

IMAGINE A BETTER TOMORROW



WELFARE FOUNDATION



SCHOLARSHIP FOUNDATION



YOUTH START-UP



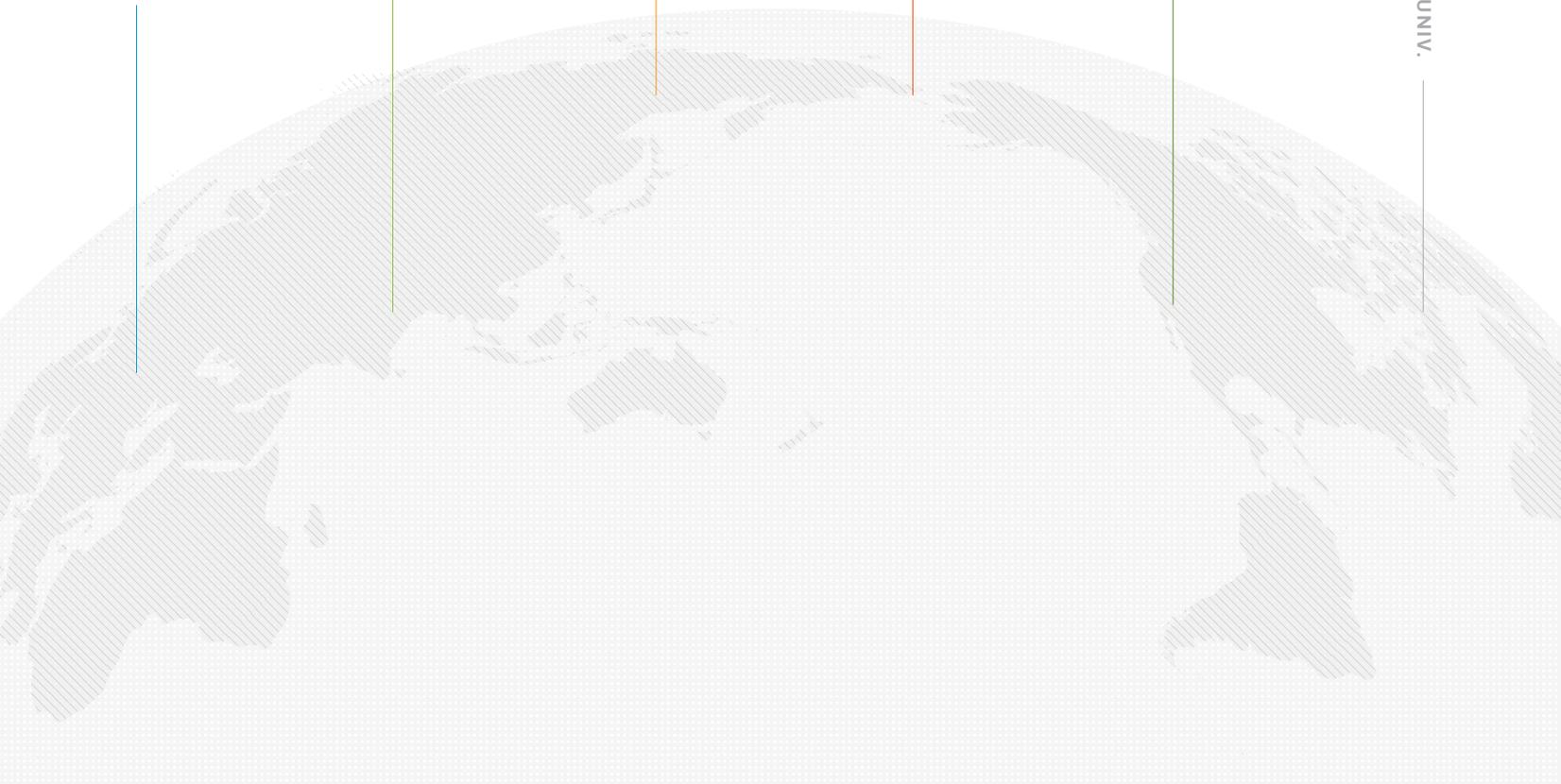
SANGSANG FUND



SANGSANG MADANG



SANGSANG UNIV.





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IMAGINE A BETTER TOMORROW

KT&G executes social responsibility based on the 3 values, 'Hope', 'Shared Growth', and 'Creativeness' to create a sustainable future where both companies and the society are happy.



MESSAGE FROM THE CEO



We are realizing values of
Hope, Shared Growth,
and **Creativeness**
by imagining a better future
where everyone is happy.

CEO Baek, Bok-In

A handwritten signature in black ink, appearing to read 'Baek Bok-In'.

KT&G actively performs social contribution activities to practice its corporate philosophy, 'Together Company'. Upon believing that shared value created by both companies and society is a right way, we are operating programs with integrity in various areas to implement the philosophy.

Under the value system of 'Hope, Shared Growth, and Creativeness', our social contribution business is conducted from universal welfare for the vulnerable social group, social venture cultivation that realizes dreams of the youth, to growth of minority cultural arts, and we also focus on the Win-Win Growth by welfare support, low-interest loans, and compliance with fair trade principles for suppliers such as tobacco farms.

Projects of the Welfare and Scholarship Foundations are operated to give 'Hope' to the society. We intend to create our society more productive through sincere supports to the vulnerable social group. Such businesses as SangSang Planet which is a youth start-up support platform and SangSang Fund which is an employee-engaged donation that realizes 'Shared Growth' are also developing through innovation. In addition, SangSang Madang and SangSang univ., where artists and university students grow through 'Creativeness' of cultural arts, support new imagination ('SangSang' in Korean) of the future generation.

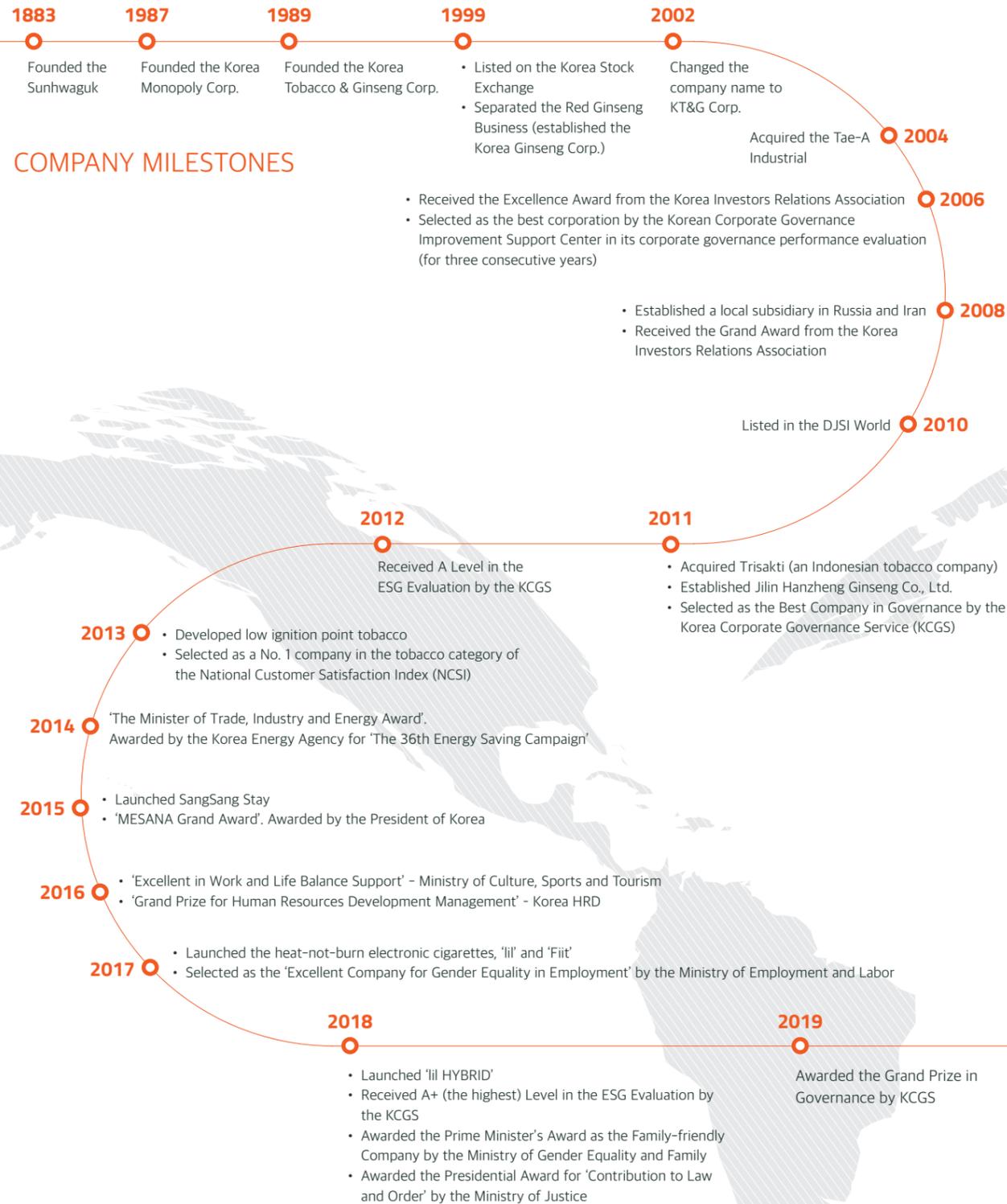
Due to unprecedented pandemic, COVID-19, the global economic stagnation is persisting. KT&G fortified internal epidemic prevention system to stop the disease from spreading, and it is continuously conducting social contribution activities customized for helping domestic and overseas communities facing difficulty. From emergency relief fundraising to diagnosis kit supports, we are participating in resolving nationwide crisis regardless of areas and sizes and plan to continue our supports until it is settled.

We would like to show our sincere gratitude to shareholders, customers, suppliers, and employees for showing expectations and supports to KT&G even in a difficult environment. We believe that we can take a further step forward when companies fulfill social responsibilities, the society leads companies' growth, and the two parties collaborate with each other. Moreover, we aim to communicate and sympathize with stakeholders by publishing this report that includes our philosophy of social responsibility.

We will constantly consider and execute our role as a corporate citizen to recover from the current crisis by collaborating altogether and leap forward to a better future.

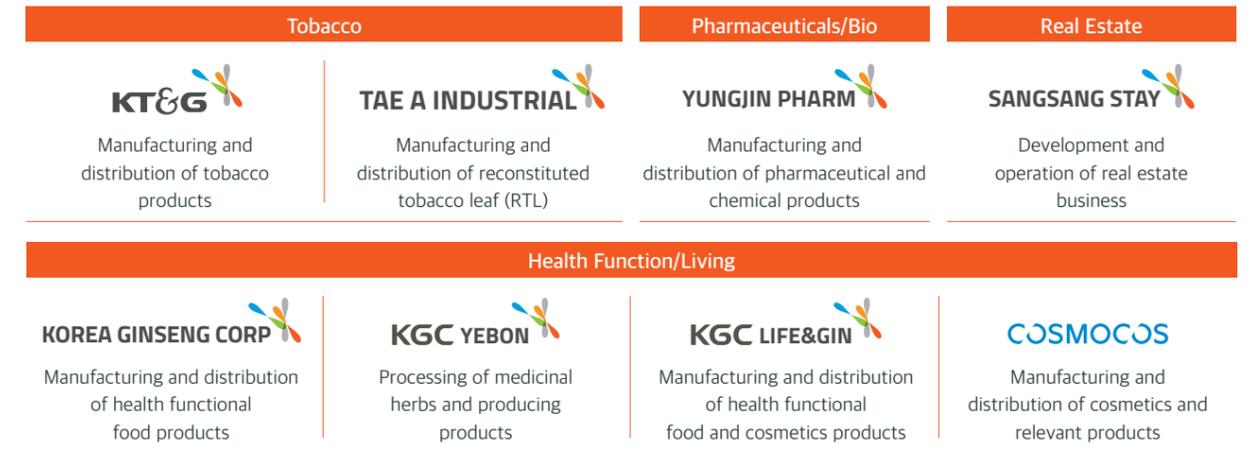
ABOUT KT&G

Under its managerial philosophy, 'Exemplary Company', 'Progressive Company', and 'Together Company', KT&G strives to maximize corporate values and customer values and create a better life.

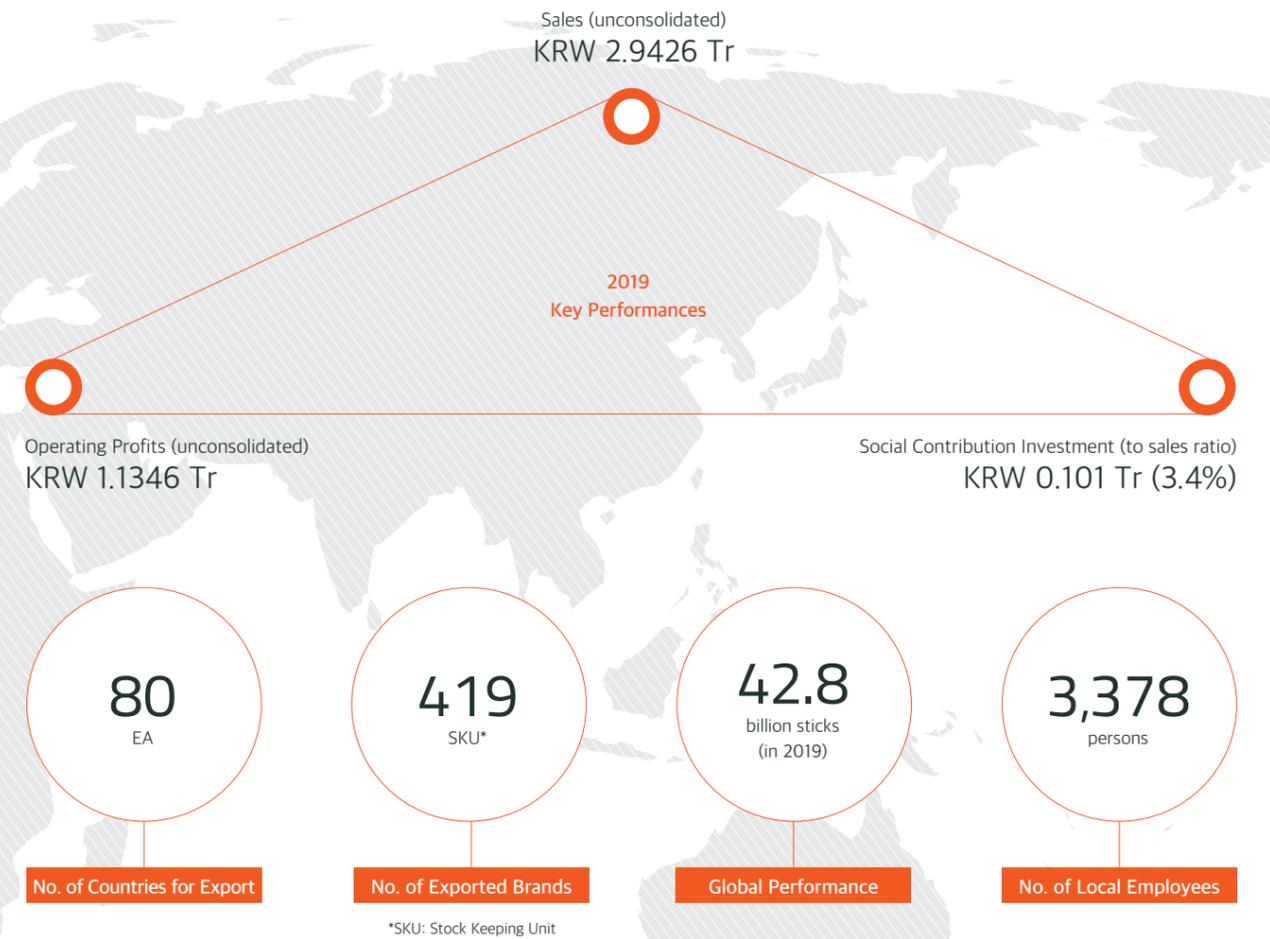


COMPANY MILESTONES

BUSINESS PORTFOLIO AND SUBSIDIARIES



GLOBAL OPERATION



KEY MILESTONES OF SOCIAL CONTRIBUTION

KT&G conducts various social contribution activities considering its core competences and pursue Win-Win Growth through shared growth activities with suppliers to establish a basis for growth of companies and the society.

July 2003

Established of Welfare Foundation

We established the KT&G Welfare Foundation to 'realize advanced welfare that everyone shares happiness'. Through this organization, we are continuously implementing stable social welfare projects for those who need help.

September 2007

Opened KT&G SangSang Madang Hongdae

KT&G SangSang Madang began as an online community in 2005. To assist diverse art activities and facilitate exchanges, a comprehensive cultural place, SangSang Madang Hongdae was established in 2007.

October 2007

Launched Employee Volunteering Group 'SangSang Together'

KT&G Employee Volunteering Group, formed to solve issues in the local community, is expanding its areas from volunteering for the vulnerable social group such as food service and housing repairs to supporting tobacco farms.



June 2008

Founded Scholarship Foundation

KT&G Scholarship Foundation was founded to relieve educational imbalance and to offer stable education opportunities to the vulnerable educational group. The foundation conducts continuous scholarship business to foster future talents.

April 2010

Established SangSang Univ.

KT&G established a cultural arts community, 'SangSang Univ.', to provide systematic support to university students who are the future of our society. SangSang Univ. is growing in to an integrated community that offers opportunities for learning, exchanging, and sharing in various areas such as culture, arts, life, and career.

March 2011

Created SangSang Fund

KT&G created the 'SangSang Fund' by introducing the Matching Grand System for employees to gain fruitfulness of good deed by voluntarily engaging in donation.



July 2019

Awarded the Minister's Award from the Ministry of Employment and Labor for Social Enterprise Promotion Merit

Through the 'KT&G SangSang Start-up Camp' launched in 2017, we have assisted about KRW 3 billion for 3 years. In 2019, KT&G was awarded the Minister's Award of the Ministry of Employment and Labor as a recognition for conducting the unique private-led training course to social enterprises.

December 2018

Awarded the Presidential Prize for 'Contributing to Law and Order'

KT&G has sponsored about KRW 10 billion for 20 years to public services such as 'Crime Prevention through Environmental Design (CPTED)' to create safe and healthy Korea. Followingly, we received the Presidential Prize for 'Contributing to Law and Order' in 2018.



October 2017

Established the Social Innovation Youth Start-up Program

By boosting our assistance for youth start-up which began in 2004, we launched the 'KT&G SangSang Start-up Camp' to transition the paradigm based on 'social innovation through social issue resolution'.

February 2016

Expanded the KT&G Social Contribution Organization

KT&G expanded organizations for social contribution from the existing departmental units in 2016 to office units in order to conduct more active and professional social contribution activities.

November 2015

Awarded the Presidential Award at MESANA Grand Award for KT&G SangSang Madang

KT&G received the Grand Award at the '2015 MESANA Awards' as a recognition for its efforts by assisting minority cultural arts and expanding cultural infrastructure through a comprehensive cultural arts community, 'SangSang Madang'.

April 2014

Opened KT&G SangSang Madang Chuncheon

Followed by SangSang Madang Hongdae and Nonsan, we opened another one in Chuncheon which is a cultural arts space in nature. SangSang Madang Chuncheon offers residents opportunities for cultural healing.





Commendation Award Ceremony for Promoting Social Enterprises

Awarded the Minister's Award from the Ministry of Employment and Labor for Social Enterprise Promotion Merit

KT&G sponsors 'KT&G SangSang Start-up Camp' to discover and nurture potential social entrepreneurs. From the launching in 2017 to 2019, we have fostered 3 cohorts with accumulated sponsorship of KRW 3 billion, and the graduates of the camp have been showing significant results in the indicators of sales and employment. Attributed to its efforts for cultivating social enterprises, KT&G was rewarded the Minister's Commendation by the Ministry of Employment and Labor.

A program for supporting start-up training, KT&G SangSang Start-up Camp fosters young entrepreneurs who strive to solve social issues including environmental preservation and the vulnerable social group assistance through business. We run the differentiated program that selects pre/early entrepreneurs who develop start-up business models and provides concentrated support from team building process to sophisticated business models.



SangSang Start-up Camp, The Debut

Completed the 2nd SangSang Summit and the 3rd SangSang Start-up Camp

KT&G held the '2nd SangSang Summit', an expert forum to expand infrastructure for social innovation share KT&G's business performances for nurturing social enterprises. Along with experts in each area, a total of 536 participants from start-up support institutes, social enterprises, public institutions, and future social innovation entrepreneurs gathered together to discuss about expanding the scope of social innovation entrepreneurs under the theme of 'Diversity of Innovators'.

KT&G selected 40 potential social innovation entrepreneurs in the 3rd SangSang Start-up Camp to support all courses toward launching social innovation start-ups using their own ideas. At the last course, 'The Debut', all the participants had a chance to present each of their business model and performance prepared for 14 weeks. Moreover, each team ran a booth to communicate with start-up support institutes, investors, and public attendants to introduce its business.

To the World beyond Korea, Active Promotion of Global CSR

As the business size in the overseas market is expanding, KT&G is striving for global CSR activities to fulfill social responsibilities in its operating countries. In 2019, we implemented about KRW 3 billion worth of social contribution activities in 6 countries including Indonesia, Laos. In particular, we built primary schools and health clinics in Laos, Vietnam, and Myanmar to improve education and health environment of developing countries. During the project period, we dispatched university students and our employees to provide help and exchange with local residents. In addition, we actively performed various activities for Win-Win Growth with countries where we conduct businesses by operating SangSang Univ. and sponsoring the coffee vocational school that develops competence and creating jobs for the youth in Indonesia and also by conducting the scholarship projects for nurturing talents.



Ribbon-cutting Ceremony for the KT&G Primary School in Laos

Nominated as the 'Outstanding Institution for Sponsoring Culture & Arts' by the Ministry of Culture, Sports, and Tourism

The Ministry of Culture, Sports, and Tourism annually selects a company that has an excellent expertise and produced outcome in sponsorship in the culture & arts area. KT&G was nominated as the Outstanding Institution for Sponsoring Culture & Arts in 2016 when the nomination was initiated, and it was recertified in 2019 when the certification was expired.

In this recertification, KT&G was recognized for assisting artists' creative activities of and expanding the public's opportunities for enjoying culture and arts. KT&G SangSang Madang has become the Korea's leading integrated culture & arts space by recording annual visitors of about 1.8 million and operating 3,000 programs every year in culture & arts including movie, performance, exhibition, design, and education.



ARKO Night of Arts Sponsors

Assisted Library in Gosung, Gangwon Province Damaged from Mountain Fire

KT&G Scholarship Foundation implemented the Library Support Project in Gosung, Gangwon Province where a large-scale mountain fire had occurred in April 2019. A library in the region called, 'Red-haired Anne's Small Book Village' had been widely used by residents for reading and resting since 2011. After hearing about the incident from the disaster, KT&G Scholarship Foundation decided to sponsor costs for rebuilding the library to help the local community in a difficult situation. The library has turned into a new place with reading rooms and community rooms from the old place that was built from renovating a house. The newly built library will be used as not only reading activities by local children, but also a place for holding education in culture & arts.



Opening Ceremony for the Red-haired Anne's Small Book Village

Conducting Disaster Relief and Vulnerable Social Group Assistance through SangSang Fund

SangSang Fund is a fund raised by employees' voluntary donation. Since the introduction of SangSang Fund in 2011, KT&G has donated about KRW 27.8 billion to domestic/overseas disaster relief and assistance projects for the vulnerable social group. In 2019, we provided an emergency donation of KRW 500 million to the region damaged from Gangwon Mountain Fire and aided KRW 150 million to the bereaved family of firefighters who died on duty of a maritime rescue mission near Dokdo. In addition, we are striving to support the vulnerable social group who live in the blind spot of welfare by donating KRW 150 million to help independence of the young generation who need to leave nursery facilities after becoming adults.



SangSang Fund Provision Ceremony for 'Supporting Independence of Those Leaving Nursery Facilities'

SangSang Univ.'s Career Dining for Resolving University Students' Concerns for Finding Jobs

KT&G's 'Career Dining' is a job consulting program for university students. We rent out popular restaurants in the region to offer a place for university students to talk about and share concerns and information to our employees while having dinner. Thus, students can get help in deciding on their future paths and setting specific employment goals by getting consultation from currently working employees at a large enterprise. In 2019, 150 students from the 5 regions (Seoul, Busan, Daegu, Gwangju, and Daejeon) participated in the Career Dining.



Venue for SangSang Univ.'s Career Dining



Provision Ceremony for Health Check and Children Scholarship of Tobacco Farmers

Practiced Win-Win Growth such as Tobacco Farm Support

Due to the prolonged decrease in the farm population and the nature of difficulty in automation of labor, tobacco farmers face very high intensity of labor. Tobacco leaf farmers require more attention because they have higher average age than other farm products. KT&G has been implementing assistance projects to enhance welfare and relieve financial burdens of the domestic tobacco farms. From 2013 to 2019, we have provided KRW 2.054 billion to about 5,800 beneficiaries for their health checks and their children's scholarship.

RESPONSE ACTIVITIES TO COVID-19

KT&G has been engaged in problem solving through swift assistances whenever a national crisis has occurred. Due to the protracting Coronavirus Disease (COVID-19), we sympathize with magnitude of the economic chaos and social stagnation and actively practice our managerial philosophy, 'Together Company' by participating in global resolution of the issue. By revising plans of the existing social contribution projects, we prepared for further protraction of COVID-19 pandemic and implemented activities that can provide practical help to domestic/overseas places by additionally reviewing new support businesses. KT&G will closely monitor the status of COVID-19, thereby actively continuing activities for recovery.

COVID-19 Contingency Plans

Through social contribution, KT&G established the 'COVID-19 Contingency Plans' to provide systematic and practical assistance to places in need of COVID-19 response. We implemented response activities for domestic medical personnel and small enterprise owners who need emergency supplies and performed support activities tailored for the vulnerable disaster group. Furthermore, we are promoting mental support activities to change the stagnated social atmosphere caused by the prolonged COVID-19 which even created a neologism of 'Corona Blue'.



PHYSICAL ASSISTANCE

Emergency Support to the Hope Bridge Korea Disaster Relief Association

As COVID-19 has become more serious, we came to realize that we need to provide swift support. Therefore, we delivered KRW 500 million of donation to the Hope Bridge Korea Disaster Relief Association to provide emergency supplies such as food and pandemic prevention supplies for those in self-quarantine and medical personnel.

Participating in the 'Good Leaseholder Campaign'

KT&G began participating in the 'Good Leaseholder Campaign' to minimize economic impact on small enterprises due to COVID-19. We reduced rent fees for 46 of the self-employed and small enterprises renting KT&G-owned buildings nationwide including Daegu, Sejong, and Seoul Metropolitan Area. Moreover, we delivered red ginseng products to medical personnel in Daegu-Gyeongbuk region where the damage from COVID-19 is intense.



Box Lunch Delivery of Sintanjin Plant Employees



'Dukbunae' Challenge



Ceremony of Delivering COVID-19 Diagnosis Kits to Indonesia



Delivery of Health & Hygiene Kits



Flower Farm Aid Relay Campaign

TAILORED ASSISTANCE

Global Emergency Relief Activities

KT&G executed KRW 200 million worth emergency relief activities in the 3 countries severely suffering from COVID-19. Indonesia had been short of basic medical supplies such as diagnosis kits and anti-contamination protective clothing due to drastic spread of COVID-19. So, KT&G provided KRW 100 million worth of diagnosis kits. About 6,300 people could be diagnosed with this amount, and they contributed to preventing further spread of the pandemic after being supplied to the medical frontline. Through this sort of efforts, we intend to help global recovery from disasters and enhance local residents' health in poor medical environment, thereby fulfilling social responsibility as a global company.

Assistance of Scholarship and Tablet PC to Middle/High School and University Students from the Vulnerable Social Group

Students from the vulnerable social group are suffering more severely from the national crisis. KT&G Scholarship Foundation, therefore, provided scholarship holders full scholarship earlier to continue their education, as well as tablet PCs for online classes. In the Daegu-Gyeongbuk region where the damage was most critical, we promoted the emergency scholarship for children of small enterprise owners.

SangSang Sharing Box Lunch for Shared Growth with the Local Community

KT&G sourced box lunches from local community's small enterprises that are going through financial difficulty due to contracting consumption and delivered them to the vulnerable social group. Thus, we were able to facilitate local market by offering small enterprises an emergency sales market and also strengthen the social safety network by offering high-quality box lunches to the vulnerable social group. Moreover, we supported the senior citizens living alone and the low-income households by additionally providing the health & hygiene kits that includes hand sanitizers and vitamins, along with box lunches.

Story of Consume & Buy Campaign

Consume & Buy Campaign with Employees

KT&G conducted the 'Consume & Buy Campaign' that purchases materials for box lunches from the local traditional market and provide lunch to employees, in order to help small enterprises with severe damages from COVID-19. Consume & Buy Campaign is referred to the Korean word meaning, 'eat and buy' to cope with COVID-19 together. In addition to providing box lunches, we performed promotion/sales events for agricultural products of local farms toward employees to facilitate local economy and assist farms



Consume & Buy Campaign



Ceremony of Delivering COVID-19 Diagnosis Kits to Russia



Provision of Relief Supplies to the Indonesian National Disaster Management Agency

MENTAL ASSISTANCE

SangSang Univ. Cheering Badge Challenge

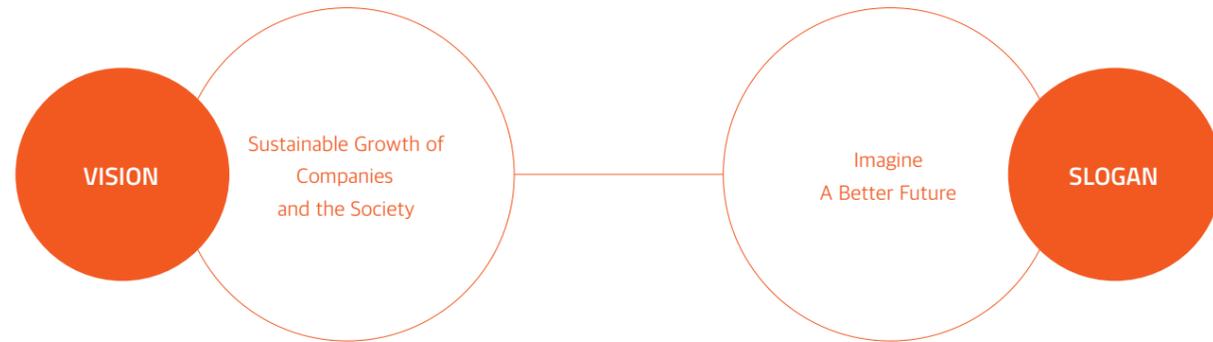
KT&G SangSang Univ. implemented the 'Cheering Badge Challenge' for freshmen who did not have chance to experience the campus life due to postponed school opening followed by COVID-19. We conducted a design contest for cheering badges saying, 'Let's smile', 'I can smile well', etc. to deliver emotion and laugh by putting them on facial masks, as well as the SNS relay cheering. This is done by posting cheer messages on SNS accounts and selecting another people, and KRW 2,020 per post is saved as donation. The accumulated donation was delivered to freshmen of year 2020 with the message, 'Cheer up, Class 2020!'.

Participating in 'Flower Farm Aid Relay Campaign'

KT&G participated in the 'Flower Farm Aid Relay Campaign' to help flower farms suffering from COVID-19. Right before the foundation anniversary, we delivered messages of appreciation and cheer to employees and presented flowers to employees' families through the Family Care Program, 'All Goes Well to the Family'.

SOCIAL CONTRIBUTION FRAMEWORK

KT&G strives to make positive changes in the society for 'sustainable growth of companies and the society'. Through the platform internalized with core competences of KT&G, we plan and operate various social contribution programs. Henceforth, KT&G will endeavor to effectively allocate opportunities to social members by promoting social issue resolutions and create a better tomorrow for the society.



Pursued Values	Platform	Main Business	Main Beneficiaries
HOPE We strive to distribute more opportunities and resources among social members who need help for a better tomorrow where everyone lives harmoniously.	Welfare Foundation	<ul style="list-style-type: none"> Low-income group support Welfare center support Overseas relief Volunteering activities 	Vulnerable social group
	Scholarship Foundation	<ul style="list-style-type: none"> SangSang Scholarship RESTART Scholarship Arts & Athletics Scholarship Global Scholarship 	Vulnerable social group
SHARED GROWTH We operate business responsibly for a better tomorrow where we growth together with the society	Youth Start-up	<ul style="list-style-type: none"> SangSang Planet SangSang Start-up Camp SangSang Summit 	Local community, stakeholders, youth/university students
	SangSang Fund	<ul style="list-style-type: none"> Donation petition Donation Market Employee volunteering group Other public services 	Vulnerable social group, local community, stakeholders
	Social Responsibility	<ul style="list-style-type: none"> Global CSR Smoking environment improvement Tobacco farm support Medical research assistance 	Local community, stakeholders
CREATIVENESS We assist new artists and university students to develop and show their capacities for creating a more creative and diverse cultural ecosystem.	SangSang Madang	<ul style="list-style-type: none"> Discovering new artists Culture & arts-related education Performances/exhibitions support 	Local community, New artists
	SangSang univ.	<ul style="list-style-type: none"> Culture & arts program Job search assistance program University students executives 	Youth/university students

UN SDGs Implementation

United Nations (UN)'s Sustainable Development Goals (SDGs) are 17 goals that UN and the international society need to accomplish by 2030 to solve global issues such as poverty, inequality, and environmental pollution and realize sustainable development. KT&G implements various activities to contribute to attaining SDGs as a global corporate citizen. KT&G plans to engage in solving international issues by conducting SDGs activities with integrity based on its resources and capacities.

SDGs	Targets	Main Activities
1 No Poverty	1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable	<ul style="list-style-type: none"> Emergency living expenses for the low-income group
2 Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	<ul style="list-style-type: none"> Hope Food Truck volunteering
3 Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	<ul style="list-style-type: none"> Assistance to patients in serious condition from the low-income group
4 Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes	<ul style="list-style-type: none"> Educational support to children of the low-income households
	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	<ul style="list-style-type: none"> SangSang Scholarship holders
	4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all	<ul style="list-style-type: none"> Improving domestic/overseas educational facilities
8 Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	<ul style="list-style-type: none"> SangSang Planet SangSang Start-up Camp
	8.6 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<ul style="list-style-type: none"> SangSang univ.
9 Industry, Innovation, and Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	<ul style="list-style-type: none"> Win-Win Growth Fund Early payment to suppliers
10 Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	<ul style="list-style-type: none"> Discovering and supporting artists with disability
11 Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	<ul style="list-style-type: none"> Improving residential environment for domestic/overseas low-income households
	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	<ul style="list-style-type: none"> Providing vehicles to social welfare centers
	11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	<ul style="list-style-type: none"> SangSang Madang
15 Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	<ul style="list-style-type: none"> Ecosystem restoration of Mt. Bukhan Purification volunteering in Han River Tree planting volunteering in Mongolia

SEEDS SOWED WITH 'HOPE'

KT&G Welfare Foundation continues practical assistance to places in need and helps stable operation of social welfare centers. Moreover, we conduct domestic/overseas volunteering activities by collaborating with university volunteering groups to spread the culture of volunteering.

KT&G Scholarship Foundation annually assists SangSang Scholarship holders in middle/high school and university so that the talents in the vulnerable social group do not need to give up their dreams for learning. We also contribute to nurturing future talents through our specialized scholarship projects including global/arts & athletics/Restart scholarships.



UN SDGs Target for 'HOPE'



TARGET

4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes

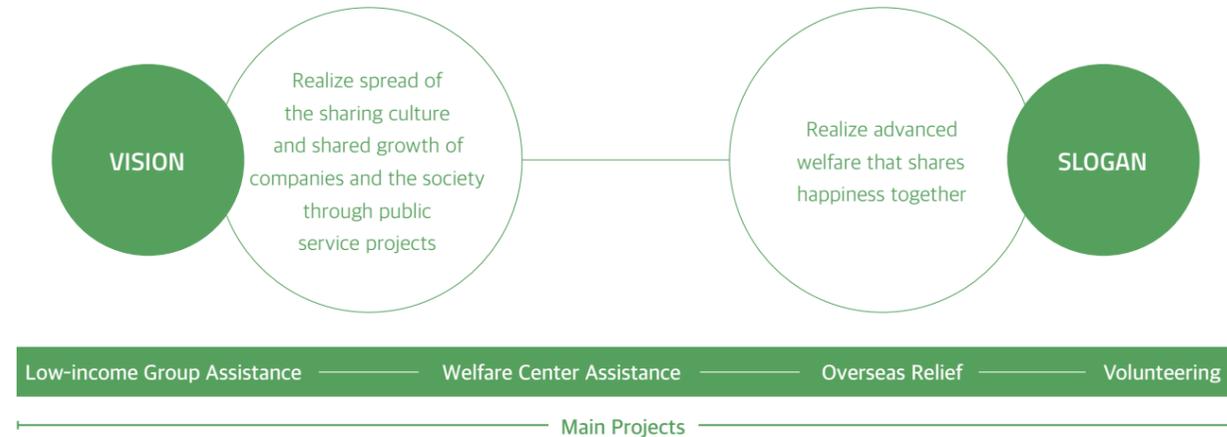
OUR COMMITMENT

KT&G helps those who require social consideration by offering them high-quality educational opportunities to enable them to dream for 'HOPE' in the future. KT&G Welfare Foundation offers opportunities for high-quality education to children in domestic/overseas low-income households and promotes education environment improvement projects in the regions with poor educational environment. Moreover, KT&G Scholarship Foundation performed the scholarship business in a total care method that continues learning opportunities continuously.

WELFARE FOUNDATION

KT&G Welfare Foundation delivers hope through shared growth of companies and the society. Thus, we conduct continuous assistance activities in various areas in need of help including children of the low-income households and seniors and overseas relief. Moreover, we perform various volunteering activities in domestic and overseas regions by operating the Volunteering Center to spread the culture of sharing in the society.

Summary of Welfare Foundation

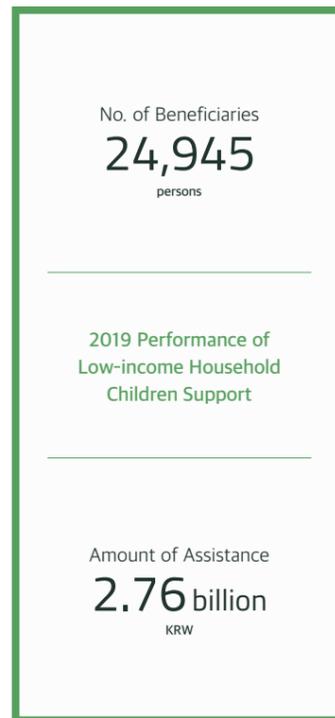


SUPPORTING CHILDREN OF LOW-INCOME HOUSEHOLDS

KT&G assists capacity building of children of low-income households in the local community through 8 welfare centers. We offer education and books for music/arts to discover their specialty and aptitude, stabilize mentality, and enhance self-led learning ability. Moreover, we conduct various children welfare projects in daily life including cultural experience, fruit basket delivery, and school uniform so that they could grow into healthy members of the society.



Arts Education for Low-income Children



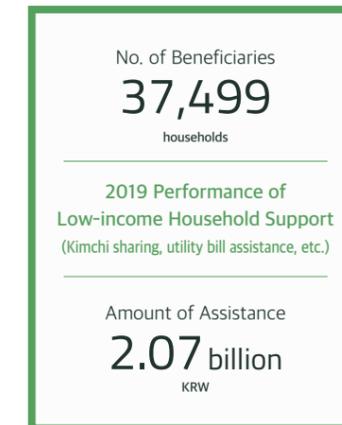
VULNERABLE SOCIAL GROUP SUPPORT



Senior Table Tennis Competition



Kimchi Making for Low-income Households



KT&G Welfare Foundation implements social welfare projects continuously in the welfare blind spots where help is desperately needed. For seniors, we conduct various projects such as the Senior Literary Award, Senior Table Tennis Competition, and events during national holidays/birthdays/Parents' Day to provide living and mental stability. In addition, we provide the low-income households resources and practical help such as Kimchi and utility bills to prepare for winter season, as well as improving their residential environment. Our sharing activities for a better tomorrow in continued by aiding emergency living expenses, discovering and supporting artists with disability, and assisting patients with severe conditions.

VEHICLE PROVISION TO SOCIAL WELFARE CENTERS



Ceremony for Delivering Vehicles to Social Welfare Centers

The project of Vehicle Provision to Social Welfare Centers, began in 2004, is a representative project of KT&G Welfare Foundation. Through the project, we provide 100 of compact cars with excellent mobility and economic efficiency to the field of social welfare. The vehicles are used to support the vulnerable social group more effectively. By helping places where support is needed such as box lunch delivery, we contributed to delivering warm affection and hope to more local communities.



OVERSEAS RELIEF

KT&G Welfare Foundation conducts relief activities in domestic and overseas regions where humanitarian support is needed. In Myanmar and Cambodia, we are continuing activities for improving education environment for the next generation by establishing primary schools and libraries. In countries with poor health environment such as Vietnam, we contribute to improving medical services by building health clinics in poverty areas. In addition, we dispatch university volunteering groups to overseas to conduct volunteering activities in education and cultural exchange.

No. of Dispatched Volunteers

150
persons

60 in Cambodia,
60 in Myanmar, 30 in Vietnam

2019 Performance of
Overseas Relief and
Volunteering

Amount of Assistance

0.89 billion
KRW



Overseas Volunteering Activities

No. of Beneficiaries
(accumulated)

1,273
persons

2019 Performance of
Mongolian Forestry & Farming
Training Center Support

Amount of Assistance

0.12 billion
KRW



Drinking Water Volunteering at Mongolia Forestry & Farming Training Center

Supporting Mongolian Forestry & Farming Training Center

KT&G fulfills its role as a corporate citizen by contributing to fundamental solution to social issues such as job creation and climate change prevention in local community. As a part of this effort, KT&G Welfare Foundation operates the Forestry & Farming Training Center in Ulaanbaatar, Mongolia. Through the training center, we assist nurturing and independence of forestry & farming experts toward Mongolian government's public servants, civil organizations, residents, and international students in the country. Moreover, employee and university student volunteering groups are dispatched to conduct volunteering activities for tree planting and education, and we plan to continue such activities with integrity.

FACILITATING UNIVERSITY STUDENTS' VOLUNTEERING

KT&G Welfare Foundation operates various programs for spreading the volunteering culture. To expand participation of university students, we signed agreements with volunteer groups of 50 universities and support their volunteering activities. In particular, based on the volunteering center called, '& Place', we are conducting effective activities in various areas including ecosystem restoration of Mt. Bukhan, Han River rehabilitation, One-day Santa, and farm volunteering.

No. of Volunteering Groups

50
EA

2019 Performance of
Domestic University Students'
Volunteering Activities

No. of Participants

962
persons

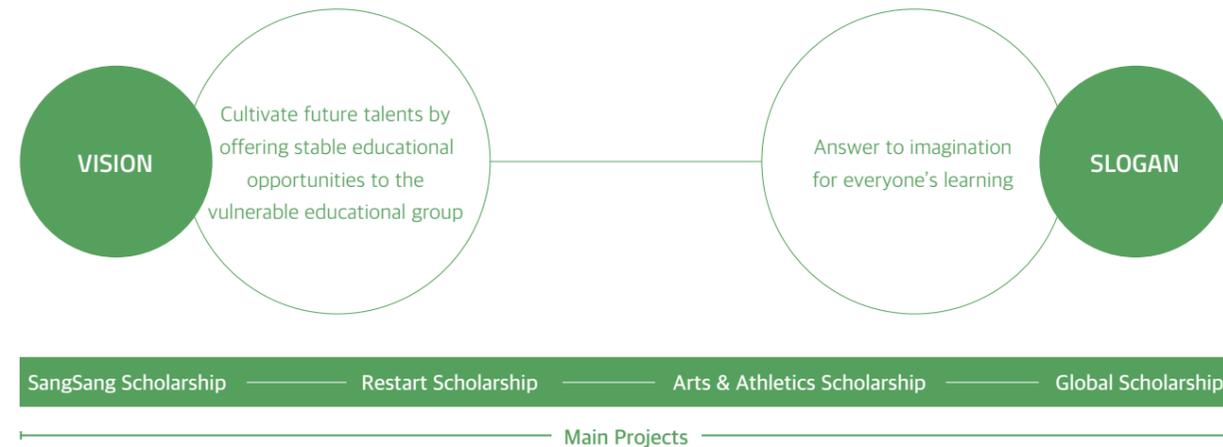


Ecosystem Restoration of Mt. Bukhan

SCHOLARSHIP FOUNDATION

KT&G Scholarship Foundation offers the vulnerable educational group opportunities for stable education and performs the scholarship business to relief educational imbalance which is a public issue. We focus on cultivating future talents who will lead Korea.

Summary of Scholarship Foundation



SANGSANG SCHOLARSHIP

KT&G Scholarship Foundation selects and supports scholarship holders with outstanding academic performance from the financially vulnerable group every year. Moreover, we pursue the Total-care Method that provides scholarship benefits unless disqualified for proper reasons.

(Annual SangSang scholarship per person: Middle schooler KRW 1million / High schooler KRW 3million / University student KRW 4million)

No. of Beneficiaries
1,473
persons

2019 Performance of
SangSang Scholarship

Amount of Assistance
3.51 billion
KRW



SangSang Scholarship Holders



SangSang Scholarship Holders



Arts & Athletics Scholarship Holders

RESTART SCHOLARSHIP

Since 2016, we have implemented the 'Restart Scholarship' project that supports social independence of the youth living in childcare centers. In collaboration with the 'Korea Juvenile Protection Association (KJPA)' which is a public institution under the Ministry of Justice, we select recipients and provide educational expenses to promote realization of true independence of the youth in need of help. In 2019, we aided university admissions, general equivalency diploma (GED), and vocational training to 53 juveniles from childcare centers.

No. of Beneficiaries
53
persons

2019 Performance of
Restart Scholarship

Amount of Assistance
0.1 billion
KRW

No. of Beneficiaries
36
persons

2019 Performance of
Arts & Athletics Scholarship

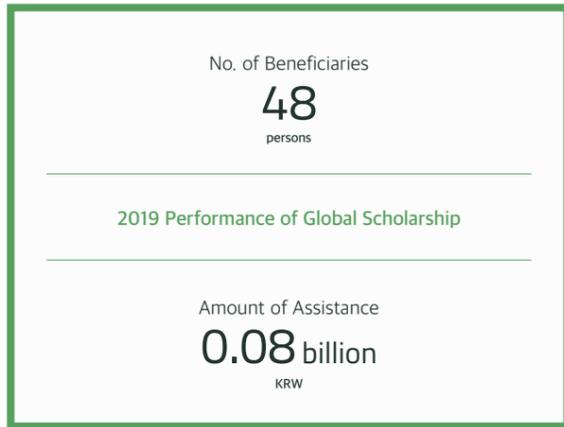
Amount of Assistance
0.18 billion
KRW

ARTS & ATHLETICS SCHOLARSHIP

KT&G Scholarship Foundation promotes educational assistance for the vulnerable social group and the Arts & Athletics Scholarship that discovers and supports talents in the arts and athletics areas. Selected talents specialized in arts and athletics are provided with scholarship for career development such as competitions and lessons. In 2019, we expanded the existing scope of music and athletics to Korean Traditional Music, ballet, and drawing, and more outstanding talents received benefits.

GLOBAL SCHOLARSHIP

KT&G Scholarship Foundation launched the Global Scholarship Project in 2018 to fulfill its responsibility as a global corporate citizen. We provide scholarships to talents discovered from recommendations by local institutions such as universities, and a total of KRW 0.13 billion worth scholarship was given to 96 university students for 2 years. In Indonesia, we expanded the scope of project to career development support including the Internship Program. We are not only nurturing global talents who can contribute to the local community and nation, but also creating social performances in connection with local employment.



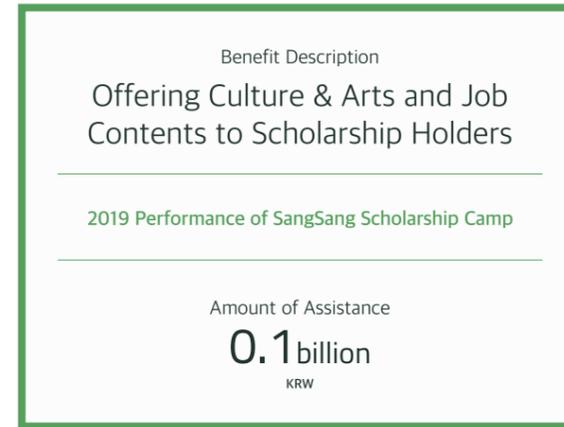
ON-DEMAND SCHOLARSHIP

KT&G Scholarship Foundation aided the rebuilding of a small library in Gosung, Gangwon Province that was severely damaged due to a large mountain fire in April 2019. 'Red-haired Anne's Small Book Village' is a place for residents' reading and resting. Through the rebuilding, children from Gosung region are able to continue their learning, and culture & arts education for children will be provided in the future through a new space created.



SANGSANG SCHOLARSHIP CAMP

KT&G Scholarship Foundation annually operates the 'SangSang Scholarship Camp' where scholarship holders can exchange with each other by inspiring self-esteems and developing competences. We offer opportunities to experience culture & arts contents at SangSang Madang which is one of core social contribution platforms and promote job searching training and capacity building education. In 2019, artists from a TV show 'High School Rapper' performed at the camp and conducted a talk concert, thereby creating a place for exchange with higher integrity.



YOUTH CAREER EXPERIENCE

KT&G Scholarship Foundation provides the youth in the local community opportunities for career experience training. In 2019, we conducted the career experience program in culture & arts to students of Yeonmu Middle School in Nonsan region. Through the overnight program, students completed courses of photoshoot, modern arts, and video production, and they were able to present their outcomes at an exhibition center of SangSang Madang Nonsan. These various projects for culture & arts career experience program are contributing to developing competences of the youth in the local community.



'Red-haired Anne's Small Book Village' Library



IMAGING A BETTER TOMORROW



SangSang Scholarship Camp



SangSang Madang

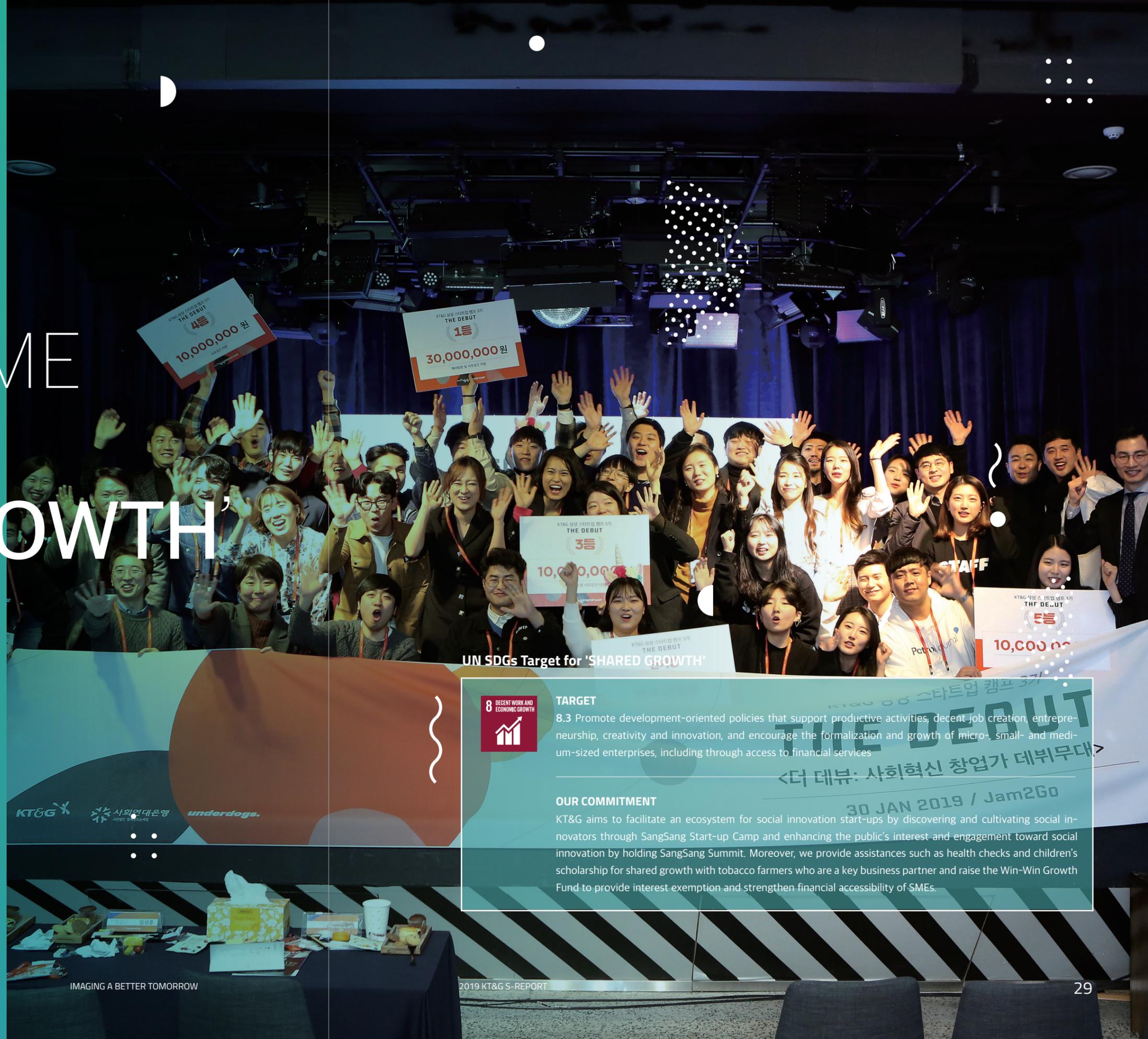


Youth Career Experience Program

FRUIT BECAME THROUGH 'SHARED GROWTH'

KT&G practices the managerial philosophy of 'Together Company' by promoting the youth support project that creates social values through social issue resolution. With the employee-engaged donation, 'SangSang Fund' and 'Employee Volunteering Group', we perform active and wide social contribution activities and also provide help to overseas through systematic global CSR.

In addition, we are creating a culture of mutual respect between smokers and non-smokers to fulfill business-related social responsibility and leading shared growth with suppliers including tobacco farms. Moreover, we execute the investment fund to realize shared values and contribute to raising funds for SMEs' Win-Win Growth.



UN SDGs Target for 'SHARED GROWTH'



TARGET

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

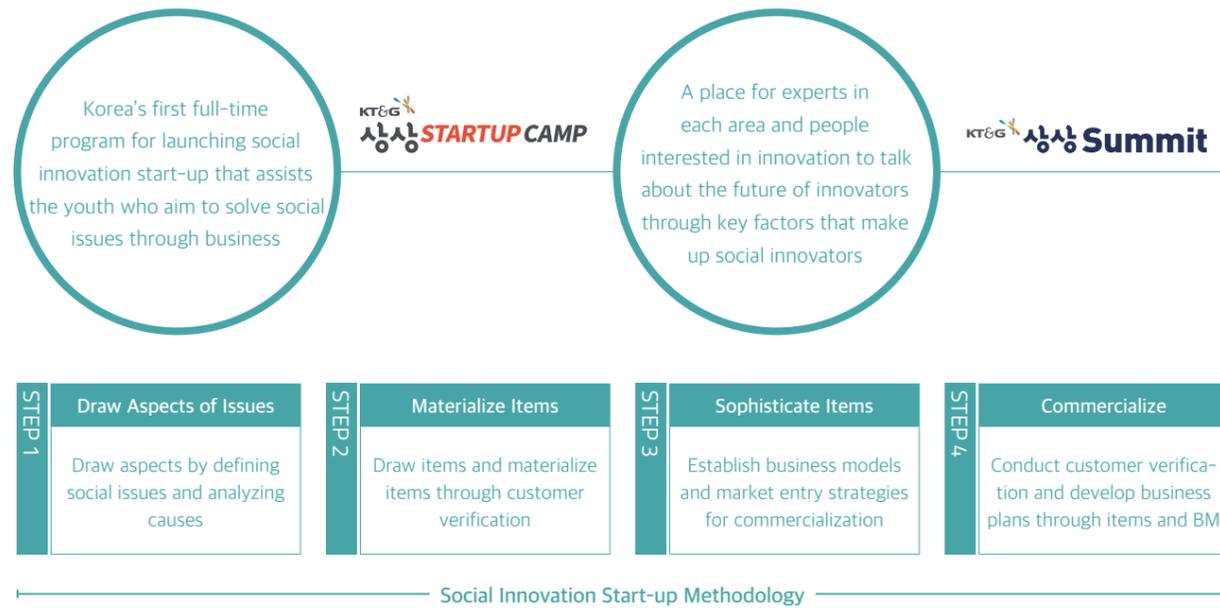
OUR COMMITMENT

KT&G aims to facilitate an ecosystem for social innovation start-ups by discovering and cultivating social innovators through SangSang Start-up Camp and enhancing the public's interest and engagement toward social innovation by holding SangSang Summit. Moreover, we provide assistances such as health checks and children's scholarship for shared growth with tobacco farmers who are a key business partner and raise the Win-Win Growth Fund to provide interest exemption and strengthen financial accessibility of SMEs.

YOUTH START-UP

KT&G operates various social contribution projects to assist entrepreneurs who aim to realize their imaginations. 'SangSang Start-up Camp' is a practical start-up course that solves social issues through business, and it focuses on the Early Incubating that discovers and cultivates social innovation entrepreneurs. Moreover, we hold 'SangSang Summit' which is an expert forum for enhancing the interest and participation of stakeholders in social innovation. Furthermore, we opened 'KT&G SangSang Planet' in July by focusing on establishing a youth start-up support center for more active project implementation.

Summary of Youth Start-up



Beginner's Course of 4th SangSang Start-up Camp



Interim Check of 4th SangSang Start-up Camp

SANGSANG START-UP CAMP

SangSang Start-up Camp is an optimized start-up launching course for future social innovation entrepreneurs who aim to solve social issues through business. We discover potential entrepreneurs and form teams through the team building solution, and based on the 7-phase Methodology for Social Innovation Start-up, we operate a solid full-time curriculum for 14 weeks. During the training course, we actually launch social innovation start-ups and cultivate true social innovation entrepreneurs through tailored coaching for each team by expert coaches.

In July 2020, KT&G opened a youth start-up support center, 'KT&G SangSang Planet' at the 'Seongsu Social Venture Valley' located in Seongdong-gu, Seoul to implement a stable youth start-up support project. This is planned to be used as a space for facilitating an ecosystem for social innovation start-up.

[▶ Beginner's Course of 4th SangSang Start-up Camp](#)

[▶ Interim Check of 4th SangSang Start-up Camp](#)

No. of Completed Teams
77
teams

Performance of SangSang Start-up Camp Operation (accumulated as of June 2020)

No. of Completed Persons
145
persons

No. of Participants
536
persons

2019 Performance of SangSang Summit

Participation of VIPs
17
institutions

SANGSANG SUMMIT

KT&G holds SangSang Summit to find means for developing social innovation start-up ecosystem and to share outcomes of cultivation projects. In February 2019, we held the '2nd SangSang Summit', and 536 persons including personnel from start-up support institutions, public institutions, and companies and applicants dreaming for social innovation entrepreneurs. As an expert panel, Kim, In-Sun (President, Korea Social Enterprise Promotion Agency), Lee, Jong-Kwan (Professor, Sungkyunkwan University), and Kim, Sang-Wook (Professor, Kyung Hee University) participated in the event to speak about the social innovation start-up from the perspectives of humanities (past) - market (present) - technology (future). KT&G will continuously strive to find and foster youth entrepreneurs.

[▶ 2nd SangSang Summit](#)

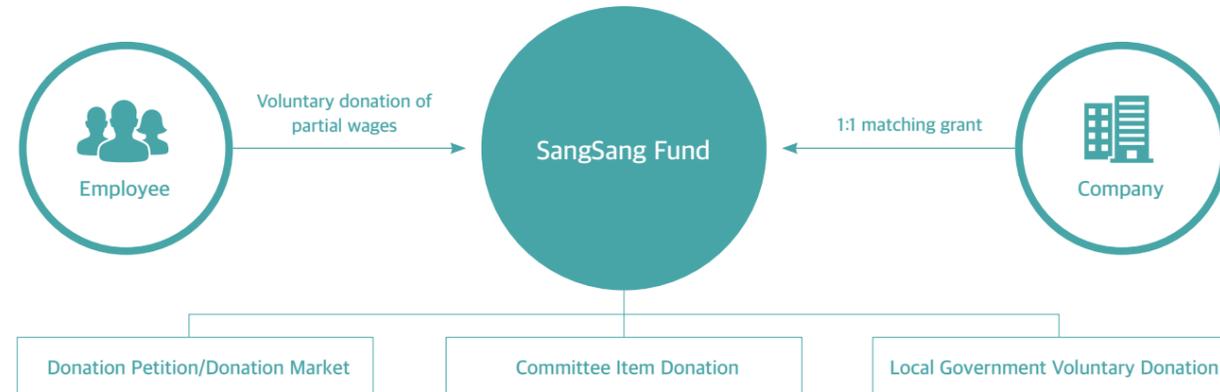


2nd SangSang Summit

SANGSANG Fund

KT&G runs the 'SangSang Fund' which is a platform for employees' voluntary donation. Celebrating its 10th anniversary, SangSang Fund has more than 90% of total employees participating. Moreover, employees are adding integrity by actively discovering donation items and participating in donation activities.

Summary of SangSang Fund



SANGSANG FUND RAISING AND OPERATION

SangSang Fund is raised from employees' voluntary donation of their partial wages and the company's 1-to-1 matching grant. The fund is executed transparently through deliberation and decision making of the SangSang Fund Operational Committee composed of 11 employee delegates. Using the SangSang Fund, we donated about KRW 3.93 billion in 2019 and KRW 27.8 billion cumulatively. We have provided medical, educational, and living supports to the vulnerable social group in blind spots of welfare through the Donation Petition and Donation Market, and through the decision making of committee and voluntary donations of local institutions, we have engaged in solving social issues that require the private and public cooperation.

Assistance to the Youth Graduating from Childcare Facilities

About 2,500 young people need to leave childcare facilities* annually, but they face difficulties in their social debut. To contribute to these social issues, KT&G raised KRW 150 million through SangSang Fund and donated to the 'Beautiful Foundation'. The donation is used for maintaining educations of the youth graduating from childcare facilities including scholarship and educational aid, as well as for programs that help independence of the youth such as clubs and mentor/mentee activities.

*In accordance with the Child Welfare Act, the protection of welfare facilities ends on juveniles reaching the age of 18.

Assistance to Bereaved Family of Firefighters Died on Duty

There are a large number of bereaved families who face difficulties in living as the governmental compensation for firefighters who were killed on duty is not much and takes long to be provided. KT&G raised KRW 150 million through SangSang Fund to help the bereaved families of 5 firefighters who died on duty from helicopter crash near Dokdo in October 2019 and extended its assistance to public areas by donating the Emergency Living Stability Fund for Bereaved Family to the Korea Fire Officials Credit Union.

2019 Performance of SangSang Fund Execution

Committee Item Donation
KRW **1.24 billion** (31.6%)

Donation Market
KRW **0.83 billion** (21.1%)

Public Institution Voluntary Donation
KRW **1.81 billion** (46.0%)

Others (i.e. Donation Petition)
KRW **0.05 billion** (1.3%)

Total
KRW **3.93 billion**



SANGSANG FUND CONTEST

In collaboration with a partner foundation for operating the Donation Market, Happy Bean, we conducted the 'SangSang Fund Project Contest' to assist the vulnerable social group. A total of 233 welfare institutions applied for the contest, and we selected and supported 21 organizations through the deliberation by the SangSang Fund Operational Committee composed of KT&G's employees. Moreover, through the 'Contest Campaign' page that explains about KT&G SangSang Fund and assistance projects, we received cheering and supporting messages from about 70,000 netizens.

DONATION PETITION

In the Social Contribution Business promoted using SangSang Fund, we have 'Donation Petition' that reports stories of applicants and reviews assistance to the applicants chosen by employees. Any of KT&G employees can participate in donation proposals through the intranet. When more than 200 cheering comments are posted on a petition story, the story is selected for donation through on-site due diligence and review. SangSang Fund's Donation Petition has become a donation culture that employees voluntarily identify targets and engage in assistance activities, and a total of KRW 570 million has been donated to 53 stories since 2013.

DONATION MARKET

Introduced in 2015, 'Donation Market' is an employee-engaged, regular donation program that is implemented through the partnership between NAVER's public platform foundation, Happy Bean and KT&G Welfare Foundation. Based on fundraising stories recommended by each institution, new Donation Markets are opened on the intranet monthly, and employees can choose where to donate a half of their donation to SangSang Fund. So far, about KRW 3.3 billion was donated to 603 stories including assistance to the vulnerable social group and domestic/overseas relief.



SangSang Fund Operational Committee Meeting



Ceremony for Delivering Donation Petition of SangSang Fund

Founded in 2007, the SangSang Together Employee Volunteering Group continuously conducts activities nationwide to engage in solving local community issues and spread the culture of volunteering.

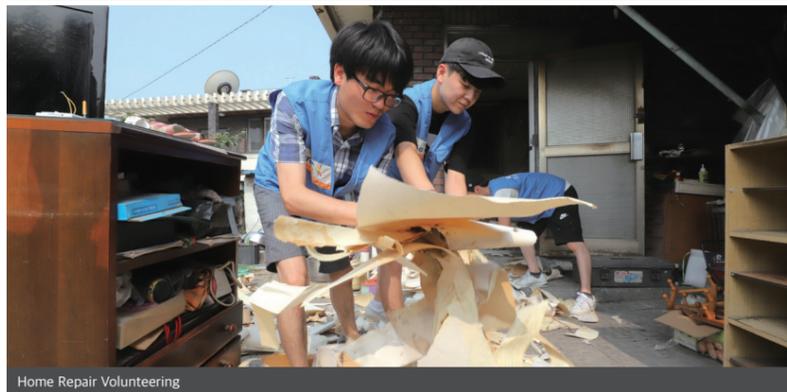
SANGSANG TOGETHER EMPLOYEE VOLUNTEERING GROUP

SangSang Together Employee Volunteering Group is divided into 20 institutions and 158 volunteering groups nationwide. In 2019, 660 employees participated in volunteering for 9,036 hours. We actively engage in not only labor services including food offering to the local vulnerable social group, environmental purification near plants, and year-end Kimchi making and briquette sharing, but also talent sharing based on capacities of each group including home repairs for the low-income family and purchase support for tobacco farms. Moreover, we annually select and reward outstanding employees in social contribution activities and provide them opportunities to participate in overseas volunteering, thereby encouraging employees' engagement in volunteering activities.

Category	2019 Main Volunteering Activities
Seoul/Daejeon Head Offices	HOPE Food Truck Volunteering
Sintanjin Plant	1004 LOVE Home Repair
Cheonan Plant	1+3 LOVE SHARING Home Repair
Gimcheon Plant	Tobacco Farm Labor Volunteering
Jeonnam HQ	Farm Labor Volunteering
Gwangju Plant, Cheonan Plant	Volunteering related to national merit holders and families, Environmental purification
Yeongju Plant, Sintanjin Plant, KT&G HRD Center	Box lunch delivery to elders living alone and underfed children
Commonly in 14 institutions nationwide	Year-end sharing volunteering



HOPE Food Truck Volunteering



Home Repair Volunteering

2019 Performance of Employee Volunteering Group

No. of Participants
660
persons

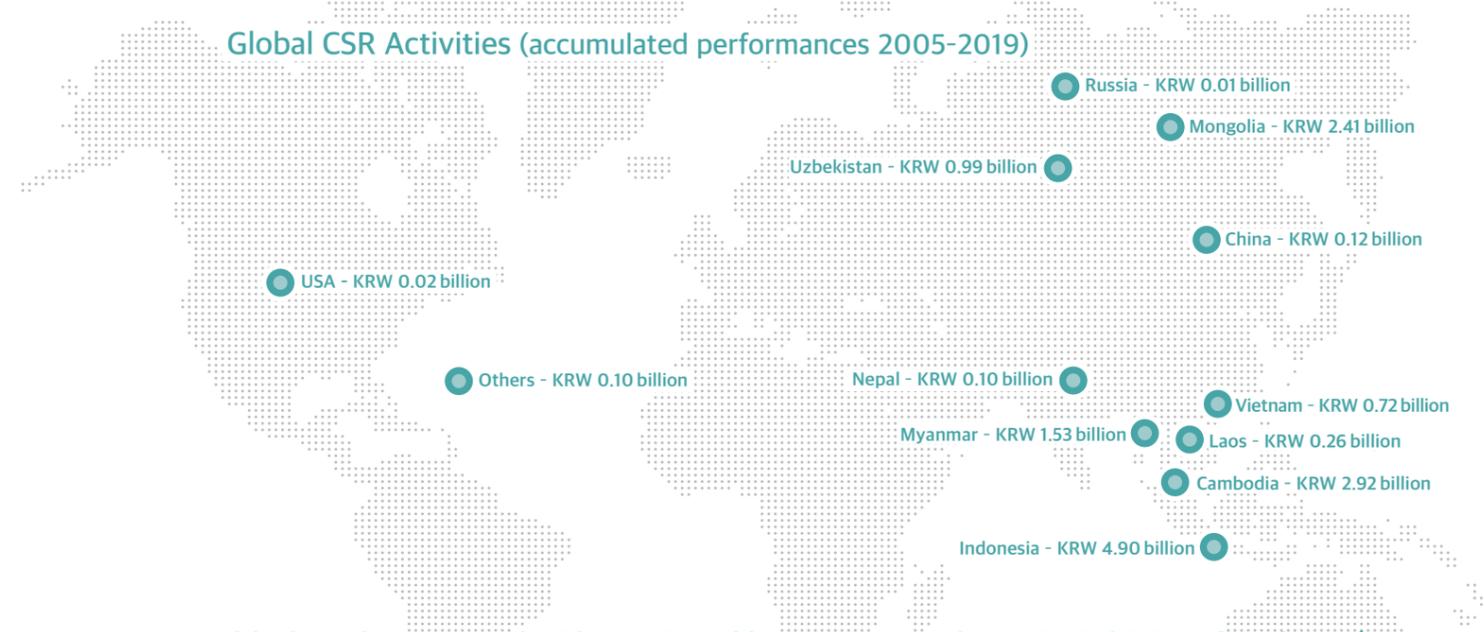
Total Volunteering Hours
9,036
hours

Average Volunteering Hour per Person
13.7
hours

SOCIAL RESPONSIBILITY

KT&G not only conducts relief activities for the local vulnerable group, but also assist capacity building of recipients by providing opportunities for learning Korea, experiencing culture & arts, and performing various exchanges, in order to fulfill its social responsibility as a corporate citizen. Henceforth, KT&G will actively engage in solving local social issues through continuous global CSR activities.

Global CSR Activities (accumulated performances 2005-2019)



SCHOLARSHIP IN INDONESIA AND RUSSIA

KT&G assists talents in Indonesia and Russia where overseas operations are located. In Java, Indonesia, we signed an MOU with Brawijaya University near the KT&G Indonesia to provide scholarship, and 7 of scholarship holders had the opportunity to work as interns at the manufacturing corporation based on enhanced capacities. In Russia, we enhanced pride of the Korean people by providing scholarships to university students who are Koryo-saram in collaboration with National Research University Higher School of Economics and Kazan Federal University.

IMPROVEMENT OF EDUCATIONAL/HEALTH ENVIRONMENT IN VIETNAM

KT&G contributes to preventing vicious cycle of poverty in Vietnamese farm villages by improving educational environment and offers stable medical benefits by enhancing health environment. In 2019, we performed establishment and repair of primary schools in Ke Sach, Soc Trang Province and conducted construction of restrooms and educational volunteering. Moreover, we build a health clinic building and restrooms at the Binh Anh Village Health Clinic to expand medical facilities and improve medical conditions.

IMPROVEMENT OF EDUCATIONAL ENVIRONMENT IN CAMBODIA AND MYANMAR

KT&G strives to improve educational environments in Siem Reap, Cambodia and Yangon, Myanmar that have poor living environment. In 2019, we established a library and painted buildings at a primary school located in Siem Reap and conducted educational environment improvement at a temple school in Yangon by establishing water purification facilities and restrooms. Furthermore, we dispatched about 60 persons of the university volunteering group and conducted various talent sharing programs such as health & hygiene and arts/athletics education.

ENVIRONMENTAL PRESERVATION IN MONGOLIA

KT&G dispatched the volunteering group to Ulaanbaatar, Mongolia to conduct ecosystem restoration activities such as tree planting for preventing regional desertification. Thus, we are acknowledging effectiveness of CSR activities and enhancing self-esteem of the volunteering group by directly contributing to solving international environmental issues. In 2019, we implemented the cultural exchange activities with juveniles in the region through athletics programs and ger experiences, as well as environmental protection activities including tree planting.

KT&G strives to fulfill social responsibilities related to business such as improving smoking environment in public facilities. Moreover, we are creating shared values with tobacco farms through active assistance programs in overall processes from manufacturing to sales such as tobacco production stability and purchase of all amount of tobacco from domestic farms.



Smoking Booth Installation in Public Facilities

IMPROVEMENT OF SMOKING ENVIRONMENT

KT&G actively implements social responsibility related to its business using core competences. We are conducting various activities for creating the social culture where smokers and non-smokers can coexist and concentrating on installation of public smoking booths. To resolve social disputes generated from lack of smoking places followed by increase in no-smoking areas, we installed smoking areas near traffic infrastructure such as airports and train stations, and we are assisting the Smoking Manner Pictogram Campaign and Smoking Manner Poster distribution.

Status of Installing Smoking Booths by Public Facility (accumulated)

174 Highway Rest Stops	33 Airports	15 Train Stations
8 Bus Terminals	30 Public Institutions	40 Others

MEDICAL RESEARCH SUPPORT

KT&G continues activities for assisting medical research to enhance the public health. We are sponsoring academic activities for investigating causes and diagnosing various cancers and developing cures, and we are also supporting projects to prevent juvenile's smoking and solving mental health problems.



ASSISTING ADDITIONAL INCOME GENERATION OF TOBACCO FARMS

KT&G conducts the 'Haerin Project' for tobacco farms to cultivate red peppers using their existing farmland and technology and to create additional income through the harvested red peppers. In 2019, we assisted the selling of dried red pepper worth KRW 158 million by signing contracts with 20 farmers. KT&G plans to continuously secure income of tobacco farms and conduct cooperative activities for shared growth.

*Haerin Project: Assisting cultivation and sales of red peppers for tobacco farms

FULL-QUANTITY PURCHASE OF TOBACCO

KT&G purchases the whole quantity of tobacco from domestic farms and used them for production, in order to create shared values with tobacco farms. We annually purchase about KRW 80 - 90 billion worth domestic tobacco. In 2019, the size of purchase reached KRW 96.54 billion (2,880 tobacco farmers, 10,214 tons of tobacco leaf).

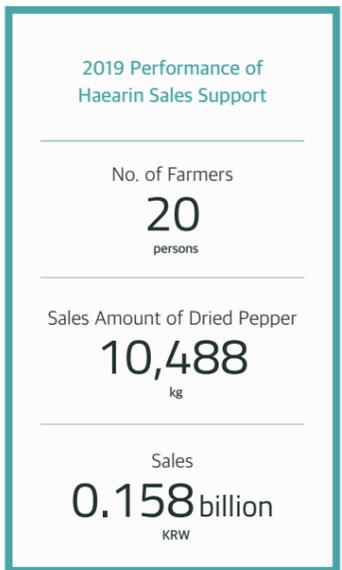
FARM ASSISTANCE ACTIVITIES FOR SHARED GRWOTH

KT&G conducts various support activities to enhance life quality of tobacco farms. To reduce agricultural burden of the farms, we pay 30% of the total payables earlier in April or May with no interest. Moreover, we assist health check expenses and children's scholarship for enhancing farm personnel's welfare and perform regular farm labor volunteering of employees.

In addition, we are actively contributing to fundraising of the 'Tobacco Production Stabilizing Foundation' for enhancing tobacco productivity and farmers' economic and social status. From 2002 to 2019, we had raised KRW 397.1 billion, and this consumes the largest portion (82%) of the total fundraising amount (KRW 486.5 billion) by domestic tobacco manufacturing companies.



Labor Volunteering at Tobacco Farm



WIN-WIN GROWTH

KT&G operates various Win-Win Growth schemes to contribute to enhancing suppliers' welfare and reducing agricultural burden of tobacco farms. We are actively promoting financial assistances such as the Shared Growth Donation and low-interest loans, as well as job creation through continuous new employment. By sincerely contributing to where the society needs us, we will realize the value of shared growth.



ENHANCEMENT OF SUPPLIER WELFARE & BENEFITS

In 2019, we raised the Shared Growth Donation of KRW 30 billion to enhance welfare and benefits of the credit union and public institutions that are partners of KT&G. This fund was allocated based on number of employees (Credit union: KRW 4.18 billion; Public institutions: KRW 25.82 billion). It will be used in various activities for enhancing welfare of suppliers' employees such as scholarship.

FINANCIAL ASSISTANCE TO SUPPLIERS

KT&G operates various financial assistance system to prevent suppliers from facing financial difficulties. In particular, we provide payment for materials in 100% cash within 5 business days of the following month and early payment in the national holidays such as New Year and Chuseok when financial consumption becomes excessive as an effort to contribute to reducing agricultural burden of tobacco farms. Moreover, we revise purchase amount to relieve burdens caused by changes in costs such as increase in materials prices. We are also expanding the realization of shared values by encouraging the primary suppliers to pay the secondary suppliers at the appropriate period.



LOW-INTEREST LOANS TO SMEs

KT&G provides low-interest loans to local companies in Chungcheong-do by signing the Win-Win Growth Business Agreement with Industrial Bank of Korea (IBK) to contribute to regional economic facilitation and job creation. Through the agreement, KT&G deposits KRW 100 billion to IBK and raised KRW 200 billion of fund. The fund is used to provide low-interest loans to companies engaged in 5 areas such as start-up, small enterprises, and medicine and located in Daejeon, Sejong, and Chungcheong-do.

JOB CREATION THROUGH EMPLOYMENT

KT&G is signed with a total of 4,374 employees for employment contract as of 2019. In 2019, to contribute to job creation, we hired 313 new employees which is 2.4 times increase from the previous year. When signing the employment contract, we indicate that KT&G does not discriminate labor conditions based on nationality, gender, and religion and secures fair treatment. We are also striving to enhance diversity of employees. In addition, we operate systematic capacity building programs based on autonomy so that employees, who are the basis for KT&G's competitiveness, can grow together with the company.



YOUTH START-UP

Recently, international organizations such as UN and International Labour Organization (ILO) are encouraging the international society's response to the intensifying issue of youth unemployment. Korea is also in serious situation for recording No.1 in unemployment rate of the youth (20% of total unemployment rate) among Organization for Economic Co-operation and Development (OECD) members for 7 consecutive years. Therefore, KT&G aims to contribute to solving the youth unemployment by creating an employment ecosystem where social innovation entrepreneurs can grow and generate positive impacts on the society.

Beginning Period 2004~2009

In 2014, KT&G began assisting start-ups through the sponsorship of the 'Asia University Student Start-up Exhibition', which is the Asia's largest, Korea's only start-up competition of international university students, to support valuable dreams and challenging spirits of future talents.

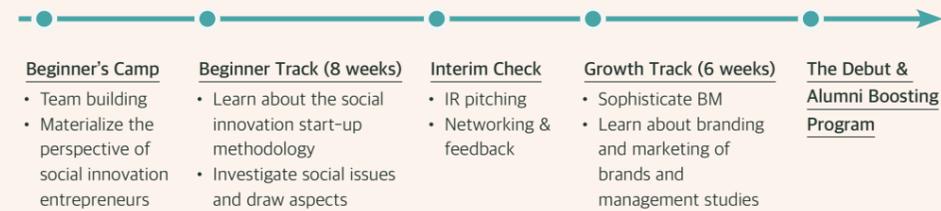
Penetrating Period 2010~2015

In 2010, KT&G expanded the youth start-up assistance based on the social contribution platform. Through the employees' donation, 'SangSang Fund', we offered small enterprises opportunities for challenging, and through 'SangSang Univ.', we supported various programs for strengthening competences of the future generation's employment and start-up.

Growth Period 2016~2019

With the experience in donating and considering various start-up sponsorships, KT&G launched the 'KT&G SangSang Start-up Camp' which is a program for discovering and fostering social innovators.

Process of SangSang Start-up Camp



Status of Cohorts

1st / Oct. 2017 - Feb. 2018 <ul style="list-style-type: none"> No. of graduates: 28 persons (13 teams) Sales of graduates: KRW 0.157B
2nd / Apr. 2018 - Jul. 2018 <ul style="list-style-type: none"> No. of graduates: 39 persons (19 teams) Sales of graduates: KRW 0.373B
3rd / Oct. 2018 - Feb. 2019 <ul style="list-style-type: none"> No. of graduates: 38 persons (23 teams) Sales of graduates: KRW 0.535B
4th / Oct. 2019 - Feb. 2020 <ul style="list-style-type: none"> No. of graduates: 40 persons (22 teams) Sales of graduates: KRW 0.492B



Started with supporting the youth start-up through donation, KT&G launched SangSang Start-up Camp that discovers and fosters social innovators, and it is establishing the comprehensive support platform that encompasses software and hardware by opening a youth start-up support center, SangSang Summit in 2020.

Maturity Period 2020~

In 2020, KT&G established the 'KT&G SangSang Planet' in the Seongsu Social Venture Valley to take further step. In SangSang Planet that will become a stable basis for facilitating start-up ecosystem and KT&G Youth Start-up Support, we expect that entrepreneurs' challenges and passions will shine more brightly.

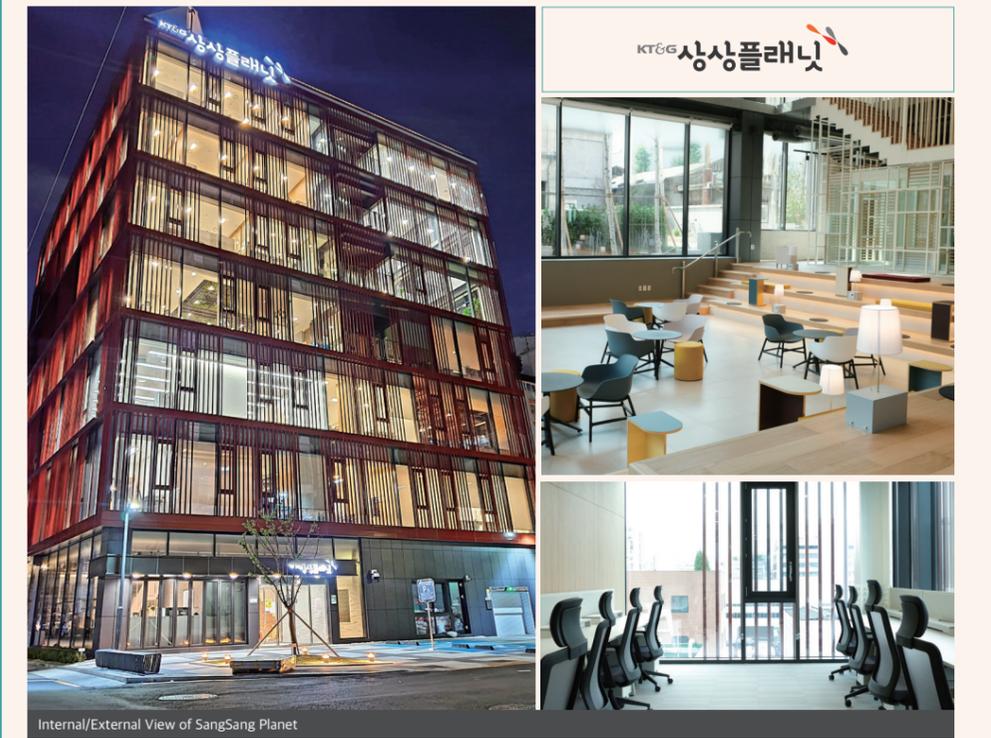
SANGSANG PLANET

KT&G SangSang Planet is a start-up support space centered on social ventures where social innovation entrepreneurs can grow. This is an open-spaced incubating platform with the area of 4,000 m², and it is divided into an open space for anyone's access and a limited space that is only accessible to social ventures residing in the building. 1st to 3rd floors are composed of the Connect Hall and cafes for various events, Coworking Lounge, and lecture rooms. 4th to 8th floors are composed of workspaces designated seats and independent offices for residing companies, Focus Zone for enhancing work involvement, and Phone Booth, as well as the Refresh Space for resting. KT&G SangSang Planet will become a differentiated space for discovering and cultivating early entrepreneurs and facilitating a start-up ecosystem.

Space Concept

- (Name of Space) KT&G SangSang Planet (Let's PLAY & NETWORK)
- (Story) A place where young entrepreneurs change the world by learning, networking, and making impacts

▶ 2020 SangSang Planet



Internal/External View of SangSang Planet

CSR ACTIVITIES IN INDONESIA

KT&G endeavors in overseas social contribution activities to fulfill its role as a global corporate citizen. Indonesia is the largest in business size among countries where we are operating business, thus it is a country with a symbolism of global business expansion. Therefore, we are building trust with local residents in Indonesia by promoting various social contribution activities and fulfilling social responsibilities by establishing a basis growing together with the region.

KT&G SANGSANG univ. INDONESIA

SangSang univ. is a unique social contribution program and the Korea's largest university student community that enhances university students' cultural knowledge and helps their self-development. Based on these experiences and know-how, we have been operating SangSang univ. Indonesia since 2014. Through the program, we are offering classes related to culture & arts, hobby, career development, and Korean language that are not easily accessible for Indonesian students and providing opportunities for various experiences and exchanges. SangSang univ. operates various cultural events, local community development programs, and Korean speech contests so that local university students to self-discover their potentials and grow into talents who contribute to the country and society. In 2020, we relocated the Korean Language School to Surabaya to enhance our contribution in the region.

KT&G SangSang univ. Indonesia

2019 Key Performance of SangSang univ. Indonesia

Operated 145 classes in barista, K-pop, and calligraphy, 5,784 students participated	Conducted sharing volunteering activities monthly, 341 persons participated	Held 'Festa' with Korean idol groups, 1,000 persons participated
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SangSang univ. Class Activities



Indonesia SangSang Festa

COFFEE LAB SPONSORSHIP

Even though Indonesia is the 4th biggest coffee manufacturing country in the world, its economic performance generated from the coffee industry is low. To solve this social issue, KT&G signed the 'Coffee Lab Sponsorship Agreement' with the Coordinating Ministry for Economic Affairs and the International Relief and Development (non-governmental) in August 2019 for developing the coffee industry and creating jobs for the youth.

Coffee Lab is a vocational school for coffee that develops educational programs, holds workshops, and runs accreditation courses for the Specialty Coffee Association (SCA) certification. Through the nurturing of coffee experts, we are not only enhancing job-seeking competitiveness of the local youth, but also creating a sound ecosystem for the coffee industry, thereby contributing to enhanced competitive edge of the Indonesian industry.



Coffee Lab Sponsorship Agreement



Coffee Lab Education

OVERSEAS DISPATCH OF SANGSANG VOLUNTEER

KT&G dispatched the 'Overseas SangSang Volunteer Group' to Surabaya, Indonesia to practice sharing activities suitable for needs of the local community. The group conducted educational volunteering in science, arts, music, and hygiene to about 360 students in the 4th to 6th grades of Elementary School of SD Muhammadiyah 15. Moreover, the group repaired deteriorated facilities of the school and built public facilities in the local community such as libraries and badminton courts.

In addition, at the ceremony for completing construction of the community center, the volunteers, local women's association, and students performed as a time for exchanging each other's culture.



Overseas SangSang Volunteer Group Activities



A TREE GROWING WITH 'CREATIVENESS'

Culture & arts should be accessed and enjoyed by anyone. KT&G SangSang Madang offers opportunities to realize imagination of creators and environment that audiences can access culture & arts. In addition, we operate SangSang univ. which is a comprehensive community for university students to learn, exchange, and share in various areas including culture, arts, and career.



UN SDGs Target for 'CREATIVENESS'



TARGET

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.6 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

OUR COMMITMENT

KT&G assists culture & arts creators to generate income based on performances and exhibitions by showing creativity through a comprehensive culture & arts platform, SangSang Madang. Moreover, through a university students' community, SangSang univ., we operate various programs such as Marketing School and Career Dining that are practically helpful for finding aptitudes and searching for jobs, thereby contributing to the expansion of job creation for the youth.

SANGSANG MADANG

SangSang Madang is a Korea's leading comprehensive culture & arts space that operates various programs such as performance, exhibitions, festivals, experience, and education, and it has about 1.8 million visitors annually.

Summary of SangSang Madang



ASSISTANCE TO SHOWING AND DISTRIBUTING MOVIES

KT&G SangSang Madang operates independent movie theaters to show low-budget domestic/overseas independent/arts films and holds the 'Outstanding Short Film Festival' to introduce various long/short films that cannot be easily accessed to audiences. In particular, we annually select 2 - 3 independent films that have outstanding potential popularity but had not received chance to be shown to the general public and provide them supports in distribution, promotion & marketing, and communication with audiences. In 2019, we assisted 2 movies: 'A Boy and Sungreen' and 'Itaewon'. In addition, we are constantly offering services to enhance quality and completion of independent/art films through the CINE LAB which is a space for providing high-end technologies and sharing information in regard to digital films.



Independent Movie Press & Distribution Conference



SangSang Realization Festival



SangSang Madang Hongdae Performance

PERFORMANCE BUSINESS TO HELP COMMUNICATION BETWEEN THE PUBLIC AND CREATORS

SangSang Madang Performance Business establishes various platforms where the public and musicians can communicate more closely by planning performances, supporting artists, and operating performance venues. Based on the ideal combination of SangSang Madang's infrastructure and musicians' competences, we are discovering new indie bands and contributing to developing local performance culture. The competition winner of SangSang Madang's Band Discovery, 'From All to Human' is being recognized as rising star for its significant performances. Another winner and female sing-a-song writer, 'Budung' has also been recognized as an outstanding artist at various competitions and is expected to do better continuously.

SANGSANG REALIZATION FESTIVAL

First held in 2012, '2019 SangSang Realization Festival' is an integrated culture & arts festival of SangSang Madang that introduces new artists and expands opportunities for enjoying culture & arts. The festival introduces various programs including 'Band Discovery' that helps growth of Indie bands, 'SKOPF' that assists visual arts, and 'HoBanJang' which is a local shared growth market in front of the beautiful Uiamho Lake, and profits from performances are used for the vulnerable social group of the local community.

[▶ 2019 SangSang Realization Festival](#)

EXHIBITION OFFERING OPPORTUNITIES FOR ENJOYING CULTURE

SangSang Madang provides opportunities to widely enjoy the culture by introducing overseas artists who are not well-known in Korea to the public through the '20th Century Maestro Series' exhibition. We have held Robert Doisneau's Photography Exhibition, <Moments He Loved> in 2014, Raymond Savignac's Original Exhibition, <Charles Chaplin on the Canvas> in 2015, Jean Jacques Sempe's Original Exhibition, <From Paris to New York> in 2016, Jacques Henri Lartigue's Photography Exhibition, <La Belle France!> in 2017, and Quentin Blake's Original Exhibition, <Sweet Factory>.

In 2019, we held Norman Parkinson's Photography Exhibition, <Timeless Style> in Hongdae, Chuncheon, and Busan, and about 38,000 audiences visited the 300-day-long exhibition.

▶ 20-Century Maestro Series, <Timeless Style>



Norman Parkinson's Photography Exhibition, <Timeless Style>

NEW PHOTOGRAPHER DISCOVERY PROGRAM, SKOPF

Started in 2018, SKOPF is SangSang Madang's program to assist culture & arts creation by discovering and fostering young Korean photographers with new potentials. We collect portfolios through contest, select outstanding photographers through deliberation, and assist them with expert mentoring, private exhibitions, artwork publications, and promotions.

Artist Kim, Seung-gu, who had been selected at SKOPF in 2018, is now performing actively through 'Houston FotoFest Biennial 2019' and 'Tokyo International Photography Competition'. In 2019, we nominated Kim, Hyo-won who submitted the artwork with the theme, 'Victims of Hiroshima Atomic Bombing' as the final artist of the year, and we plan to provide full support in 2020.

▶ 2019 SKOPF 'The Artist of the Year Exhibition'

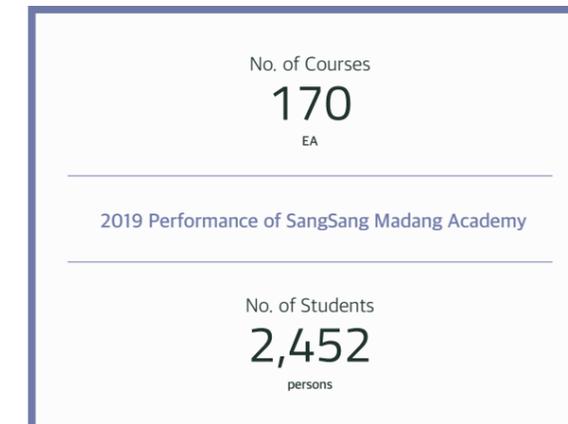


Kim, Seung-gu's Private Exhibition, <Bamseom Island>

A PLACE FOR IMAGINATION AND CREATION, SANGSANG MADANG ACADEMY

One of the biggest attractions for human beings is sharing joy and enhancing quality of life through cultural & arts activities. SangSang Academy opened in 2007 to offer the public opportunities for experiencing culture & arts. We strive to spread creative education that daily lives become arts by categorizing and integrating cultural & arts genres intimate to our life.

SangSang Academy offers opportunities to expand understanding of culture & arts to the public and diverse culture & arts courses that motivates creative activities to artists. Started in 2010, 'Bologna Children's Book Workshop' is one of representative courses of SangSang Madang Academy. Students of the workshop produce creative picture books with 8 instructors to attend Bologna Children's Book Fair and sign publication contracts. The 9th cohort of the Bologna Children's Book Workshop debuted internationally by participating in Bologna Children's Book Fair and completed their 9-month journey with the Korea Original Exhibition in May 2019.



Bologna Children's Book Fair



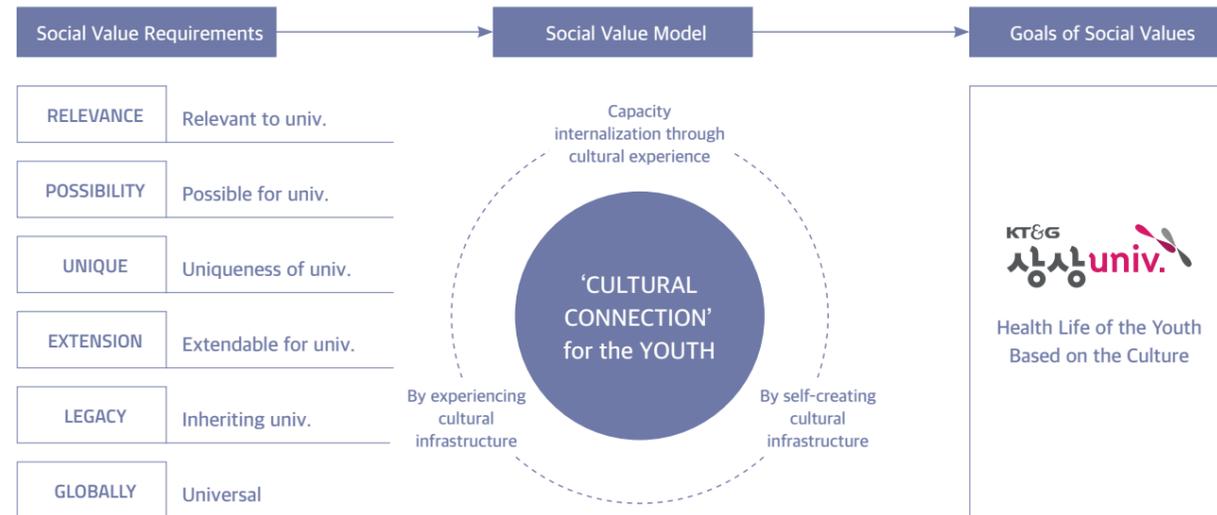
Bologna Children's Book Fair

SANGSANG univ.

As a platform to create social values through the youth's imagination, SangSang univ. offers the youth opportunities to internalize their capacities by self-creating and experiencing cultural infrastructure.

Summary of SangSang univ.

The social value model of SangSang univ. is completed through experience of cultural infrastructure, capacity internalization, and cultural infrastructure creation.



PROGRAM STRUCTURE

KT&G renovated SangSang univ. to an operational structure that encompasses lifecycle of university life from major programs of SangSang univ. and the region, culture & arts areas-focused classes and various activities, and follow-up programs for experienced people.

Major SangSang univ. Programs

A large-scale festival that shows social values of SangSang univ. by combining major regional programs

Major Regional Programs

Model Names	Structure	Major Programs
C-Model (Connect)	Create values through multilateral connections	<ul style="list-style-type: none"> SangSang Fashion Runway Busan Fashion Show
S-Model (Step-up)	Select tournament participants, assist expert mentoring	<ul style="list-style-type: none"> SangSang Marketing School University Music Festival DJ Festival
V-Model (Voluntary)	Participants plan and operate volunteering programs directly	<ul style="list-style-type: none"> Rundri Marathon Donation Run

University Executives, SangSang Friends

The executive management composed of university students that plans and operates social value realization programs

Recruitment Summary

- Recruit in 13 regions biannually
- Recruit more than 250 persons per cohort

Key Activities

- Plan and produce program contents
- Plan and operate on/offline promotion
- Liaise for performance venues, plan and operate programs



SangSang univ. Fashion Runway

SANGSANG univ. FASHION RUNWAY

SangSang univ. Fashion Runway is an urban restoration-type social contribution program that combines sewing masters of the urban restoration areas in Changsin-dong and Sungin-dong and university students who want to become models and designer. Four groups including SangSang univ., Seoul City, sewing masters, and university students (designers and models) gather together to plan designs, produce clothing, and create a runway. Thus, students can enhance work experiences and understanding of the industry, and sewing masters' technical knowhows can be highlighted again, thereby maximizing the effect of urban restoration in the region. More than 1,000 audiences visit the fashion show annually, and it is evaluated as a best practice for urban restoration achieved through collaboration of private and public organizations and industry.



SANGSANG univ. CAREER DINING

The seriousness of the youth unemployment is protracting socially. In the KT&G's survey on university students conducted in May 2019, advices from industry workers was selected as the most important factor in preparing for employment. Therefore, KT&G launched the SangSang Career Dining Program that provides industry experts' consultation for practical help to satisfy needs of the youth. We selected 150 university students who are seeking for jobs in 5 different cities including Seoul and provided them opportunities to receive job consultations and advices in a pleasant atmosphere while dining with industry personnel.

2019 SangSang Career Dining



EXPANSION OF SANGSANG MADANG BUSAN

Initiated with Hongdae place in 2007, KT&G SangSang Madang has been contributing to creating diverse culture & arts ecosystem by supporting various artists. Opening in September 2020, SangSang Madang Busan is the 5th SangSang Madang followed by Hongdae, Nonsan, Chuncheon, and Daechi, and it is the largest in size. Through SangSang Madang Busan, we plan to offer opportunities for expanding culture & arts infrastructure in Busan.

SANGSANG MADANG HISTORY

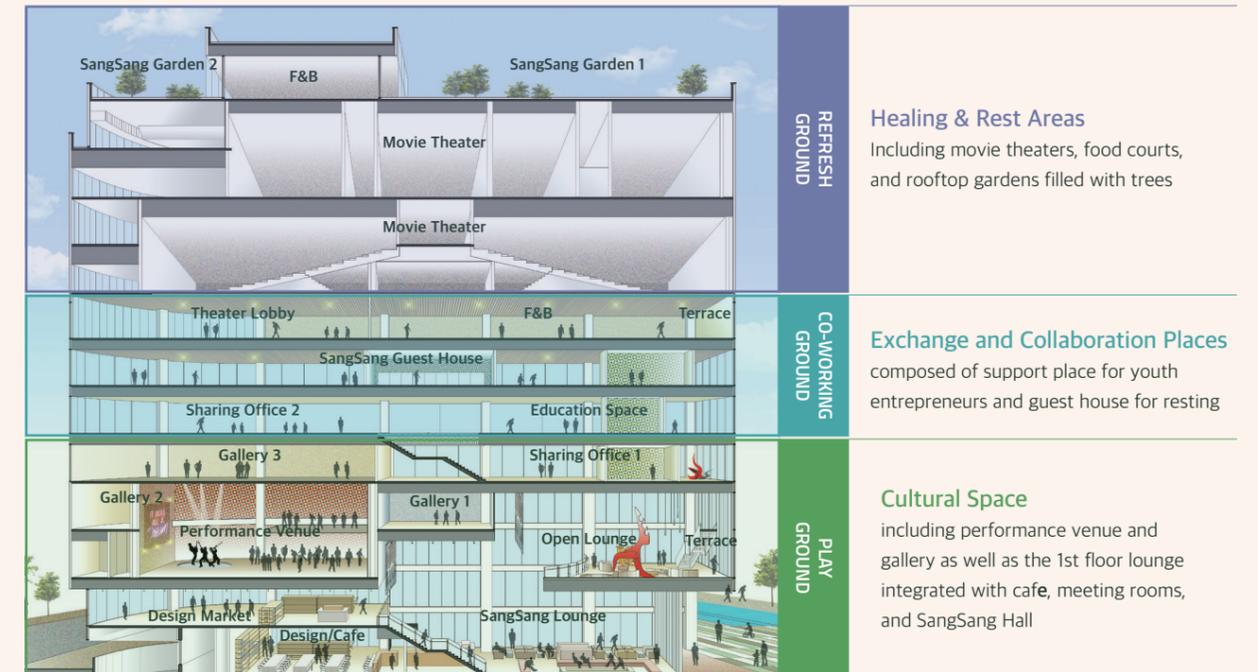
Mar. 2005	Sep. 2007	Jun. 2011	Apr. 2014	Apr. 2017	Sep. 2020
Opened the online community for SangSang Madang	Established SangSang Madang Hongdae	Established SangSang Madang Nonsan	Established SangSang Madang Chuncheon	Re-established SangSang Madang Daechi	Established SangSang Madang Busan
					
Offer various cultural contents based on online	A comprehensive cultural space to communicate over the boundaries of mainstream and nonmainstream cultures	A suburban experienced cultural space for enjoying pleasantly in nature	Art & Stay, an in-nature cultural space for enjoying culture & arts and achieving dreams	A culture & arts performance venue to enjoy in the center of urban area	The largest comprehensive cultural space

BUSINESS AREAS OF SANGSANG MADANG BUSAN

SangSang Madang Busan offers opportunities for creative activities in culture & arts to artists and enjoying culture to the public by creating Stay, Design Square, Academy, photo darkrooms, and cafes, as well as the performance venue and gallery, in the gross area of 19,514m². In addition, we plan to build a space for job creation for the local youth to provide practical support in start-ups and job employment of the youth and sharing offices for start-ups and social ventures.

Performance <ul style="list-style-type: none"> • Performance planning • Artists support • Music facilities 	Design Square <ul style="list-style-type: none"> • Idea commercialization • Design product distribution • Brand showcase 	Creator Studio <ul style="list-style-type: none"> • Creator cultivation and support • Shooting studio/editing rooms
Exhibition <ul style="list-style-type: none"> • Visual arts exhibits • Local artists support • Exhibit-connected training 	Stay <ul style="list-style-type: none"> • Lodging operation • Salon program 	Youth Start-up <ul style="list-style-type: none"> • Youth start-up assistance
Sharing Restaurant <ul style="list-style-type: none"> • Young chef cultivation connected to the community 	Networking Space <ul style="list-style-type: none"> • Meeting room provision • Lounge operation 	F&B <ul style="list-style-type: none"> • Cafe • Rooftop restaurant

A COMPREHENSIVE SPACE FOR COMMUNICATION SHARING CULTURE & ARTS



APPENDIX

Amount of 'HOPE' Assistance

(Unit: KRW 100M)

Category	2017	2018	2019
Welfare Foundation	116	121	118
Scholarship Foundation	36	36	42
Subtotal	152	157	160

Amount of 'SHARED GROWTH' Assistance

(Unit: KRW 100M)

Category	2017	2018	2019
Youth Start-up	13	155	81
SangSang Fund	41	38	39
Social Responsibility	26	21	28
Donation/Sponsorship	94	71	16
Investment Shared Growth Fund	-	-	343
Subtotal	174	285	507

Amount of 'CREATIVENESS' Assistance

(Unit: KRW 100M)

Category	2017	2018	2019
SangSang Madang	757	175	287
SangSang univ.	56	52	52
Others	-	-	4
Subtotal	813	227	343

KT&G SOCIAL CONTRIBUTION NETWORK

Platform	Homepage	Contact	Report
KT&G	en.ktng.com	+82-80-931-0399	https://en.ktng.com/ktngReport?cmsCd=CM0046
KT&G Welfare Foundation	www.ktngwelfare.org	+82-2-563-4459	
KT&G Scholarship Foundation	scholarship.ktngtogether.com	+82-2-3404-4558	https://scholarship.ktngtogether.com/community/news_view.asp?seq=3663&pageno=1
KT&G SangSang Planet	www.sangsangplanet.com	+82-70-7439-9436	https://www.sangsangplanet.com/resources/pdf/sangsang_startup_camp.pdf
KT&G SangSang Madang	www.sangsangmadang.com	+82-2-3404-4589	
KT&G SangSang univ.	www.sangsanguniv.com	+82-2-3404-4342	

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