect the market competition order, and compete in a fair manner
 - Do not take an unfair advantage by using unfair means that violate business ethics
 - Do not give or receive quid pro quo gifts, bribes or entertainment in business activities
- 1-3 Maintain accounting transparency with accurate accounting records.
 - Accurately record and manage all company transactions such that all stakeholders can objectively understand business activities
 - Comply with accounting-related laws and regulations of each country and internationally accepted accounting standards
 - Faithfully disclose major management matters and corporate information in accordance with the law, including the company’s financial changes
- 1-4 Do not intervene in politics and remain neutral.
 - Respect individual suffrage and political opinions, but do not engage in political activities within the company
 - Do not use the company’s funds, personnel, or facilities for political purposes
 - Do not provide money or valuables such as illegal contributions

2. Maintain a clean organizational culture.

- 2-1 Strictly distinguish between public and private matters in all business activities.
 - In the event of conflict between the interests of the company and individuals, the legitimate interests of the company shall take precedence over individual interests
 - Do not pursue personal benefit from the company’s resources or one’s position, and refrain from any misconduct, including embezzlement or asset theft
 - Do not use information obtained in the course of one’s duties to engage in securities transactions, including the purchase or sale of stocks
- 2-2 Protect and respect the intellectual property of the company and others.
 - Do not leak Internal intellectual property and confidential information to third parties without prior permission or approval
 - Respect the intellectual property of others and do not engage in any infringing acts such as unauthorized use, distribution, or modification
- 2-3 Create a sound organizational atmosphere.
 - Do not use any language or actions that undermine positive co-worker relationships, such as sexual harassment, financial transactions, or violence
 - Do not form factions or private groups that can create discomfort within the organization
 - Establish labor-management relations of coexistence and co-prosperity based on mutual trust and effective communication

3. Respect customers, shareholders, and employees.

- 3-1 Make customer satisfaction the priority value of business activities.
 - Provide products and services that meet customer needs and expectations in a timely manner.
 - Treat customers with kindness and sincere attitude, and humbly accept customer suggestions and complaints
 - Respect and protect customers' reputation and information
- 3-2 Pursue shareholder value-centered management.
 - Provide long-term benefits to shareholders through reasonable investment and increased management effectiveness, etc.
 - Generate stable profits and increase the market value of the company through sound management practices
 - Respect shareholders' rights and legitimate demands and opinions
- 3-3 Strive to improve the "quality of life" of our employees
 - Provide equal opportunities to all employees and treat them fairly based on their abilities and performance
 - Promote ongoing self-development among employees and actively assist in the improvement of competencies required for job performance
 - Establish a workspace that encourages individuality and creativity

4. Value the environment, safety, and health.

- 4-1 Pursue environment-friendly management.
 - Comply with international standards, related laws, and internal regulations related to environmental protection
 - Constantly strive to protect the environment in all business activities, including development, production, and sales
 - Take the lead in resource efficiency, including recycling of resources
- 4-2 value human safety and health.
 - Comply with safety-related international standards as well as relevant laws and internal regulations, etc.
 - Avoid safety mishaps by adhering to safety regulations and fostering a positive work atmosphere
 - Avoid offering goods or services that could endanger people's health or safety

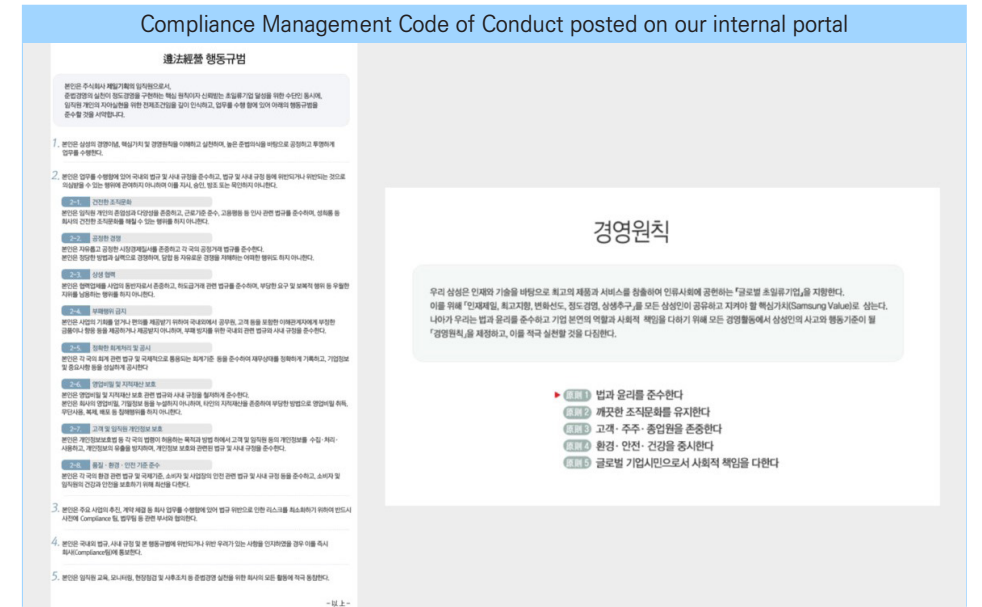
5. Fulfill our social responsibilities as a global corporate citizen.

- 5-1 Faithfully carry out the basic responsibilities that must be observed as a corporate citizen
 - Aim to boost the company's credibility by carrying out duties and commitments as a member of the local community
 - Aim at creating stable employment and faithfully fulfill tax responsibilities
- 5-2 Respect local social and cultural characteristics and practice coexistence.
 - Respect the laws, culture and values of the local community and contribute to improving the quality of life of local residents
 - Promote sound social development through pro bono activities in various fields including academics, arts, culture, and sports
 - Actively participate in community service activities such as volunteer work and disaster relief.
- 5-3 Establish a relationship of coexistence and co-prosperity with business partners.
 - Form mutually beneficial relationships with business partners based on mutual trust and perceive business partners as strategic partners
 - Strengthen the competitiveness of partners and pursue common development through legitimate support

"Anti-Corruption Principles"

Executives and employees of Cheil Worldwide adhere to the principles below to ensure a clean organizational culture.

- Executives and employees of Cheil Worldwide do not receive cash or other valuables by business partners, nor are they given golf outings or any other forms of entertainment.
- We do not make profits through improper means, such as embezzlement of public funds or theft of assets.
- We work diligently during business hours and observe decorum that is expected of executives and employees.
- Information requiring security, such as company confidential information, are not externally leaked without prior permission or approval.



Training for employees

Compliance training program

We operate compliance training programs for all employees including contractors 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.

Employee compliance training in 2023			
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. ESG environmental training 3. Safety Management training 4. Understanding our internal accounting systems 5. Information Security Training 6. Soundness of mind training	April-May	100% * 1,238 persons
	(2H) 1. AI and intellectual property rights issues 2. Environmental labeling and advertising guidelines and personal information protection training 3. Delivery payment linkage system guidelines 4. Safety management training 5. Employee guidelines relating to non-compliant behaviors 6. Soundness of mind training 7. Disability awareness-building training	September-October	100% * 1,251 persons
[Company-wide, Overseas] Compliance training	1. Global compliance cases relating to Cheil Worldwide in the areas of copyright and labeling and advertising; compliance guidelines 2. Information Security Training 3. Employee guidelines relating to non-compliant behaviors	June-October	100% * 5,424 persons
Training for new and experienced recruits	Issues and guidelines on intellectual property rights and compliance	• New recruits: February, August • Career Experience: Monthly	New recruits 100% * 46 persons Experienced recruits 96.4% * 53 persons
Training for employees	Information on core compliance issues	April	100% * 32 persons
Training for foreign nationals working in Korea	1. Compliance cases relating to Cheil Worldwide in the areas of copyright, labeling and advertising, and personal information protection; compliance guidelines 2. Information Security Training 3. Employee guidelines relating to non-compliant behaviors 4. Workplace bullying and sexual harassment prevention training	October-November	100% * 8 persons
Pre-dispatch training for expatriate employees	Global Compliance guidelines	March	100% * 5 persons
Special training by job function	Briefing on the latest privacy-related legal violations and guidelines	May, October	100% * 159 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 including contractors at our domestic and overseas locations at least once a year to prevent giving and receiving of bribes and other corrupt practices in relations with our partner businesses. This training establishes the concept of illegal and corrupt practices and introduces recent cases of corruption. Twice a year (Chuseok and Korean New Year holidays), official letters are issued requesting our partner businesses to refrain from sending holiday gifts and assist in our efforts to establish a clean business culture.

Corruption prevention training participants			
Year	Total	Unit: Persons	
		Domestic	Overseas
2021	5,608	1,172	4,436
2022	6,504	1,224	5,280
2023	6,675	1,251	5,424

Monitoring systems

Regular ethical management audits

Planning and Implementation

In accordance with our “Employee Guidelines” for clean organizational culture, we report corruption audit activity plans to upper management regularly under the supervision of the audit team.

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.

In addition, starting in 2024, we plan to regularly report the implementation plan and results of the anti-corruption program to the Board of Directors on a yearly basis so that the Board of Directors can be responsible for managing corruption issues.

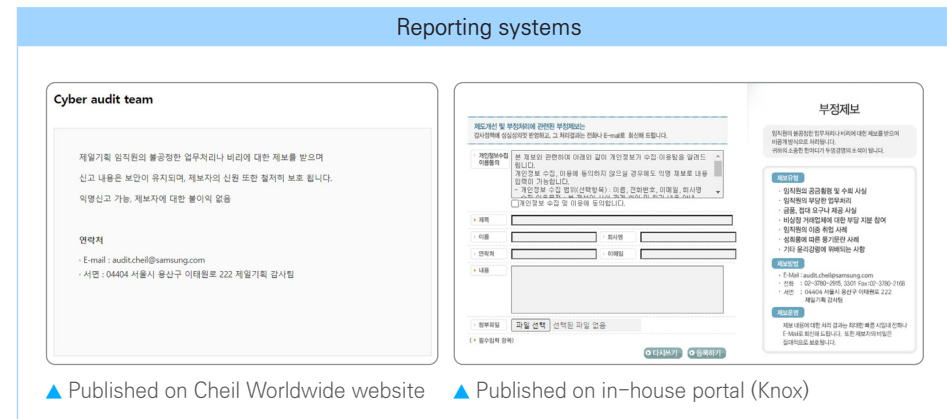
Audit Scope

Ethical standards and anti-corruption audits of Cheil Worldwide cover all operations, including the headquarters, all Cheil Worldwide offices and overseas branches, subsidiaries, and sports teams at home and abroad.

※ 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 23 since 2021, 52% of which concerned illegal and corrupt practices. Each of these reports were investigated to corroborate facts. The results were reported to upper management, and disciplinary action was completed for the offenders.

Report status			
Year	Total	Unit: Case	
		Domestic	Overseas
2021	6	2	4
2022	11	3	8
2023	6	2	4

Compliance inspection disclosures

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

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

2023 Compliance Inspections – Disclosed in 2023 Business Report	
Inspection	Month
Written inspection of personal information processing trustees	Often
Inspection of privacy-related documents: Internal Management Plan, Personal Information Checklist, Personal Information Collection/Use Consent Form etc.	March, October
Inspection of personal information handling	March, June August – October
Semi-annual compliance self-inspection: Quizzes on key legal provisions relating to Cheil Worldwide to inspect familiarity and knowledge	April-May September-October
Mock breach response drills	August

Principles and systems for labeling and advertising

Fair labeling and advertising principles – Fair Transactions Policy

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

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

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

Systems for labeling and advertising

Pre-airing review process for advertisements

Cheil Worldwide operates a “Pre-airing Review Process” for advertisements, a process which allows us to check and prevent risks of legal infringement regarding Act on Fair Labeling and Advertising, 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 2023 alone, around 138 pre-airing review meetings were held.

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

* Number of violations of the Labeling and Advertising Act over the past three years: 0

License Notice System

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

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

Training for employees

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

Shared Growth

Principles for win-win management practices

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

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

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

By operating and maintaining fair and transparent relations and processes with our partner businesses, we support sustained growth of our partners and shared growth for the advertising industry as a whole.

Our “Rules on Mutual Cooperation” are made available to all internal and external stakeholders through our “Win-Win Partners Portal”*, and Cheil Worldwide’s fair transactions principles are operated and enforced with the highest transparency.

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

“Rules on Mutual Cooperation”

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

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

Win-Win Growth Index and Fair Trade Agreements

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 four consecutive years (2019, 2020, 2021, and 2022), and have been rated “industry-best” in Fair Trade Agreements by the Fair Trade Commission for five years running (2018, 2019, 2020, 2021, and 2022). In 2022, we were selected as a Best Practice in Fair Trade Agreements (7 companies in total) and in 2023, as the first company in the advertising industry to be selected as an Honorable Company with the highest possible Win-Win Growth Index for two years in a row.

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

* These industry-leading ratings in Win-Win Growth Index and Fair Trade Agreement evaluations have afforded Cheil Worldwide a number of incentives, including exemption 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.

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 seven staff (as of December 2023), and is tasked with managing our Win-Win Growth Index efforts and Fair Trade Agreements with partner businesses. Other responsibilities include enacting 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, we strive to reflect the voices of the field in a timely manner by establishing and operating a channel for receiving and processing supplier complaints (hereinafter “Help Desk”) and receiving complaints in real time by dedicated personnel.

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

Item	January	February	March	April	May	June	July	August	September	October	November	December	Total
Work-related	-	6	3	2	1	3	2	9	1	5	5	8	45
Suggestions	1	-	-	2	2	1	1	1	1	2	1	2	14
Complaints	-	-	-	-	-	-	1	-	-	-	-	-	1
Others	6	8	3	7	8	13	6	7	2	3	7	12	82
Total	7	14	6	11	11	17	10	17	4	10	13	22	142

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.

The Subcontractor Transactions Review Committee is held regularly every month (regardless of whether a topic is on the agenda), and is operated by appointing the director of business support office (CFO/Vice President) as the chair and seven members, including executives in charge and team leaders.

Activities and efforts toward fair transactions

Activities to present unfair transaction

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.

As a result of our efforts, there have been no cases of violation of laws and regulations in the social and economic fields.

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

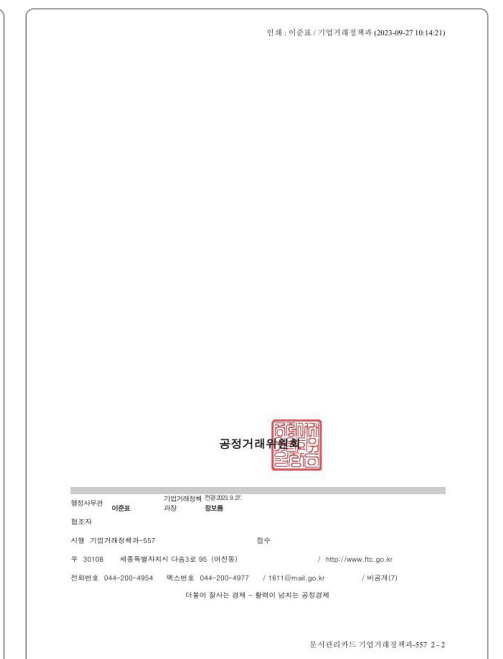
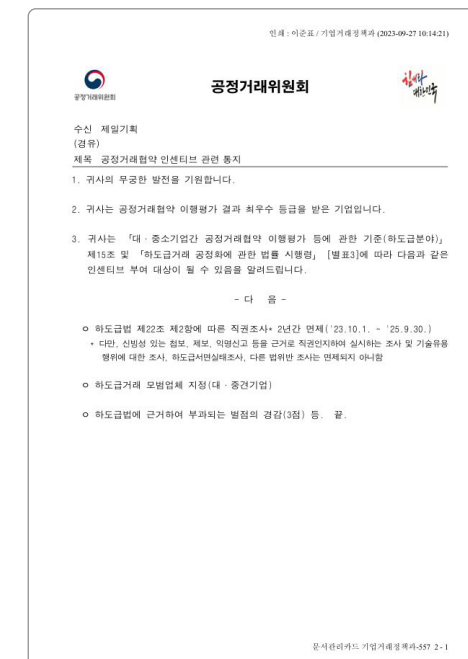
- Violation of in-house standards relating to partner businesses, the Fair Transactions in Subcontracting Act and the Monopoly Regulation and Fair Trade Act is subject to special training or disciplinary action, depending on the severity of the matter at hand.
- Three or more offenses by the same person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

Assessment of risks related to unfair transactions and establishment of risk mitigation measures

The different unfair trade risks that can arise in subcontracting transactions are one of the most significant unfair transaction risk factors that can arise in our business activities as Cheil Worldwide entrusts services to partner companies belonging to small and medium-sized enterprises.

Every year, our company is provided with a “Fair Trade Agreement Implementation Evaluation” by the Fair Trade Commission, which is the subcontracting unfair transaction supervisory authority, to assess these unfair transaction risk indicators. Through this risk assessment, subcontracting transactions are directly handled by the subcontracting unfair transaction supervisory authority, and we evaluate potential risk factors associated with fair transactions and develop and implement mitigation measures for the identified risks. The risk assessment items evaluated through the Fair Trade Agreement implementation evaluation are largely “fairness of contract,” “efforts to prevent law violations and comply with the law,” and “support for win-win cooperation,” with a total of 27 evaluation items being assessed for risk. We establish and carry out plans every year for matters recommended for improvement after the evaluation.

As a result of this annual subcontracting unfair transaction risk assessment by the Fair Trade Commission and mitigation of the identified risks, we received the best grade in the 2023 Fair Trade Agreement Implementation Evaluation and were designated as a model company for subcontracting by the Fair Trade Commission (for five consecutive years).



Enforcement of Partner Business Code of Conduct and legal compliance efforts

Code of Conduct compliance by partner businesses

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

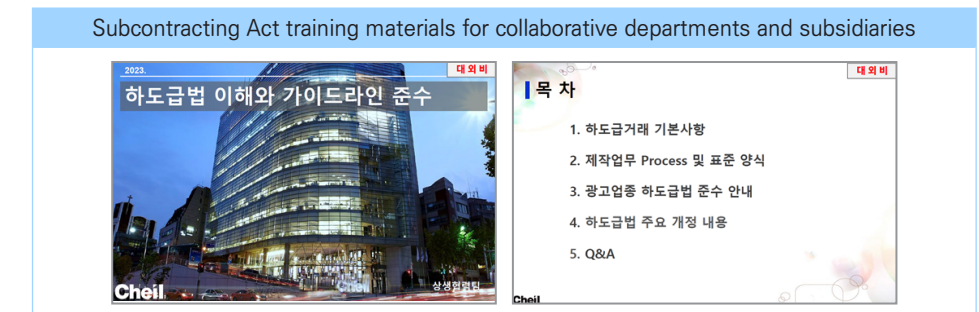
- ① Receiving bribes including money, in-kind benefits, and gifts
- ② Receiving entertainment including extravagant meals, golfing arrangements, and alcoholic beverages
- ③ Personally borrowing or lending money
- ④ Causing monetary or physical damages or engaging in unlawful solicitation
- ⑤ Providing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

Measures taken against legal infringements by partner companies

To prevent legal infringements by our partner companies, we hold regular Partner Business Meetings where we distribute and brief partners on our “Guide on Advertising-related Laws and Statutes”. In addition, when registering a partner business, we check for violations of relevant laws or company regulations, and manage the results of the inspection as an important decision-making issue directly related to registration (Article 11 (Registration Review) of the Rules on the Selection and Operation of Partner Companies).

Fair transactions training and awareness-building activities for employees

As industry leader, Cheil Worldwide leads by example. We were the first in the industry to sign Fair Trade Agreements with all of our partner businesses. To assist employees in practicing fair transactions, we provide job-specific fair transaction training for all employees and special training on the main content of the Subcontracting Act for on-site departments where subcontracting transactions are frequently conducted. Through this job-specific fair transaction training, we aim to raise awareness of fair transactions among all employees and to improve the legal knowledge of employees who are frequently involved in subcontracting transactions.



Cheil Worldwide operates a Compliance System to ensure compliance management. Through the system, various instructions and guidelines relating to compliance management practices are made available to all employees. These instructions and guidelines provide working-level guidance and summaries of the Copyright Act, Personal Information Protection Act, the Labeling and Advertising Act, and other related laws. In particular, the “Guidelines on Fair Transactions Compliance Risks” are provided to prevent unfair transaction practices by our employees. The Guidelines on Fair Transactions Compliance Risks are comprised of detailed and work-relevant guidelines on preventing fair transaction-related risks that may be easy to miss, and include the “Guidelines on Preventing Collusion with Competitors” and “Guidelines on Preventing Toll Fee Practices”.

Shared Growth

In addition, we inform employees through the “Compliance Newsletter” or internal message boards about changes in fair transaction-related laws, such as the Act on Fair Labeling and Advertising and the Subcontracting Act, and conduct various education and awareness activities to prevent unfair transaction through special training to distribute the latest labeling and advertising law violation cases and guidelines for employees in charge of duties closely related to labeling and advertising laws.

Fair transaction training for employees in 2023 – Special training by job function for PMs

Method	Content	Month administered	Completion rate
Production group employees	<p>Latest cases of violation of labeling and advertising laws and guidelines</p> <p>* Unlike training for all executives and employees, special training is provided by selecting cases and guidelines pertaining to the Labeling and Advertising Act that need to be considered when creating advertisements.</p>	May, October	<p>100%</p> <p>* Total 159 persons</p>

Awareness activities in 2023 – Compliance Newsletters

Description	Month
OO company fined a huge amount for illegal advertising of specific virtual currency	January
Sanctioned OO company for unfair advertising practices	February
Sanctioned OO company for unfairly advertising electric vehicle performance	April
Fair Trade Commission inspects unfair advertising on social networking services (SNS)	May
Sanctioned online unfair advertising	June
Fair Trade Commission revises review guidelines for environment-related labeling and advertising	July
Recent sanctions against unfair advertising practices and Guidelines	October
Sanctioned OO company for manipulating purchase reviews through empty box marketing	December

Processes for selection and evaluation of partner businesses

Scope of our supply chain

Cheil Worldwide allows any business that meets a certain set of requirements (credit rating B- or higher, safety and health rating S5 or higher, etc.) to register at any time of the year as Cheil Worldwide partner.

This arrangement maximizes opportunities for us to collaborate with expert partners. As of December 31, 2023, there is a total of 566 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 adopted an “Open Partner System” since 2020 that lowers the entry barrier for potential Cheil Worldwide partners. We implement a “competitive bidding system” when orders are made over a certain amount to ensure that business is equitable and transparent. We are always keen to discover and engage outstanding firms outside our existing partnerships. Under our “Direct Partnership Proposal System”, employees are invited to recommend new firms with whom to establish relations.

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

Evaluation of partner businesses against established social responsibility standards

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

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

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

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

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

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

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

In addition, we receive integrity pledges from our partners every year as all suppliers are required to have anti-corruption policies and programs to verify compliance. The pledge states that our partner businesses will comply with our anti-corruption policy and take corresponding responsibility in case of violation of the policy, and all suppliers are required to sign this pledge. Accordingly, it is mandatory for partners wishing to work with us to establish their own anti-corruption policies at the same level as ours and have systems in place to carry them out.

In order to create a culture of integrity in which anti-corruption policies are observed in our suppliers, we have a cooperation system (Win-Win Partner Portal <https://partner.cheil.com> -> Help Desk and Cyber Audit Team) where anyone (including employees of suppliers) can report corruption cases, and we provide all suppliers with the opportunity to check their ethics and anti-corruption status by distributing the "ESG Self-Inspection Checklist."

* In 2023, 8 partners were selected and an anti-corruption status inspection was conducted through ESG consulting. As a result, there were no cases of partners violating social standards in 2023.

Activities in support of partners

ESG Support

Supporting ESG activities of partners

As part of our non-financial support program for shared growth with business partners, Cheil Worldwide has promised ESG support to 96 key partner businesses through the signing ceremony for the Environment-Friendly (ESG) Practices Agreement (Aug. 25, 2021). A consensus on the importance of eco-friendly production environments was thereby formed, laying the groundwork for full mutual cooperation toward environment-friendly production practices.

We also distributed our "Guide on Environment-friendly Management Practices for Ad Filming Sites" and "Guidelines for Protection of the Rights of Children and Youth at Filming Sites" to our partners (Sep. 1, 2021) to ensure that our ad production sites are ESG-appropriate.

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

Support for implementation of ESG risk management systems of partners

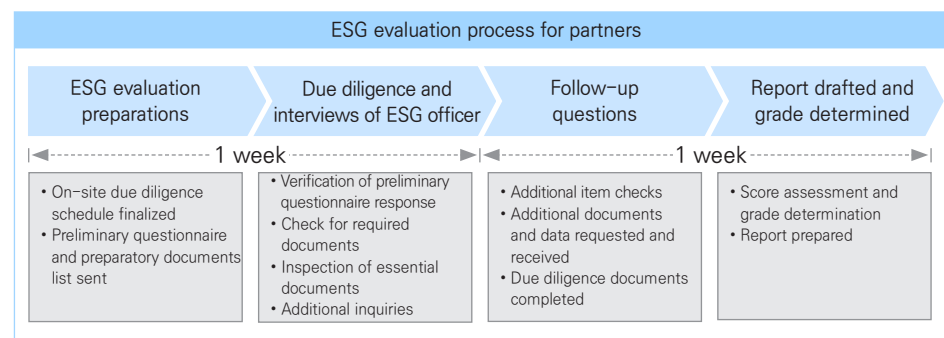
Cheil Worldwide has employed the services of NICE D&B, a provider of ESG consulting services to SMEs, to help our partners to establish sustainable management practices. Under the "Partnership Agreement on ESG Consulting Services for Cheil Worldwide Partner Businesses", NICE D&B has begun consulting with our partners on ESG management implementation. (5 companies supported in 2021, 5 companies supported in 2022, 8 companies supported in 2023)

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 ESG competency level of small and medium-sized businesses and improvements to their weaknesses were rated on a 7-point grade scale.

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

Shared Growth

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



Areas and grades for partner ESG evaluation			
Category	Area	Category	Area
Environment	Implementation of environmental management system	Social	Child labor / forced labor (including in supply chain)
	Reduction of greenhouse gas emissions		Workplace discrimination and bullying
	Resource use, waste output and recycling		Occupational health and safety
	Discharge and disposal of hazardous / substances		Protection of information and intellectual property
	Product carbon footprint		Product safety and quality
	Opportunities for eco-friendly technologies	Transparency of management	
	Hiring practices	Governance structure	Anti-corruption practices and compliance management

Rating	NESG grade definition	Environment (E) grade description
A+	Highest environmental, social, and governance management levels toward sustainable management	Highest levels of activity, issue management, and interest in climate change, energy, and environment-friendly practices
A	High ESG management levels toward sustainable management	High levels of activity, issue management, and interest in climate change, energy, and environment-friendly practices
B+	Good ESG management levels toward sustainable management	Good levels of activity, issue management, and interest in climate change, energy, and environment-friendly practices
B0	Fair ESG management levels toward sustainable management	Fair levels of activity, issue management, and interest in climate change, energy, and environment-friendly practices
B-	Average ESG management levels toward sustainable management	Average levels of activity, issue management, and interest in climate change, energy, and environment-friendly practices
C	Lower ESG management levels toward sustainable management	Lower levels of activity, issue management, and interest in climate change, energy, and environment-friendly practices
D	Poor ESG management levels toward sustainable management	Poor levels of activity, issue management, and interest in climate change, energy, and environment-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

Financial support, educational support, marketing support, etc.

Cheil Worldwide operates several financial support programs for our partners, who are relatively smaller in size. We make a point of making early subcontractor payments prior to major holidays such as the Korean New Year and Chuseok in order to improve our partners' cash liquidity and stimulate the local economies in the holiday season. Cheil Worldwide also makes contributions to the Shared Growth Cooperation Fund operated by the Korea Foundation for Cooperation of Large&Small Business, Rural Affairs to fund partner support programs.

Cheil Worldwide and IBK Industrial Bank of Korea have each contributed KRW 5 billion toward a "Hand-in-Hand Fund" which is made available to partners in need of financing. We have also introduced a "Network Loan" program to give our partners better access to financing.

Cheil Worldwide is eager to help our partners to safeguard their technologies, and provide "Technology Protection Training and Intellectual Property Protection Training" to all partners. In addition, in order to provide direct and indirect help in the management of our partners, we also provide "Human Resources and Labor-related Training" through external educational institutions to help improve the competitive power of our partner businesses. 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.

Job competency development education support programs for 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 both online and offline.



Briefings for partners in 2023		
Briefing	Date	Participating partners
1st (Online)	3.23	81
2nd (Offline)	9.7	62
3rd (Online)	11.9	313

Quality improvement support programs for partners in 2023		
Session	Program	Participating partners
1	Best external advertising example – OREO	267
2	Best external advertising example – The Ad Museum Tokyo	272
3	Best external advertising example – NETFLIX Thailand	230
4	Best external advertising example – McDONALD'S	208
5	Best external advertising example – Tourism Authority of Thailand	196
6	Best external advertising example – Corona Extra Lime	186
7	Best campaign example – KNPA (Knock Knock)	181
8	Best external advertising example – Michelob Ultra	160
9	Best external advertising example – Adidas	136
10	Best external advertising example – Renault	151
11	Best external advertising example – HUNGER STATION	143
12	Best external advertising example – Clash of Clans	135
13	Best external advertising example – SOLAR IMPULSE	84
14	Best external advertising example – IKEA	99
15	Best external advertising example – BRITISH AIRWAYS	82
16	Best external advertising example – SHOW RACISM THE RED CARD	84
17	Best external advertising example – DOVE	27
18	Best external advertising example – HAVAIANAS	21
19	Best external advertising example – STELLA ARTOIS	19
20	Best external advertising example – INTEL	11
21	Intellectual property protection training	515
22	Technology protection training	505
23	Everything you need to know about wages	319
24	Key points of employment contract and rule of employment	284
25	Short-term workers and Precautions for dispatch/contract	267
26	Latest trends and issues in human resources and labor	271

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. Additionally, in 2023, we established a dispute mediation committee as well as a system to provide immediate feedback when a partner business applies for dispute mediation regarding a subcontract transaction (dispute mediation application within the Win-Win Partners Portal).

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.

We have established policies for local community participation and social contribution that include these points and is making them public on our website.

* Website (cheil.com/hq/sustainability)



Social contribution activities

Samsung Multicultural Youth Sports Class Inauguration Ceremony

In an effort to prepare for a multicultural society, Cheil Worldwide launched “Samsung Multicultural Sports Class” to aid multicultural youth grow into confident members of society. “Samsung Multicultural Sports Class” began from ideas suggested by the employees of nine related businesses of Samsung, and was further realized by the expertise of NGOs and the capabilities of civil society. This psychological and emotional support program aims to help multicultural youth strengthen their bodies and minds and develop confidence as well as social skills through sports. The inauguration ceremony to publicly announce our new business was held on November 22, 2023, at the Samsung C&T Raemian Gallery. As the organizer of the “Samsung Multicultural Youth Sports Class,” Cheil Worldwide intends to facilitate business advancement and arrange amicable sports club competitions and career/vocational mentoring with employees from nine related companies of Samsung involved in the project.

* Number of beneficiary: Domestic school-age multicultural youth aged 7–18: 175,000

Geuldongmu Project (www.geuldongmu.org)

Cheil Worldwide provides 3,000 young North Korean defectors who experience difficulties in communication and adaptation with language support (“Geuldongmu” including translation between North Korean dialects and standard South Korean language, campaign to improve awareness of cultural differences between North and South Korea, campaign to successfully settle North Korean defectors, etc.) and assistance in psychological health and communicating emotions (“Maeumdongmu”) since 2015. Details for each of the programs are available on the official Geuldongmu Project website.

* Number of beneficiary: Approximately 3,000 North Korean defectors residing in South Korea

Classification	Outcomes
Language support	A translator for North Korean dialects to standard South Korean language (with results in Mandarin Chinese as well) is provided on the Geuldongmu Project website (www.geuldongmu.org). The translator contains around 31,600 everyday Korean expressions and terms found in middle and high school-level textbooks. In 2023, 200 words including new words/foreign words were found and updated, being actively used, with a total of 507,024 translations performed in 2023 alone. In addition, as part of a campaign to publicize the cultural differences between North Korea and South Korea and to raise awareness of prejudice and discrimination against North Korean youth defectors, card news publications (9 cases), SNS events (12 cases), and an online campaign on successful resettlement cases of North Korean defectors (2 cases) were carried out, publicizing the “Geuldongmu” activities and encouraging participation.
Psychological and emotional support	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 night 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.

Employee participation in social contribution programs

Samsung Dream Class

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

* Number of beneficiary: Online special mentoring lecture for 4,000 mentees nationwide

Stepping Stones to Hope

Stepping Stones to Hope is a program which provides housing and 1:1 customized education for young adults preparing to enter the workforce after turning 18. In 2023, we supported the youth by donating employee donations and company matching funds. In August, in celebration of the 10th anniversary of the launch of "Stepping Stones to Hope," we launched Stepping Stones to Hope 2.0 which expanded career/vocational mentoring to support practical independence for young adults preparing for independence. In addition, we plan to participate in the 2024 1H Training to foster online advertising and public relations experts and will continue to participate in career/vocational mentoring activities for them in the future.

50th Anniversary Volunteer Activities

In celebration of Cheil Worldwide's 50th anniversary in May, 230 executives and employees participated in a variety of volunteer activities for the local community and neighbors in need during the month. We carried out environmental cleanup activities at Banpo/Ichon Hangang Park and Seoul Forest, and made donations to support the underprivileged in Yongsan-gu, cleaned up the environment of facilities at Youngnak Borinwon and Yongsan Welfare Center for the Disabled, and volunteered to serve food at the senior citizen restaurant at Yongsan Senior Welfare Center. In addition, we participated in a cooking class for multicultural immigrant women hosted by the Yongsan-gu Family Center and communicated through food, and visited the Yongsan-gu Food Bank Market Center to produce food KITS, organize product shelves, and encourage low-income locals to adopt healthy eating habits.

Sharing Week

In November, we held a two-week Sharing Week to practice loving our neighbors before the New Years holidays. CEO of Cheil Worldwide visited the Yongsan Family Center to give children from multicultural families hand-knitted scarves and snack sets created by employees who commemorated their first anniversaries at the company. In addition, with a goal of 20 million steps, 265 employees took part in the step donation campaign, raised funds, and provided cold-weather supplies including blankets and underclothes to the elderly in care at Yongsan Senior Welfare Center. Our company's online community was also used for fundraising. We also used the company's online community for fundraising. We shared the stories of underprivileged children and teenagers, including those suffering from brain lesion disorder or rare incurable diseases, and raised funds through comments delivered the donations to "Save the Children."

* Cash donation amount: KRW 2,525,000

Blood Donation Campaign

Every winter, when participation in blood donation is lower than other times because of the cold, Cheil Worldwide organizes a blood donation campaign to support hospital sites that struggle with a shortage of blood. Many employees participated in the blood donation campaign held at the Itaewon headquarters and Gangnam GT Tower and practiced sharing.

Sharing Kiosk

In order to spread the culture of sharing in daily life, a sharing kiosk was installed in the company cafe where tagging an employee ID card donates 1,000 won through deduction in salary. The Sharing Kiosk aims to raise 4 million won per story, and four related companies of Samsung (Cheil Worldwide, Hotel Shilla, S-1 Corporation, and Wellstory) work together to introduce the stories of children/teenagers and the elderly in need, with employees voluntarily participating in donations to practice love for neighbors.

* Number of beneficiary and Cash donation amount: Logan and his family (4 people), KRW 4, 1,740,000

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 90% 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.

Activities to promote coexistence with the local community

To celebrate the Lunar New Year and Chuseok holidays, Cheil Worldwide organized “Sister Village Anseong Rice Online Market” to help farmers in sister villages with selling and to promote coexistence with the local community. A number of employees participated in purchasing rice and made efforts to contribute to the local economy by developing sales channels for farmers in sister villages.

In addition, in order to contribute to the local economy, we also produced a gift package in collaboration with a local roastery and fragrance brand located in Yongsan-gu, where our company is located. This package was created with the concept of gifting Itaewon’s local specialties by branding our company’s address, ‘Itaewon-ro 222’, and items that could be gifted to anyone while still embodying the characteristics of Itaewon were selected. The items included in the gift package were products such as coffee drip bags and scented candles, and we did not produce separate wrapping paper or shopping bags to avoid double packaging for the environment. We included a small notice in the package explaining the purpose of our gift so that it evokes Itaewon and Cheil Worldwide.

Social contribution programs drawing on our advertising specialties

Cheil Worldwide is holding “Love garage sales” where filming props discarded after advertising filming are sold to help those in need in our neighborhood, in order to properly recycle waste generated after advertising filming and circulate our resources. The 2023 bazaar was held at the headquarters in July, raising a total of 16 million won in profits by selling props used in advertising shoots, such as clothes, kitchenware, and fashion accessories. All proceeds were delivered to the company’s affiliated volunteer organizations, ‘Yongsan Multicultural Family Center, Yongsan Senior Welfare Center, Yongsan Welfare Center for the Disabled, and Yeongnak Borinwon, and were used to provide children’s workbooks as well as daily necessities and support the lives of the underprivileged class in the local community.

* Cash donation amount: KRW 16 million

Socially responsible management principles

Socially responsible management goals

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

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

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

Socially responsible advertising

Here are some of the socially responsible advertising projects that Cheil Worldwide worked on in 2023.

Social Contribution

Cultural Heritage Administration, Seoul, Woomi Hope Foundation 'Heritage Metaverse <Coexistence> Project' "Gungisi" and 1887 Gyeongbokgung Palace "Jinharye"



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

The Idea Cheil Worldwide, together with the Cultural Heritage Administration, the Seoul Metropolitan Government, and the Woomi Hope Foundation, planned a digital cultural heritage restoration project to restore lost cultural heritage to its original size and location in the place where it existed and implemented it in augmented reality (AR), allowing users to experience the lost cultural heritage through the digital platform "Heriverse Coexistence" application. Starting with the restoration of "Donuimun (Seodaemun)" in 2019 which was forcibly torn down by the Japanese 104 years ago, in February 2023, the interior/exterior of the building, manufacturing craftsmen, and new weapons were restored and reproduced in extended reality (XR) on the site of "Gungisi," the Joseon Dynasty's weapons manufacturing center located in the basement of Seoul City Hall. In November 2023, the "1887 Gyeongbokgung Palace Jinharye" was reconstructed in extended reality (XR) at Geunjeongjeon Hall of Gyeongbokgung Palace, vividly bringing back the colorful ceremonial attire and court music of large-scale royal ceremonies. In addition, we also incorporated a range of content, such as interactions with ritual characters and Joseon treasure hunts, offering a fresh and enjoyable way to experience cultural heritage via digital technology. By incorporating a metaverse into the application, we also improved accessibility by enabling users to view the contents from anywhere in the globe.

The Result Seoul residents and domestic and international tourists have been able to see and experience Seoul's lost history through the restoration of "Donuimun Gate," "Gungisi" and "1887 Gyeongbokgung Palace Jinharye" through the "Heritage Metaverse <Coexistence> Project". The digital restoration of "Donuimun Gate" and "Gungisi" set a new model case for the restoration and utilization of cultural heritage by solving social and economic problems such as traffic, budget, and space constraints that may arise during the actual restoration of cultural heritage, and the digital reproduction of the Gyeongbokgung Palace Jinharye represented the first case of site-based digital intangible heritage reproduction, further elevating the quality of digital convergence experience services. Numerous prominent media outlets covered the project, and as a token of appreciation for its social contribution efforts to preserve cultural heritage, Cheil Worldwide was awarded the Cultural Heritage Protection Corporate Award by the Cultural Heritage Administration in 2023.

Samsung Electronics ‘EYE like Jet Bot AI’

The Challenge One in 204 people in South Korea is visually impaired. And one of the most difficult tasks in their daily lives is “cleaning.” The campaign began with a fundamental question of “How can we make cleaning easier for them?”

The Idea 90% of visually impaired people have low vision, meaning they can only see dimly. We discovered that a contrast of 7:1 or more helps low-vision people recognize objects, and used this information to design a vacuum cleaner. After a lot of color testing, we developed the Jet Bot, a generically designed vacuum cleaner that is both visually appealing and easy to see for those with visual impairments, using high contrast colors and high visibility patterns. We also created a video to promote this new vacuum cleaner, using fonts for the visually disabled and 7:1 color contrast. Furthermore, we created and distributed cushions and rug goods with patterns that are easy for visually impaired people to recognize in their daily lives.

The Result The public response to the release of the visually appealing EYE Like Jet Bot AI was overwhelmingly positive. The campaign video achieved over 6 million total views, over 4,800 likes, over 1,000 shares, and 38 related articles were reported. All 600 collaboration goods, which utilized the product’s pattern, were sold, and all proceeds were donated to the visually impaired.

JTBC, ‘Strong Girl Nam-soon’ Drug Test Poster



The Challenge Korea is no longer a drug-free country. Korea recorded 134% increase in the total number of drug abuse cases over the past five years, and the number of drug offenders in their teens and twenties has increased by a whopping 53.9% in one year. There are also reports that drugs can be obtained through social media in just 40 minutes. We decided to collaborate with the JTBC drama ‘Strong Girl Nam-soon’ to address the issue of “spiking” which has become a significant concern in our society.

The Idea This drama tells the story of three strong mothers and daughters who take down a new Gangnam drug cartel. Cheil Worldwide promoted the drama and proposed an idea for a simple drug test that would be accessible to anyone. The idea is to create a poster with a test strip that, when you drop a drop of a suspicious drink, will tell if there are narcotic substances based on color in just one minute.

It was a challenging production process, but we were able to create a poster that detects drug substances through technology developed in collaboration with a medical diagnosis company, and conducted a campaign centered on Gangnam, the setting of the drama and the main site of drug incidents in Korea. Drug test reagent posters were placed in beauty salons and plastic surgery clinics where many women gather, Daechi-dong academies and Internet cafes where students visit the most, and movie theaters, cafes, subway stations, bus stops, pharmacies and about 20 university campuses with a large young floating population. We removed the circular test strips one by one from within the poster so that anyone could test them when needed.

The Result Major domestic news outlets covered this campaign under the headline “Positive influence of drama” and there was a lot of interest even abroad, where there is a significant drug problem. Campaign Asia praised the campaign for “delicately balancing creativity and practicality, making it more than just marketing, but also socially responsible.”

All 1,000 copies of the specially produced “drug testing poster” were sold out in just one month, and people from all walks of life contacted the campaign and asked for more posters, which resulted in its national expansion. Additional drug testing posters were provided to local elementary, middle, and high schools, academies, youth centers, hospitals, companies, community centers, cafes, etc., enabling more people to protect themselves from drugs. The drama has ended, but efforts to protect our society from drugs will continue.

KUNDAL ‘Breast cancer self-examination, The Pink Glove’



The Challenge

Breast cancer is the most common type of cancer among Korean women. Unlike the United States or Japan, the incidence of breast cancer in Korea has risen by 30% over the past five years and continues to rise annually across all age groups. The reason behind this phenomenon is the poor awareness rate of breast cancer self-examination in Korea. However, because of a social climate that discourages talking about one's body, it is difficult to encourage self-examination and have open conversations about breast cancer.

The Idea

Cheil Worldwide prepared a campaign to encourage self-examination for breast cancer with KUNDAL, a premium personal care brand with a high proportion of female customers, in celebration of World Breast Cancer Day on October 19.

We considered several approaches to convey the necessary information without pressuring the audience, and ultimately chose to employ the traditional and distinctive Korean culture of "bathhouse" in which people publicly show the naked body. In fact, the idea was inspired by the fact that many patients visited the hospital after having breast tumors discovered by a sauna specialist.

We produced "the pink glove" by drawing breast cancer self-exam illustrations on a body scrub towel in an effort to encourage women to examine themselves for the disease. This allowed people to naturally self-exam for breast cancer while scrubbing their body in the bathhouse. The "Pink Glove Kit" by KUNDAL makes it simple to talk about the serious subject of breast cancer. It includes three different kinds of shower supplies, a brochure with more in-depth explanations, and a self-exam towel with adorable illustrations.

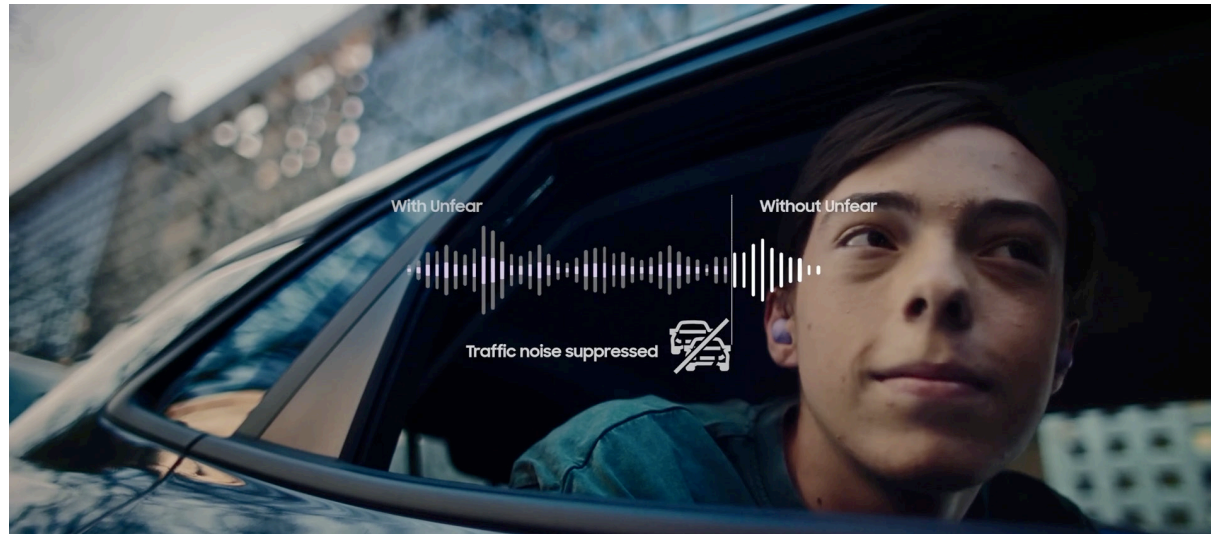
The Result

Starting on November 17, 2023, "Pink Glove Kits" were given away for free in eight public bathhouses and associated places across the country. In addition, we conducted breast cancer self-examination training for sauna specialists, and made continuous efforts to inform about breast cancer self-examination to those who actually visit public bathhouses.

The campaign was very successful. A total of 900 "Pink Glove Kits" were distributed and all were sold out on the same day. Visitors to KUNDAL's official mall, the hub for kit distribution, increased by 193%. A total of 45,000 people in total checked the breast cancer self-examination method. An Internet broadcasting platform, Afreeca TV, posted a banner advertisement for this campaign free of charge, and Pink Gloves became known through about 10 media outlets at home and abroad.

Social Contribution

Samsung Electronics ‘Samsung Unfear’ – Cheil Spain



The Challenge There are 7,000 people with autism spectrum disorder in the world. Many of those with this disorder panic due to their hypersensitivity to certain noises. We need to eliminate noise to keep them from panicking, but if all noise is eliminated, they become even more isolated. Is there a way we can support them by using intelligent AI to further develop noise cancellation technology?

The Idea Together with Samsung Electronics Iberia SA, Cheil Spain designed and developed the “Unfear” application to offer individualized automated solutions to those with autism spectrum disorders. “Unfear” is an AI application that identifies and suppresses noises that cause panic in people with autism. Users can customize the noise level once the application is installed and the algorithm starts to function. This application scans noise and matches it against thousands of libraries in real time to filter out noise that is stressful for users. It can even filter contents on the user’s mobile phone so the users can enjoy entertainment they never had before. Like a sound airbag, the AI-based app “Unfear” shields users from all noises.

The Result When “Unfear” was tested on 100 people with autism spectrum disorder, it scored 4.9 out of 5. We collaborated with 10 autism spectrum disorder-related associations, and the effectiveness of “Unfear” was scientifically verified by the Spanish Academy of Psychiatry and Mental Health. With Samsung’s “Unfear,” people with autism can manage and minimize their noise exposure without isolating themselves. “Unfear” provides freedom of hearing to individuals with autism spectrum disorder.

Breast Cancer Now ‘The Chat’ – BMB



The Challenge In the United Kingdom, one woman is diagnosed with breast cancer every 10 minutes. However, people in the UK do not publicly talk about this disease. They are uncomfortable addressing the deeply personal psychological trauma of breast cancer. This leaves thousands of women feeling emotionally isolated and suffering in silence.

The Idea BMB, a subsidiary of Cheil Worldwide, chose Breast Cancer Now, a British breast cancer research and charity, to suggest the production of the drama ‘The Chat’, which will be aired through the chat program WhatsApp. It was the very first attempt in the UK as well to broadcast a drama through a chat program, where four famous actresses and ordinary people sent more than 1,250 messages, videos, GIFs, voice memos, and photos in the WhatsApp chat room in real time over a six-week period to build up their story. An honest video message from an actress diagnosed with breast cancer and a comforting message from her friend were shared to the viewers of ‘The Chat’ through the familiar chat application WhatsApp, allowing them to experience serious and honest communication about breast cancer in their daily lives

The Result ‘The Chat’ brought about social change by tackling taboo topics and normalizing open dialogue, and empowered women to talk more openly about breast cancer. Thousands of women have become aware that they are not alone in their battle against breast cancer.

Samsung Life Insurance ‘Mindfulness Playground’ Campaign



The Challenge Samsung Life Insurance was still facing the unfavorable perception that life insurance is necessary for our life and well-being, but “only when something bad happens.” Cheil Worldwide and Samsung Life Insurance came up with an idea to transform such perception and create a bright and optimistic image of life insurance that it can bring good news to us and our family, fostering a safe and healthy society.

The Idea Together with Samsung Life Insurance, we began the ‘Mindfulness Playground’ campaign which provides a time to heal from our everyday lives. The campaign is a project aimed to offer a special day in a private hanok house in downtown Seoul to worn out and exhausted peoples from their daily life. People sent their stories and among those who were selected received a gift voucher for one night stay in a private hanok house in Bukchon, Seoul, hand-picked by Samsung Life Insurance, and were also provided with souvenirs related to healing such as aroma oil, natural soap, pillow covers, and sleeping masks. In addition, we provided programs such as instant camera shoots and bath salt making activity available during the stay, providing a valuable healing time. During the campaign, we especially designated days for occupational groups responsible for our life and safety, such as firefighters, police officers, and nurses, in an effort to express special gratitude for their commitment.

The Result A total of 7,000 people applied online with their stories in September 2023, and a total of 80 teams were selected through a draw, and the program was carried out sequentially beginning from early October. Those involved in the campaign gave better than expected feedback, saying “It was a great pleasure to rest my body and mind in a hanok with a view of the sky,” “I was able to let go of my heavy heart and enjoy a joyful moment in a calm state of mind,” and “Seeing the souvenirs that showed thoughtful consideration was a healing time itself.” The Mindfulness Playground campaign was successfully completed on November 12, 2023, and we plan to create a video featuring customers’ application stories and vivid on-site reviews to share the healing experience online.

Jung Kwan Jang ‘Productive Life of our Parents’ Campaign



The Challenge The routine of “That girl” or “That guy” depicts an energetic and productive day in life.

This “productive life” trend gained much popularity, with Gen Z and millennials leading the way. However, does the term “productive life” solely apply to younger people? Didn’t our parents’ generation also have their own “productive life” to raise us? The 2023 Jung Kwan Jang Chuseok campaign started from this question and sought to convey the love between family members as a constant principle of the era, which is often forgotten in our busy daily lives.

The Idea Our parents raised us in an environment that is hard to imagine in the modern world. Our fathers worked six days a week and easily drove across the country without a navigation and our mothers looked after their children all day without the assistance of a household appliance. The idea behind this campaign is that our parents were the ones who truly led “productive lives.” We intended to convey a message of gratitude to our parents through this campaign.

We included videos of our parents from the old days to boost the empathy of MZ generation for the “productive life” of parents. Most of the video featured real footage of ordinary people filmed throughout their childhood, with the presence of professional models being minimal to highlight authenticity. The narrators were also ordinary people. We carefully considered which of parents’ old videos would speak to the younger generation the most.

The Result As a result, many viewers showed empathy for the advertising film by adding themselves into it after it was released. Many commented that it seemed like they were looking at a family album, and some claimed that they had to call their parents in tears. These days, there are many incidents that do harm to one another by creating gender and generational divides. This was a campaign that hoped to create a society where everyone supports each other by overcoming the conflict between generations, starting with a bond of sympathy on our parents’ “productive life.”

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

Shareholders' rights

Furnishing the information required for exercise of shareholders' rights

Matters relating to convocation of the General Meetings of Shareholders (convocation resolution, convocation notice, other reference documents, etc.) are disclosed to shareholders through the electronic disclosure system four weeks prior to the scheduled date of the General Meeting of Shareholders.

In addition, in accordance with the amended Enforcement Decree of the Commercial Act, we published our business reports and audit reports for the fiscal year 2023 on the DART electronic disclosure system one week before the meeting. As a result, shareholders were able to cast their votes after a thorough review of not only the agenda items, but also Cheil Worldwide's financial condition.

Furthermore, starting in 2022, we have been streaming the General Meetings of Shareholders live online so that shareholders can have a direct access to the progress of the General Meeting of Shareholders, regardless of location.

In addition, we actively communicate with our shareholders and other stakeholders, disclosing NDRs and other IR events on our website 11 times in 2023. A “Corporate Governance Report” is published once a year, detailing the matters relating to our governance structure. By disclosing differences between our governance structure and corporate governance best practices, we ensure that shareholders and other stakeholders can fully understand our governance structure.

Matters relating to shareholders' votes

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

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

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

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

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

Exercise of votes at recent General Meetings of Shareholders

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

Efforts to return value to shareholders (dividends)

Cheil Worldwide sustains a shareholders returns policy to maximize shareholder value while also giving due consideration to investment for mid- to long-term growth. Amid our sustained efforts to increase shareholder value, our dividends have consistently increased year-on-year since 2017. Even in a challenging business environment with the economy contracting in 2023 where advertisers are reducing marketing costs due to a decline in domestic consumption and poor corporate performance, the company declared a dividend within 60% of consolidated net income in accordance with our disclosed dividend policy.

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

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

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

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

Classification	2019	2020	2021	2022	2023	
(Consolidated) Net profit of current period (KRW 100 million)	1,381	1,574	1,655	1,937	1,873	
Cash dividends per share (KRW)	Common shares	820	840	990	1,150	1,110
	Preferred shares	-	-	-	-	-
Total dividends (KRW 100 million)	Common shares	830	851	1,003	1,165	1,124
	Preferred shares	-	-	-	-	-
Dividend Payout Ratio	60.2%	54.1%	60.6%	60.1%	60.0%	
Dividend Yield	Common shares	3.3%	4.0%	4.2%	4.8%	5.5%
	Preferred shares	-	-	-	-	-

* (Consolidated) Net profit is the net profit of controlling interest

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

Directors/Board of Directors

Directors

Appointment of directors

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

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

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

Professionalism of directors

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

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

* Article 19 of the Regulations of the Board of Directors

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

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

Outside Director Seunghwa Chang, who was appointed at the 51st General Meeting of Shareholders (March 21, 2024) following the expiration of the term of Outside Director Yoon Oh, is a renowned expert in the field of international trade, having served as an arbitrator at the International Arbitration Court and a judge at the Appellate Body of the World Trade Organization, and is expected to contribute to Cheil Worldwide's global management and risk management.

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 2023	Administered by	Attending outside directors	Reason for absence(s) if any	Major content
1.30	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
2.14	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
3.15	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
4.26	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
7.26	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
10.26	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
11.26	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.
12.20	Support Organization	Yoon Oh, Byeongwan Jang	-	Board of Directors agenda items, management situation, etc.

* 100% attendance rate

Evaluation of outside directors

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

Responsible management practices of directors

Directors of the company practice responsible management, bearing in full the responsibilities prescribed by the Commercial Act and other related laws and statutes. The company's Articles of Association do not contain any provisions that relieve the directors of their liability to the company solely by resolution of the Board. The Articles of Association do not provide for any limitation on the liability of directors.

The company also provides an environment for directors to commit solely to responsible management practices by registering liability insurance policies for directors under company expense. Meanwhile, our Internal Accounting Controller is designated as a standing registered director so that the Internal Accounting Controller may exercise their high level of understanding and professionalism in the business so as to practice responsible management as a registered director.

Directors/Board of Directors

Compensation of directors

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

Compensation Committee (including outside directors, 100% attendance rate)		
Meeting date in 2023	Agenda item	Approved/rejected
2.15	Appointment of chair to the Compensation Committee	Approved
	Approval of change in payment method of the compensation system for registered directors	Approved
	Approval of individual annual compensation for registered directors in 2023	Approved
	Deliberation on compensation caps for registered directors and auditors for 2023	Approved

*One inside director among the compensation committee members was absent

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

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

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

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

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

Unit: KRW million

Name	Position	Total		
		2021	2022	2023
Jungkeun Yoo	President	2,785	2,577	5,819
Jonghyun Kim	President and CEO	984	1,099	1,658
Wooyoung Kang	Vice President	-	-	807
Honggu Jung	Advisor	856	1,994	98
Yoon Oh	Outside Director	83	84	84
Byeongwan Jang	Outside Director	-	70	84
Minho Kim	Outside Director	83	21	-

* The total amount of compensation for each individual is the attributable income until December 31, 2023

* Due to the expiration of the term of Inside Director Honggu Jung in March 2023, the company has newly appointed Wooyoung Kang as an inside director of the company through the General Meeting of Shareholders convened in March 2023.

* Compensation and severance pay up to December 31, 2023 received by inside director Jungkeun Yoo, who resigned mid-term on January 30, 2024, were included.

Directors/Board of Directors

Board of directors

Composition of the Board of Directors

As per Article 27 of our Articles of Association, the Board of Directors of the company is comprised of at least three but not more than seven directors. The current Board of Directors of the company is comprised of three inside directors (appointed from among our executives) and two outside directors, and satisfies the outside director participation ratio (outside directors comprise at least one fourth of the Board of Directors) prescribed by the Commercial Act. In the case of vacancies in a director position, our Articles of Association provide for a successor to be appointed at the next General Meeting of Shareholders, provided the legally prescribed number of directors is met and the vacancy does not impair the performance of duties of the Board of Directors.

On December 8, 2022, we prohibited the Chairman of the Board and the CEO from being the same person, thereby strengthening the Board's oversight of the management to enhance transparency and fairness in corporate governance through mutual checks and balances. In addition, in October 2023, Article 5-2 (Senior Outside Director) of the Board of Directors Regulations was newly established so as to designate a senior outside director to serve as a representative for outside directors on the Board of 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, 2023							
Name	Year and month of birth	Title (Position)	End of term	Gender	Management Committee	Internal Transactions Committee	Compensation Committee
Jonghyun Kim	1966.07	President and CEO	Mar. 17, 2024	Male	○(Chair)		
Jungkeun Yoo	1963.06	Inside Director (President/Chair of the Board)	Mar. 16, 2025	Male	○		
Wooyoung Kang	1968.02	Inside Director (Business Support Director)	Mar. 15, 2026	Male	○	○	○
Yoon Oh	1962.11	Outside Director	Mar. 17, 2024	Male		○(Chair)	○(Chair)
Byeongwan Jang	1952.05	Outside Director	Mar. 16, 2025	Male		○	○

* Composition of the Board of Directors as of December 31, 2023
 * Due to the expiration of the term of inside Director Honggu Jung, the company has newly appointed Wooyoung Kang as an Inside Director of the company through the General Meeting of Shareholders convened on March 16, 2023.
 * On January 12, 2023, Inside Director Jungkeun Yoo resigned as the chair of Business Management Committee and Inside Director John Jonghyun Kim was appointed as the chair by the Business Management Committee.
 * On January 30, 2024, Inside Director Jungkeun Yoo resigned mid-term.
 * Due to the expiration of the term of Outside Director Yoon Oh and mid-term resignation of Inside Director Jungkeun Yoo, the company has newly appointed Seunghwa Chang as an Outside Director and Taehae Kim as an Inside Director, and reappointed Jonghyun Kim whose term has expired as Inside Director of the company through the General Meeting of Shareholders convened on March 21, 2024.
 * Due to expiration of the term of Outside Director Yoon Oh, the chairs of the Internal Transactions Committee and Compensation Committee will be appointed at the committee held for the first time after the General Meetings of Shareholders convened on March 21, 2024.

Activities of the Board of Directors

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

Our Board of Directors plays a core role in establishing the objectives, values, and strategies of the company.

From January to December 2023, a total of eight meetings of the Board of Directors were held. Key agenda items referred in 2023 included approval of quarterly financial statements, approval of goods and services transactions with related parties, and approval of establishment of Health and Safety Plan for 2023. 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 2023 was 100%.

Key matters resolved in 2023		
Session	Date	Matters Reported
1	1.31	Report on operation of the Internal Accounting Control System
		Report on matters resolved by the Business Management Committee
2	2.15	Report on evaluation of the Internal Accounting Control System operation
4	4.27	ESG activities and plans for 2023
5	7.27	Report on matters resolved by the Business Management Committee
6	10.27	Report on matters resolved by the Business Management Committee
8	12.21	Report on ESG Materiality and Carbon Neutrality/Environmental Management Outcomes, and Risk Management Activity
		Results of compliance reviews by the Compliance Officer

Directors/Board of Directors

Key resolution items for 2023			
Session	Date	Agenda item	Approved/rejected
1	1.31	Approval of FY2022 financial statements and annual business report	Approved
2	2.15	Convocation of the General Meeting of Shareholders for FY2022 and decision of purposes	Approved
		Approval of goods and services transactions with affiliated parties	Approved
3	3.16	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
		Appointment of members to the Compensation Committee	Approved
		Approval of Health and Safety Plan for 2023	Approved
4	4.27	Approval of Q1 FY2023 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
5	7.27	Approval of 1H FY2023 financial statements	Approved
		Approval of goods and services transactions with affiliated parties	Approved
6	10.27	Approval of donation	Approved
		Approval of Q3 FY2023 financial statements	Approved
7	11.27	Amendment of regulations of the Board of Directors	Approved
		Appointment of Senior Outside Director	Approved
8	12.21	Approval of donation	Approved
		Approval of self-dealing limit	Approved
		Approval of insurance transaction with affiliated party	Approved

Board Committees

We improve the functioning of the Board of Directors by establishing three committees (Business Management Committee, Internal Transactions Committee, and Compensation Committee) and delegating to the each committee the authority to perform its duties in accordance with Article 35 of the Articles of Association and Article 12-2 of the Rules on Operation of the Board of Directors. To ensure that the Board of Directors and its committees operate transparently, we disclose the full text of the Regulations of the Board and the charters of the three aforementioned Board committees in the "Corporate Governance Report". In the case of the Internal Transactions Committee and the Compensation Committee, where independence is particularly important, two Outside Directors and Inside Director Wooyoung Kang served as committee members and Outside Director Yoon Oh served as the chair of the committee to ensure the independence of the Internal Transactions Committee and the Compensation Committee.

* For reference, due to the expiration of the term of Outside Director Yoon Oh, Outside Director Seunghwa Chang was newly appointed through the General Meeting of Shareholders convened in March 21, 2024. As of the date of writing, the chairs of the Internal Transactions Committee and Compensation Committee are vacant, however, a chairperson will be appointed from among outside directors at the committee held for the first time after the General Meetings of Shareholders.

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

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

The total amount of investments in affiliates as a percentage of our equity is approximately 3.9%* at the end of 2023.

* KRW 23.7 billion compared to equity of KRW 610.8 billion at the end of 2023

Directors/Board of Directors

The agenda items referred to the respective committees in 2023 are as follows.

Compensation Committee Meetings

Date	Agenda item	Approved/rejected
2.15	Appointment of chair to the Compensation Committee	Approved
	Approval of change in payment method of the compensation system for registered directors	Approved
	Approval of individual annual compensation for registered directors in 2023	Approved
	Deliberation on compensation caps for registered directors and auditors for 2023	Approved

Internal Transactions Committee Meetings

Date	Agenda item	Approved/rejected
2.15	Prior review of goods and services transactions with affiliated parties in 2Q 2023	Approved
4.27	Prior review of goods and services transactions with affiliated parties in 3Q 2023	Approved
7.27	Prior review of goods and services transactions with affiliated parties in 4Q 2023	Approved

Business Management Committee

Date	Agenda item	Approved/rejected
1.12	Appointment of chair to the Business Management Committee	Approved
	Conversion of Australian branch to a corporation	Approved
1.30	Change in payment method for directors' long-term performance incentives	Approved
7.27	Payment of directors' long-term performance incentives for the 6th term (2020-2022)	Approved
10.20	Approval of payment guarantee for loans by Cheil US	Approved

* Due to the expiration of the term of Inside Director Honggu Jung on March 2023, the company appointed Inside Director Wooyoung Kang as member of the Business Management Committee through the Board of Directors meeting convened in March 16, 2023.



Audit

Audit bodies

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

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

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

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

The standing auditor of the company has attended all meetings of the Board of Directors convened in 2023, ensuring checks and balances for Board of Directors operation. Below is the auditor's attendance at the Board.

Attendance of the auditor at the 2023 Board of Directors meetings (100% attendance)		
Session	Date	Agenda item
1	1.31	Approval of FY2022 financial statements and annual business report
2	2.15	Convocation of the General Meeting of Shareholders for FY2022 and decision of purposes
		Approval of goods and services transactions with affiliated parties
3	3.16	Appointment of directors' duties
		Approval for enforcement of compensation caps for directors
		Appointment of members to the Business Management Committee
		Appointment of members to the Internal Transactions Committee
		Appointment of members to the Compensation Committee
4	4.27	Approval of Health and Safety Plan for 2023
		Approval of regulations on CSO authority and responsibility
		Approval of Q1 FY2023 financial statements
5	7.27	Approval of goods and services transactions with affiliated parties
		Approval of 1H FY2023 financial statements
		Approval of donation

6	10.27	Approval of Q3 FY2023 financial statements
		Amendment of Regulations of the Board of Directors
		Appointment of Senior Outside Director
7	11.27	Approval of donation
8	12.21	Approval of self-dealing limit
		Approval of insurance transaction with affiliated party

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

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

In addition, our standing auditors communicate regularly with our external auditors on matters such as the annual audit plan, financial statement reviews and audit progress to enhance the quality of our financial reporting. The following is the communication between the standing auditor and the external auditors in 2023.

Date	Attendees	Method	Key discussion points
1.30	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	In-person meeting	- Progress report for annual audit progress and audit plan report - Report on progress of key audit matters and year-end key audit plan
3.6	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	In-person meeting	- Progress report on the group audit and year-end audit - Report on the completion of the audit, including auditor independence
4.25	· Company side: Standing auditor · Auditor side: Director of business operations, 2 accountant	In-person meeting	- Plan for the conduct of the annual audit in 2023 - Progress report on review of interim financial statements
7.21	· Company side: Standing auditor · Auditor side: Director of business operations, 2 accountant	In-person meeting	- Progress report on review of semi-annual financial statements
10.24	· Company side: Standing auditor · Auditor side: Director of business operations, 1 accountant	In-person meeting	- Progress report on the review of the 2023 3Q financial statements

※ The accounting auditor who communicated with the auditor in January and March of 2023 is Samil PwC, and the accounting auditor who communicated with the auditor after April 2023 is Samjeong KPMG.

Audit

Professionalism of auditors

Auditor Hongsub Lee, current standing director of the company, is a Korean CPA and tax attorney with over 28 years of professional experience at the accounting firm Deloitte Anjin LLC. He is an ESG specialist, having completed the 1st, 2nd, 3rd, and 4th ESG Academy Specialist courses offered by the KICPA. As a holder of a doctoral degree in business administration from Dongguk University, Mr. Hongsub Lee has not only expertise in accounting, taxation and ESG but also broad knowledge and experience in all matters of management support affairs, as well as the professionalism to fully perform his role of supervising the lawfulness and validity of the ways in which the affairs of our Board of Directors and upper management are handled.

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

Training for auditors

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

* Period: Nov. 2021 – Jul. 2023

* Training hours: 1st – 49 hours, 2nd – 49 hours, 3rd – 52 hours, 4th – 52 hours, Total – 202 hours

The following are trainings we have provided to our standing auditors in 2023 or he attended as required.

Training Date	Administered by	Training provided on
1.5	Korea Listed Companies Association (Listed Companies Supervisory Board)	229th Breakfast Lecture: US·China strategic competition and Korea's response strategy
1.27	SERI CEO	SERI CEO Insight Forum Global Geopolitical Crisis and East Asia's Changing Political Landscape
2.9	Korean Accounting Association Korea Accounting Institute	Sustainability Forum – Preparing Global Sustainability Reporting Standards by Financial Institutions Session 1: Examples of Measurement and Disclosure of Climate Change Information and Application by Financial Institutions Session 2: General discussion (Jeongil Kim, Head of Financial Services Commission and 6 others)
2.23	Korea Listed Companies Association (Listed Companies Supervisory Board)	230th Breakfast Lecture: Digital Transformation Era, Corporate Success Strategy
4.18	Audit Committee Forum	3th Annual Forum 23 for Auditors and Audit Committee Members Theme 1: Types of Financial Accidents and What Audit Committee should Keep in Mind Theme 2: Report on operation of the Internal Accounting Control System Using Text Sentiment Analysis
4.20	Cheil Worldwide	Compliance training in H1 2023 and Other internal education – Compliance: Copyright, portrait rights, trademark rights/labeling and advertising, PR issues/personal information protection, ESG environmental training – Safety management, internal accounting control system, information security training, etc.
4.20	The Korean Institute of Certified Public Accountants	ESG Academy General Course Lessons 1 to 17 (Apr. 18 – May 18, 25 hours in total)
5.25	Korea Listed Companies Association (Listed Companies Supervisory Board)	232nd Breakfast Lecture: Businesses and Prosecution/Law, the Story Behind It
5.25	Samil PwC Governance Center	Samil PwC Governance Center Training Session 1: The Future of the Company, the Company in the Future Session 2: Minority Shareholders as viewed by the Court/Parliament Session 3: Examples of Work Efficiency Using Robotics AI
5.30	SERI CEO	SERI CEO Insight Forum: Intelligent Robots and Unmanned Revolution
5.30	NEAR Foundation	Market Economy and Social Safety Net Forum 2023 1st Regular Forum Theme 1: What is the Solution to the Global Economic Crisis? Theme 2: Is the Fed Interest Rate Hike Good or Bad?
6.1	Cheil Worldwide	WOW Concert: Ecological Transition – Climate and Biodiversity Crisis
6.9	Cheil Worldwide	Education to Prevent Sexual Harassment and Bullying in the Workplace
6.12	Korea Listed Companies Association (Listed Companies Supervisory Board)	1H 23 Meeting of the Listed Companies Supervisory Board – Job training for auditors and audit committee members Period 1: Understanding Accounting Supervision System and Accounting Review/Supervision Operation of Financial Supervisory Service Period 2: Analysis for Accounting Supervision Major Points and Precautions I Period 3: Accounting Supervision Major Points and Precautions II
6.21	Deloitte Anjin LLC Corporate Governance Development Center	Corporate Governance Development Center 2023 1st Seminar Session 1: ESG Supervision by Board of Directors considering Domestic Environment Session 2: Role and Responsibility of Audit Committee for Internal Control Supervision Session 3: Global Board of Directors and Audit Committee Trends based on Survey Results

Audit

Training Date	Administered by	Training provided on
6.22	Korea Listed Companies Association (Listed Companies Supervisory Board)	233rd Breakfast Lecture: AI Fever Brought About by ChatGPT and Its Corporate Use
6.23	SERI CEO	SERI CEO Insight Forum: 2H 2023 Economic Outlook
6.27	The Korean Institute of Certified Public Accountants	ESG Academy Advanced Course Lessons 18 to 28 (May 30 – Jun. 27, 21 hours in total)
7.3	Samjeong KPMG ACI	9th Samjeong KPMG ACI Seminar : Shareholders Activism and Board of Directors Paradigm Session 1: Role of the Audit Committee in Independence Supervision of External Auditors and Discussion of Key Audit Matters Session 2: Role of Board of Directors in M&A decision making Session 3: ESG Management and Board of Directors Response
7.13	Audit Committee Forum	2nd Annual Forum 23 for Auditors and Audit Committee Members Theme 1: Application Plan of Successful Case of Unilever to Korean companies: ESG management centered on 'G' Theme 2: Measures to Strengthen and Advance Internal Control in Response to Environmental Changes and Increased Risk
7.18	The Korean Institute of Certified Public Accountants	ESG Academy 4th Certification Course 1. ESG Academy Certification Course Lessons 29 to 30 (Jul. 11 – Jul. 1, 6 hours in total)
8.22	SERI CEO	August 2023 SERI CEO Insight Forum: Climate Crisis and Changes in Energy Value Chain
9.20	Korea Listed Companies Association (Listed Companies Supervisory Board)	September 2023 235th Breakfast Lecture: Check Points on Major Issues in Preparation For 2023 Financial Statements Audit
9.21	Audit Committee Forum	3rd Annual Forum 23 for Auditors and Audit Committee Members Theme 1: Response Plan of IFRS S1, S2 Enactment and Audit (Committee) Theme 2: ESG Disclosure Items, Calculation Process, and Role of Audit (Committee)
9.27	Cheil Worldwide	2H 23 Compliance Training Compliance: AI and Intellectual Property Rights Issues, Environment-related Labeling and Advertising Screening Guidelines, Personal Information Protection and Import Customs Clearance Guidelines, Delivery Payment Linkage system, Safety Management, Understanding of Employee Guidelines, Understanding Mental Health, Improving Awareness of Disabled persons
10.11	Korea Accounting Institute	KSSB & SASB Sustainability Disclosure Standards Seminar Session 1: Introduction to IFRS S1 & S2 Standards Session 2: General Introduction to SASB Standards, Introduction to Industry-specific Standards
10.23	Korea Listed Companies Association (Listed Companies Supervisory Board)	October 2023 236th Breakfast Lecture: Major Domestic and International Issues and Economic Outlook for 2024
11.7	Korea Listed Companies Association (Listed Companies Supervisory Board)	2H 23 Meeting of the Listed Companies Supervisory Board – Job training for auditors and audit committee members Period 1: Recent Major Revisions and Issues related to the External Audit Act Period 2: Cooperative Measures and Application Cases between External Auditors and Businesses using Digital Auditing and Accounting Fraud Response Cases
11.9	Deloitte Anjin LLC Corporate Governance Development Center	Corporate Governance Development Center 2023 2nd Seminar: Session 1: Effects of Transparent Disclosure and Revised External Audit Law Session 2: Legal Status and Responsibility of Audit Committee Session 3: Work Changes and Flows using AI and Big Data Session 4: Fraud Investigation and Reporting Obligations (with emphasis on Accident Case/Investigation Response)

Training Date	Administered by	Training provided on
11.21	Audit Committee Forum	4th Annual Forum 23 for Auditors and Audit Committee Members Theme 1: Revised Laws and Regulations for Audit Committee and Checkpoints for the 2024 General Meetings of Shareholders Theme 2: Accounting Period Financial Reporting and External Audit Supervision Plan
11.24	SERI CEO	November 2022 SERI CEO Insights Forum : 2024 Economic Outlook
12.6	Dong-A Media Group	Dong-A Business Forum 2023 Lecture 1: An era where uncertainty has become the norm, batteries and supply chain management Lecture 2: The opportunities and challenges presented by AI, the new wave Lecture 3: The future of business created by generative AI

Audit support organization

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

Audit support organization			
Department	Employees (persons)	Rank (years employed)	Key activities
IR Team	3	1 Director (7.3 years) 2 Managers (average 2.0 years)	<ul style="list-style-type: none"> 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 2023; years employed in current duties

Audit

Independence of external auditors

Prior review of non-audit services

To ensure the independence of the external auditor, all non-audit services are subject to prior review, and other accounting firms are used for matters restricted under Article 21 of the Certified Public Accountant Act, etc. Our standing auditor proactively reviews and approves non-audit services provided by our external auditors.

The details of non-audit service contracts between Cheil and our external auditor, service periods, and compensation for the past three years are as shown in the table below. This information is disclosed quarterly in our business reports.

Fiscal year	Contract signing date	Service	Period of service	Compensation for service (Unit: KRW million)	Note
FY2023	Feb. 28, 2023	Market research consulting	Mar. – Nov. 2023	367	Samjeong KPMG
FY2022	Feb. 14, 2022	Tax affairs advisory	Feb. – Jun. 2022	95	Samil PwC
	Apr. 6, 2022	Tax affairs advisory	Apr. – Jun. 2022	65	Samil PwC
	Apr. 10, 2022	Tax affairs advisory	Apr. – Jun. 2022	25	Samil PwC
	Aug. 22, 2022	Tax affairs advisory	Aug. – Dec. 2022	11	Samil PwC
	Aug. 22, 2022	Tax affairs advisory	Aug. 2022 – Mar. 2023	25	Samil PwC
FY2021	Oct. 31, 2022	Tax affairs advisory	Oct. – Dec. 2022	65	Samil PwC
	Jan. 2, 2021	Tax affairs advisory	Jan. – Jun. 2021	60	Samil PwC
	Jan. 2, 2021	Tax affairs advisory	Jan. – Dec. 2021	11	Samil PwC

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 9% for FY2021 (KRW 70 million / KRW 740 million), 39% for FY2022 (non-audit 290 million / audit 740 million), and 44% for FY 2023 (non-audit 370 million / audit 850 million).



Risk Management

Risk management

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

Role of upper management in risk management

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

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

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

Operation of risk management items as CRO KPIs

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

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

Risk management activities

Operation and inspection of the internal accounting control system

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

Advance risk monitoring through “Early Warning System”

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

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

If potentially problematic issues are detected or identified through the regular inspections performed under the Early Warning System, the system sends an information email requesting an inspection to the responsible officer in the matter at headquarters or any of our overseas locations, and 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”.

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 rating in the Fair Trade Agreement evaluation by the Fair Trade Commission and Korea Fair Trade Mediation Agency in 2018, 2019, 2020, 2021, and 2022
- Highest rating in the Win-Win Growth Index evaluation by the Korea Commission for Corporate Partnership in 2019, 2020, 21, and 2022

Continual risk management through regular meetings of upper management consultative group

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

“Personal Information Trustee Management” System

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

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

Risk Management

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

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

At the start of each year, Management Strategy Meetings are held to decide our annual directions (attended by executives and general managers). Each business unit and division reports these directions to the CEO at an Executive Round Table (attended by team leaders, general managers, and division directors). The tasks and key management policies established for each organization through the Executive Round Table are then communicated to members of the respective subordinate organizations. Meetings of Upper Management Consultative Group are held weekly throughout the year (attended by CEO, CFO, and division directors) to share and discuss the key pending issues for each organization. Executive Round Tables are held monthly for sharing of key pending issues from each business unit/division and for company-wide sharing of information.

Management Briefings and Message from the CEO

Cheil Worldwide operates a "Management Briefings" to share financial outcomes and management status with all executives and employees. In 2023, a total of two in-house broadcasts were held so that all executives and employees could access them. In Q4, in particular, the CEO personally appeared on the broadcast and had time to explain performance, achievements, and promotion tasks. We also offer "online replay" so that executives and employees who were unable to see the broadcast in person or are stationed overseas can watch the briefing session. In addition, six official messages from the CEO were issued each year to explain business status, performance, and strategic direction, and separate messages were issued to overseas bases and headquarters on special issues, such as the Turkiye earthquake, to encourage employees and serve as another communication channel.

Identifying and managing economic, environmental, and social influences

Cheil Worldwide conducts regular and non-regular reporting to determine global industry trends and the economic, environmental, and social influences that surround us. In 2023, a total of 116 regular reports on industry trends were issued to upper management and key departments of the organization. Five in-depth reports were issued to upper management. A total of 8 reports on global industry cases relating to ESG, such as "New guidelines for sustainable management" are included.

Compliance with governance related laws and regulations

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

Cheil



Appendix

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



Facts & Figures

Domestic organization

Classification	2021		2022		2023		
	Employees (persons)	(%)	Employees (persons)	(%)	Employees (persons)	(%)	
Total employees	1,326		1,410		1,445		
Male	657	50	673	48	686	47	
Female	669	50	737	52	759	53	
Employees by rank	Staff	356	27	417	30	420	29
	Male	117	33	133	32	136	32
	Female	239	67	284	68	284	68
	Managers	927	70	950	67	983	68
	Male	502	54	502	53	514	52
	Female	425	46	448	47	469	48
	Executives	31	2	31	2	30	2
	Male	26	84	26	84	24	80
	Female	5	16	5	16	6	20
	Others	12	1	12	1	12	1
Male	12	100	12	100	12	100	
Female	-	-	-	-	-	-	
Employees by age	Under 30	121	9	136	10	145	10
	30s	532	40	569	40	545	38
	40s	521	39	527	37	551	38
	50s and over	152	11	178	13	204	14
Foreign nationals	29	2	29	2	27	2	
Disabled persons (Employment rate)	20	1.59	21	1.61	22	1.67	

* Standards for preparation of table

- The above headcount is based on the headquarters staff as of December 31, 2023.
- It includes 30 full-time unregistered executives, but excludes registered executives and separately contracted personnel (advisors, etc.)
- The above number of employees includes 67 persons (9 males and 58 females) who were on leave.

* Senior management refers to managers and executives.

* The employment rate for the disabled persons was prepared based on reports from the Korea Employment Agency for the Disabled. (As a legal standard for calculating the contribution for disabled persons, the ratio is calculated based on the number of full-time workers per year, and not the number of workers at the end of the year)

Overseas organization

	Number of employees		
	2021	2022	2023
Total employees	4,578	5,261	5,622
North America	163	244	283
China	379	401	410
Europe	923	1,083	1,153
CIS	167	111	102
Southeast Asia	863	985	958
Southwest Asia	824	891	948
ME	301	369	413
Africa	98	124	115
Latin America	848	1,039	1,224
Japan	12	14	16

New Employment Status

Classification	2021		2022		2023	
	Employees (persons)	(%)	Employees (persons)	(%)	Employees (persons)	(%)
Total number of new employees	80		182		104	
Male	40	50.0	59	32.4	43	41.3
Female	40	50.0	123	67.6	61	58.7

Facts and Figures

Employees and compensation

Classification		2021	2022	2023
Total	Employees (persons)	1,326	1,410	1,445
	Total wages (KRW million)	158,907	165,488	172,802
	Average wage (KRW million)	124	127	126
Male	Employees (persons)	657	673	686
	Total wages (KRW million)	91,416	93,840	96,778
	Average wage (KRW million)	140	144	143
Female	Employees (persons)	669	737	759
	Total wages (KRW million)	67,491	71,648	76,024
	Average wage (KRW million)	107	110	110

* The total wages for the current year is the earned income standard in the earned income payment statement submitted to the competent tax office in accordance with Article 20 of the Income Tax Act (prior to reflecting earned income deductions)

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

* Average number

- 2021: 1,284, 651 males, 633 females
- 2022: 1,307, 653 males, 654 females
- 2023: 1,368, 675 males, 693 females

Annualized compensation rate

	2021	2022	2023
Highest Salary (CEO) (KRW)	2,784,566,314	2,576,878,939	1,657,764,013
Median within organization (KRW)	100,858,524	104,594,785	105,268,818

* In 2023, the chairman of the board of directors, not the CEO, received the highest salary, (The Chairman of the Board of Directors resigned as of November 30, 2023 and was paid severance pay), however, since the CEO normally receives the highest salary, the CEO's salary is shown as the highest salary for consistency with the previous year's report.

Full-time / fixed-term employment ratio

Classification	2021				2022				2023				
	Total	Male	Female	Female percentage (%)	Total	Male	Female	Female percentage (%)	Total	Male	Female	Female percentage (%)	
Affiliated workers	Full-time	1,301	637	664	51.0	1,380	653	727	52.7	1,414	666	748	52.9
	Fixed-term	25	20	5	20.0	30	20	10	33.3	31	20	11	35.5
	Total	1,326	657	669	50.5	1,410	673	737	52.3	1,445	686	759	52.5
Outsourced workers (persons)	Dispatch labor			79			44				31		
	Contractors			130			124				123		
	Total			209			168				154		

Childcare leave of absence

Classification	2021		2022		2023		
	Employees (persons)	(%)	Employees (persons)	(%)	Employees (persons)	(%)	
Total persons on childcare leave of absence	47		47		55		
	Male	12	26	9	19	8	15
	Female	35	74	38	81	47	85
Persons returning to duty after childcare leave of absence	31		14		12		

* 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, 2024)

Voluntary turnover

Classification	2021	2022	2023
Voluntary turnover rate (%)	10.1	7.9	5.2

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

Education and training costs per employee

Year	2021	2022	2023
Education and training costs (KRW thousand)	1,537,477	2,408,575	2,665,307
Workforce (persons)	1,326	1,410	1,445
Education and training costs per person (KRW thousand)	1,159	1,708	1,845

Association and Organization Memberships

Associations

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



GRI Table

Statement of use	Cheil Worldwide reports sustainability management information using the GRI Standards from January 1, 2023 to December 31, 2023.		
GRI 1 used	Foundation 2021		
Applicable GRI Sector Standard(s)	Currently unavailable (as of the reporting date as of December 2023, the criteria for the advertising marketing industry under which Cheil Worldwide operates has not been announced)		
GRI Standards 2021			
GRI 2	Indicator	Pages	Note
2-1	Organization name	12, 14	
2-2	List of organizations included in the Sustainability Report	34	
2-3	Reporting timeframe, frequency and contact information	34	
2-4	Restatements of information	-	None
2-5	External assurance	197-205	
2-6	Corporate activities, value chains, and other business relationships	16-20	
2-7	Employees	188-189	
2-8	Contingent workers	191	In accordance with the employment type disclosure system, specific job types of non-affiliated workers are disclosed
2-9	Governance structure and composition	164	
2-10	Appointment and selection of the highest governing body	160	
2-11	Chair of the highest governing body	164	
2-12	Role of the highest governing body in overseeing impact management	38-39	
2-13	Delegation of responsibility for impact management	38-39	
2-14	Role of the highest governing body in sustainability reporting	38	
2-15	Conflicts of interest	167-168	Please refer to the Corporate Governance report for more details
2-16	Communication of important matters	165, 166, 178-183	
2-17	Collective knowledge of highest governing body	160-161	Conducting education on the latest ESG trends for executives once a year
2-18	Evaluating the performance of the highest governing body	38, 162	Please refer to the compensation committee in the Corporate Governance report
2-19	Remuneration policies	162-163	
2-20	Process for determining remuneration	162-163, 168	
2-21	Annualized total compensation rate	190	Please refer to the individual compensation status of directors and auditors in the Business report
2-22	Statement on sustainable development strategy	10	
2-23	Policy commitments	68	
2-24	Internalization of policy commitments	68-69	

GRI Standards 2021			
2-25	Process for mitigating negative impacts	69	
2-26	Mechanisms for raising complaints and seeking advice	116	
2-27	Compliance with laws and regulations	117	
2-28	Associations	192	
2-29	Stakeholder engagement process	40	
2-30	Collective agreements	-	No separate collective agreement was reached due to non-establishment of a labor union
GRI 3	Indicator	Pages	Note
3-1	Key issues determination process	42	
3-2	List of key issues	42-43	
3-3	Management of key issues	42-43	
GRI 305	Indicator	Pages	Note
3-3	Greenhouse Gas Emissions Verification Statement	46-64	
305-1	Direct greenhouse gas emissions (scope 1)	58	
305-2	Indirect greenhouse gas emissions (scope 2)	58	
305-3	Other indirect greenhouse gas emissions (scope 3)	58	
305-4	Greenhouse gas emissions intensity	58	
305-5	Reduction of greenhouse gas emissions	58	
305-7	NOx, SOx and other important air emissions	62	
GRI 405	Indicator	Pages	Note
3-3	Human Diversity Management	70-73	
405-1	Governance Organization and Employee Diversity	164, 188	
405-2	Ratio of basic salary and remuneration of women to men	190	
GRI 417	Indicator	Pages	Note
3-3	Marketing and Labeling	117-119	
417-1	Product and service information and labeling requirements	-	We design and produce campaigns for many advertisers that use a combination of media and channels, both online and offline. Thus, it is difficult to quantitatively specify the proportion of projects subject to the advertising pre-review process.
417-2	Incidents of non-compliance concerning product and service information and labeling	118	
417-3	Incidents of non-compliance concerning marketing communications	118	
GRI 418	Indicator	Pages	Note
3-3	Personal information protection management	100-109	
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	109	

SASB Table

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

Sustainability disclosure agenda and accounting indicators

Agenda	No.	Indicator	Pages	Note
Data Privacy	SV-AD-220a.1	Discussion of policies and practices related to behavioral advertising and customer privacy	100-109	
	SV-AD-220a.2	Percentage of online ad impressions served to custom audiences	-	We design and produce campaigns for many advertisers that use a combination of media and channels, both online and offline. As a result, it is difficult to quantify the percentage of impressions of our online ads that are targeted to custom audiences.
	SV-AD-220a.3	Total monetary loss resulting from customer privacy litigation	109	
Ad integrity	SV-AD-270a.1	Total monetary loss resulting from legal proceedings related to false, misleading or unfair advertising	118	
	SV-AD-270a.2	Percentage of campaigns reviewed for Advertising Self-Regulatory Council (ASRC) compliance, and compliance rate	-	We are a Korean company and this does not apply to us.
	SV-AD-270a.3	Percentage of campaigns that advertise alcohol or tobacco products	-	0
Workforce diversity and inclusion	SV-AD-330a.1	Gender and race/ethnicity composition ratio of (1) upper management (2) professional staff, and (3) all other employees	164, 188	

Activity indicators

No.	Indicator	Pages	Note
SV-AD-000.A	Average reach for advertising and marketing campaigns	-	The types and nature of the advertising and marketing campaigns we design and produce are diverse and vast, making it difficult to accurately aggregate and quantify their reach, impressions and frequency.
SV-AD-000.B	Number of advertising and marketing impressions	-	
SV-AD-000.C	Median impression frequency	-	
SV-AD-000.D	Number of employees	188-189	

Third Party Assurance Statement

INDEPENDENT ASSURANCE STATEMENT

To readers of Cheil Worldwide 2023 Sustainability Report

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested by Cheil Worldwide to verify the Cheil Worldwide Sustainability Report 2023 (hereinafter referred to as the "Report"). The assurer is independent of Cheil Worldwide and has no significant operational or financial interests apart from the verification. The purpose of this Assurance Statement is to provide assurance-related information to pertinent stakeholders regarding the environmental, social, and governance reports published by Cheil Worldwide and cannot be used for any purpose other than the purpose of publication. This Assurance Statement was written based on the assurance results of the information and claims presented by Cheil Worldwide, and the assurance was conducted under the assumption that the supporting information and data presented were complete and accurate.

Cheil Worldwide is responsible for managing relevant information included within the scope of assurance and operating related internal control procedures, and is responsible for all information and claims contained in the report. Any inquiries about the report, including this Assurance Statement, should be directed to Cheil Worldwide.

The assurer is responsible for providing Cheil Worldwide management with an independent assurance statement comprising expert opinions obtained by applying the assurance methodology to the specified scope, and providing corresponding information to all stakeholders of Cheil Worldwide. In providing the assurance statement, the assurer holds no liability, including legal responsibility, to any third party other than Cheil Worldwide, and is not responsible to any other uses or purposes for which the assurance statement may be used, or to stakeholders related thereto.

Third Party Assurance Statement

Scope

The scope of assurance agreed upon with Cheil Worldwide is as follows.

- Reported contents included in the report from January 1, 2023 to December 31, 2023, with some achievements included in 1H of 2024
- Key information and claims included in the report, including sustainability management policies, strategies, goals, and related business outcomes
- Conformance and solidity of internal processes and systems for collecting, analyzing and examining information
- AA 1000 AccountAbility for reports performed according to the type of sustainability verification in accordance with the AA1000 Assurance Standard v3 (2018) Verification of compliance with the four principles and, where applicable, verification of the reliability of sustainability performance information included in the report.

The items below were not included in the scope of assurance.

- Financial information presented in the report Appendix
- Index items related to other international standards, norms, and sustainability initiatives excluding GRI presented in the report Appendix
- Other related additional information such as website, business reports, etc.

Assurance Level and Type

Assurance levels and types are as follows.

- AA1000 AccountAbility Principles in the form of Moderate Level assurance according to AA1000 Assurance Standard v3
Verification type Type 2, which verifies compliance with the four principles of (2018) and verifies the quality and reliability of specific performance information disclosed in the report

Description and sources of disclosures covered

Based on the applied assurance scope and methodology, the assurer reviewed the disclosure indicators below based on the sampling of supporting information and data provided by Cheil Worldwide.

- Universal Standards

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies, and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

- Topic Standards

305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 405-1, 405-2, 417-1, 417-2, 417-3, 418-1

Methodology

The assurer complied with the assurance criteria, utilized a methodology developed to collect relevant evidence to lower errors in reported content, and performed the following activities.

- Conducted the highest level of review and materiality assessment to determine assurance priorities, and verified the legitimacy of the internal analysis process regarding issues that may be raised by stakeholders in the sustainability context
- Discussed with managers regarding stakeholder engagement
- Verified the adequacy of the basis for the major issues reported and the claims included in the report by conducting interviews with senior managers in related departments or who are responsible for managing major issues derived from the materiality assessment results
- Verified the sustainability strategy implementation process and the system for executing the corresponding process, and verified the process of generating, collecting, and reporting data for each performance category
- Visited headquarters to confirm the effectiveness of the data collection process, internal control procedures, and management means
- Reported and evaluated management processes for the four principles of AA1000 AccountAbility Principles (2018): inclusivity, materiality, responsiveness and impact

Limitations and approach used to mitigate limitations

The assurer conducted a limited verification within a limited period based on data and materials provided by the reporting organization. As a result, no significant errors were found in the verification process, and limitations related to inevitable risks that may exist are involved. The assurer does not provide assurances regarding potential future impact or additional aspects related thereto that cannot be foreseen or confirmed during the verification process.

Competency and Independence

BSI (British Standards Institution) is an independent professional organization established in 1901 that has provided certification and verification services worldwide for approximately 120 years, with an expertise in the field of management system such as quality, environment, safety and health, energy, anti-corruption, and compliance. The assurer has no business relationship with the reporting entity, has no conflict of interest, and conducted the verification independently. The assurance team that performed this verification was comprised of AA1000 Assurance Standard auditors with extensive experience in management system fields such as environment, safety and health, and in sustainability fields such as society and corporate ethics, and excellent understanding of assurance standard methodology of BSI Group.

Opinion Statement

This assurance was conducted in accordance with the AA1000 Assurance Standard v3, and the assurer planned the verification process to collect sufficient evidence to explain Cheil Worldwide's approach to the AA1000 Assurance Standard and to assure its self-declaration of compliance with the GRI Standards, and assurance was performed based on the corresponding plan.

As a result, the assurer did not find any evidence to support the claim that the information and data contained in Cheil Worldwide's report had been misrepresented in terms of materiality. The assurer believes that the key sustainability performance indicators, including economic, social and environmental, included in the report are managed by Cheil Worldwide's effective internal control procedures.

Conclusions

The report is determined to have been reported in accordance with the GRI Standards, and the assurer's opinion on the four principles of the AA1000 AccountAbility Principles (2018) is as follows.

Inclusivity

Cheil Worldwide identified stakeholders and selected shareholders, customers, local community, employees, and partner businesses as its major stakeholders. In order to collect opinions from each stakeholder in the context of sustainability, we operate a major stakeholder engagement process and share our ESG management activities, including issues and reports derived through regular ESG meetings, on our website. In order to reflect major issues derived through the stakeholder engagement process into Cheil Worldwide's sustainability strategy and goals, we conduct reviews of the stakeholder engagement process at the governance level and disclose the related outcomes through a report.

Materiality

Cheil Worldwide has established sustainability strategies and goals and set out mid- to long-term plans as well as strategic systems to achieve them. In order to identify reporting issues related to sustainability, we operate a materiality assessment process and have established our own materiality assessment process in consideration of Cheil Worldwide's main business and operational characteristics. When assessing materiality, we identify issues in the economic/social/environmental aspects based on benchmarking of global advanced companies and media analysis as well as analysis results of major initiative requirements related to sustainability, and conducted internal and external reviews including regular ESG meetings and expert reviews. Cheil Worldwide has derived four key issues through this process, and is disclosing the list of key issues and pertinent GRI topic standards through reports.

Responsiveness

Cheil Worldwide operates a management process for key issues in the context of sustainability derived through materiality assessment. In accordance with its unique sustainability strategy system, Cheil Worldwide discloses major response outcomes, including related outcomes and improvement plans, through its website and reports in order to enhance responsiveness to the key issues reported.

Impact

In the framework of sustainability of the reported key issues, Cheil Worldwide has a mechanism in place to identify the breadth and depth of reported material topics on the organization and key stakeholders, as well as to assess the implications. We are establishing sustainability strategies and plans based on the analysis results of the major impacts of the reported key issues, and the achievements with regard to the corresponding process are disclosed through reports.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the provisions below were conducted as Type 2 verification based on the information and data provided by the reporting organization. In order to confirm the reliability and accuracy of the corresponding data and information, internal control procedures related to data processing and management were confirmed through interviews with the department in charge, and accuracy was confirmed through sampling. Through this process, no errors or intentional distortions were found in the sustainability performance information included in the report. The reporting organization manages its sustainability performance information through reliable internal control procedures, and can trace the derivation process, including the source of the corresponding performance. Errors and ambiguous expressions discovered during the verification process were corrected during the verification process and before publication of the report, and the assurer confirmed the final published report with corrected errors and expressions.

- GRI Topic Standards: 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 405-1, 405-2, 417-1, 417-2, 417-3, 418-1

Recommendations and Opportunity for improvement

The witness presents the following opinions to the extent that they do not affect the assurance statement.

- Specifying the characteristics and composition of the Value-Chain considering the characteristics of major businesses such as the advertising industry, and identifying and managing sustainability issues that arise from or can be affected by stakeholders within the Value-Chain can be helpful in advancing the sustainability management system.
- When selecting key issues of sustainability, identifying and reflecting financial impact as well as environmental/social impact can be helpful in advancing the sustainability management system.

GRI-reporting

Cheil Worldwide has declared its compliance with GRI Standards. The assurer has confirmed that the report of Cheil Worldwide is reported in accordance with the GRI Standards, and that there are no errors in the claim that the requirements for compliance with GRI Standards, including Universal Standards and Topic Standards, are met based on the data and information provided by Cheil Worldwide. No separate Sector Standards were applied.

Issue Date: April 15, 2024

For and on behalf of BSI (British Standards Institution):

BSI representative



Jeongwoo Lee, Lead Assurer/ACSAP



Seonghwan Lim, Managing Director

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea

Hold Statement Number: SRA 804219



Greenhouse Gas Verification Statement

Greenhouse gas Emissions Verification Statement

Scope

- Greenhouse gas emissions of Scope 1 (direct emissions) and Scope 2 (indirect emissions) of Cheil Worldwide headquarters in 2023
- Upstream transportation among other indirect emissions (Scope 3) in 2023

Verification Results

The greenhouse gas emissions of Scope 1 (direct emissions) and Scope 2 (indirect emissions) in 2023 are as follows.

Greenhouse gas emissions Unit: tCO₂e

Emissions	Business site	Emissions in 2023
Scope 1	Cheil Worldwide's headquarters	775.153
Scope 2	Cheil Worldwide's headquarters	1,157.438
Total		1,932.591

The greenhouse gas emissions of Scope 3 (other indirect emissions) in 2023 are as follows.

Greenhouse gas emissions Unit: tCO₂e

Category	Details	Emissions in 2023
Upstream Transportation	The calculation is limited to quick services in which data collecting is possible during business-to-business transportation.	8.005

* Scope 3 emissions were calculated based on WRI/WBCSD's corporate value chain calculation and reporting standards, and details including limitations and assumptions are described in the verification report.

Greenhouse gas-related Criteria and Guidelines used for Verification

Verification was conducted using the following criteria and guidelines at the request of Cheil Worldwide.

- Guidelines for Reporting and Certification of Greenhouse Gas Emission Trading System
- WBCSD/WRI Technical Guidance for Calculating Scope 3 Emissions
- ISO 14064-1 & ISO 14064-3
- BSI Greenhouse Gas Emissions Verification Manual

For all verification-related activities, BSI Group Korea's standard confidentiality principles are applicable.

Opinion

As a result of the verification of greenhouse gas emissions in accordance with the verification criteria and guidelines described above, the opinion of BSI Group Korea is as follows:

- Verification of Scope 1&2 emissions for Cheil Worldwide's headquarters and other indirect emissions for Scope 3 upstream transportation were conducted with limited verification.
- The level of data quality is in line with important international principles of greenhouse gas verification.
- In reporting greenhouse gas emissions according to the emissions calculation methodology established by Cheil Worldwide, no material errors, omissions, or false records were found during the verification procedure.
- Accordingly, the BSI Group Korea verification team presents a verification conclusion of "adequate."



For and on behalf of BSI:

Managing Director Korea, SeongHwan Lim

Issue: March 8, 2024

Cheil