

# IMAGINE A BETTER TOMORROW

2023 KT&G S-REPORT



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# LETTER TO STAKEHOLDERS

Sustainability has become a crucial element for the survival of a company. KT&G is committed to establishing itself as a trustworthy and sustainable company by adhering to global standards in ESG management. As part of this strategic direction, KT&G engages in proactive social contribution activities, addressing social and environmental issues in local communities that need assistance. Furthermore, we extend our CSR activities to global, including in key markets such as Indonesia and Kazakhstan, fulfilling our role as a global corporation.

Under the vision of “Sustainable Development of Corporate and Society,” KT&G implements CSR activities grounded in a systematic social contribution strategy. In particular, based on the beneficiary-centered strategy of the “People-Community-Planet” framework, we carry out comprehensive activities that encompass various fields, from individuals to society, the environment, and global communities.

KT&G is dedicated to building a social safety net through its welfare and scholarship foundations to ensure that individual growth can lead to social change and innovation (People), and strives to not only enhance individual welfare but also address issues that local communities face (Community). Moreover, KT&G is driving customized activities tailored to specific agendas, like the youth entrepreneurship space “SangSang Planet,” cultural complex “SangSang Madang,” national university student community “SangSang Univ.,” and the company-wide “SangSang Fund” to create social impact. In addition, KT&G aims to meet the demands for corporate sustainability management that extend to global issues (Planet). To this end, we are implementing activities such as forestation projects at home and abroad, biodiversity CSR, and smoking environment improvement activities, while also conducting CSR activities in countries where we have business operations, such as Indonesia and Kazakhstan, as well as in developing countries.

Through these activities, KT&G is making continuous efforts to reach a global top-tier level in sustainable management, in addition to its business performance. We kindly ask for the continued interest of the 2023 KT&G S-Report readers in the spirit of KT&G’s joyful imagination, fulfilling its responsibilities as a global company based on the solid trust of stakeholders.



KT&G, aspiring to become a global top-tier company, is actively pursuing sustainable management based on the management philosophy of being a “Inclusive Company,” fulfilling its social responsibilities towards stakeholders.



## KT&G AT A GLANCE

### CORPORATE PROFILE

Under our corporate philosophy of being “Exemplary,” “Progressive,” and “Inclusive,” KT&G imagines together with our customers as we strive to create a better life. We are generating performance in various business areas such as the health/functional food, pharmaceutical, bio, and real estate business as well as the next-generation tobacco business, which will be the engine of future growth. While evolving into a globally outstanding company through change and innovation, we continue to create social value and expanding sustainability management activities.

#### COMPANY NAME

KT&G Corporation



#### ESTABLISHMENT

April 1, 1987



#### CEO

Bang, Kyung-man



#### HEADQUARTERS

71, Beotkkot-gil, Daedeok- gu,  
Daejeon, Republic of Korea



#### NO. OF EMPLOYEE

4,378

(As of December 31, 2023; and based on direct employment)



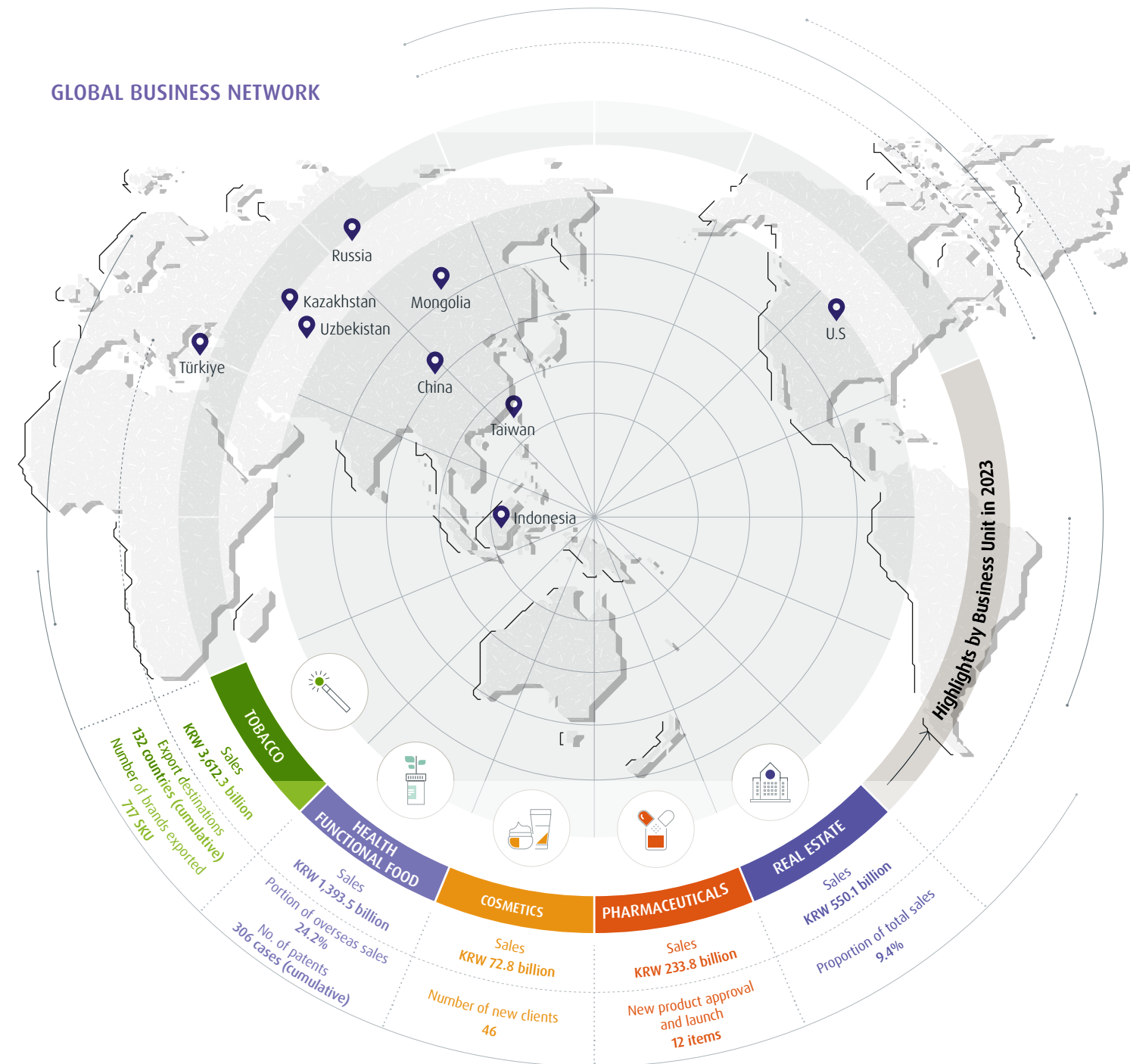
### GLOBAL COE

2023 was a year in which the CoE (Center of Excellence) collaboration system was fully activated. Each specialized group (CoE) at our headquarters was deeply engaged in global operations, supporting overseas subsidiaries, offices, and other international organizations. In particular, the CoE led initiatives such as establishing the ERP system for our Indonesia Corporation and restructuring export processes for Türkiye Corporation to enhance its operations. Additionally, the CoE played a central role in establishing new offices in Kazakhstan, Mongolia, and Uzbekistan.

In 2024, work is underway to enhance the CoE system further. We have defined detailed business processes aimed at global operations, including regulatory compliance tasks and the establishment of a global HR policy, and clearly classified roles and responsibilities (R&R) between relevant departments, thereby strengthening governance for each specific task and improving operational efficiency.

With the launch of the overseas CIC (company-in-company) in 2024, the CoE paradigm has reached a turning point. Accelerated support from each functional CoE at headquarters is being provided for the early autonomous operation of each management function within the CIC, and the CoE is identifying and supporting tasks that are difficult for the CIC to complete on its own through close communication and consultation. Going forward, the CoE will continue to contribute to performance creation by completing the enhancement of each value chain in global business.

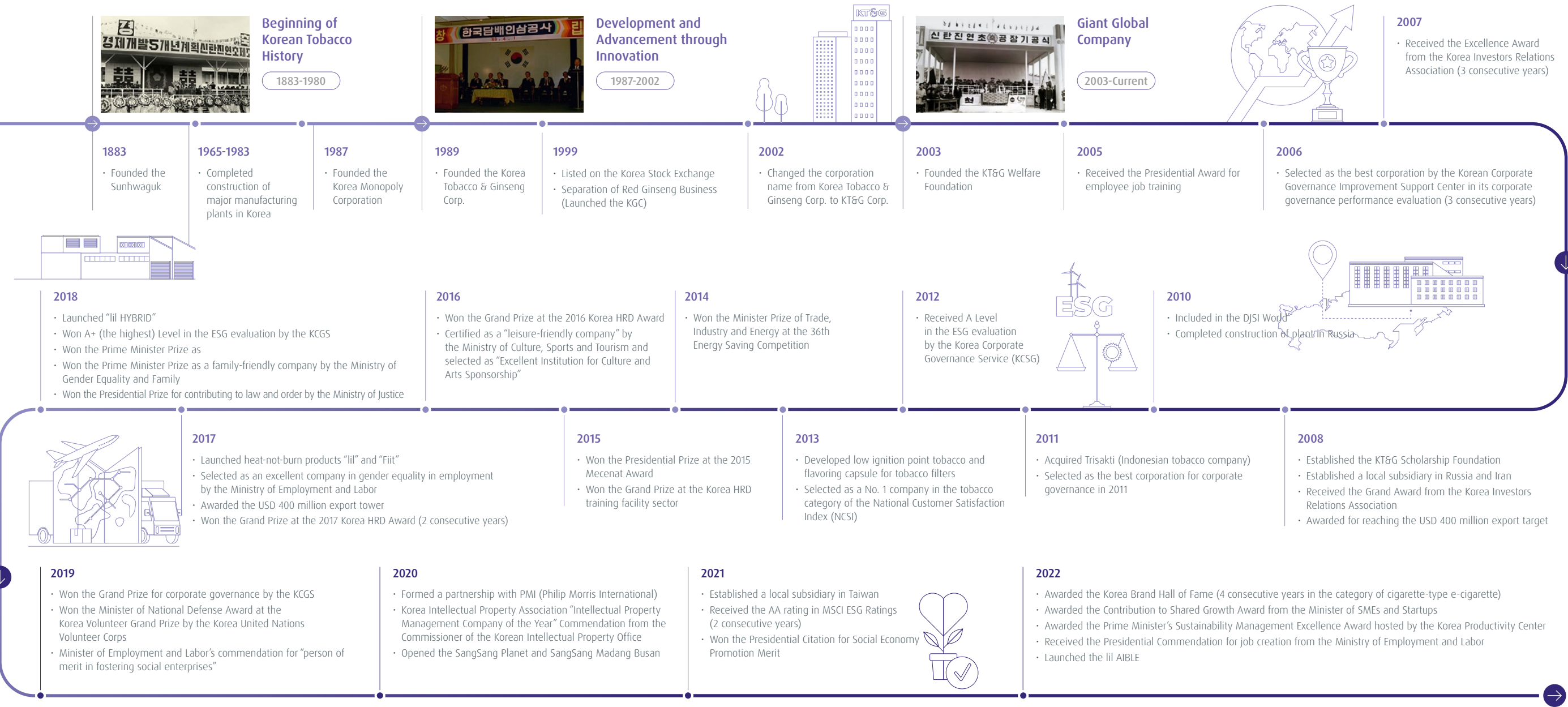
### GLOBAL BUSINESS NETWORK





# KT&G AT A GLANCE

## MILESTONES





## KT&G AT A GLANCE

### NEW CHALLENGE TOWARDS GLOBAL TOP-TIER PLAYER

# 2023-



#### 2023

- Established a local subsidiary in Kazakhstan
- Established an office in Uzbekistan
- Received the Prime Minister's Commendation on the 6th Accounting Day from the Financial Services Commission
- Won the Presidential Prize at the 2023 Mecenat Award
- Received the Grand Prize in the Corporate Governance category from the Korea Institute of Corporate Governance and Sustainability (KCGS)



#### EXTERNAL EVALUATION

##### GLOBAL ESG RATINGS



## AA

(Highest rating in the sector)



## Prime

(Highest rating in the sector)



## 78

(Included in the Korea Index)



## A-

(Leadership level achieved)



## A

(Leadership level achieved)



## A

(Leadership level included)

##### ESG RATINGS IN KOREA



## A+

(Highest grade)



## A

(Size grade criteria)



## A+

(Highest level: S)

##### CREDIT RATINGS

(As of June 2024)



## AAA



## AAA



## AAA

#### EXTERNAL AWARDS

(2023-April 2024)



Korea Institute of Corporate Governance and Sustainability (KCGS)

### Grand Prize in the Corporate Governance category



Leadership Ratings for Climate Change and Water Security Sectors

### Korea Awards



Climate Change Response and Greenhouse Gas Reduction  
Excellence Awards

### Minister of Trade, Industry and Energy Commendation



LACP Spotlight Awards

### Platinum Award



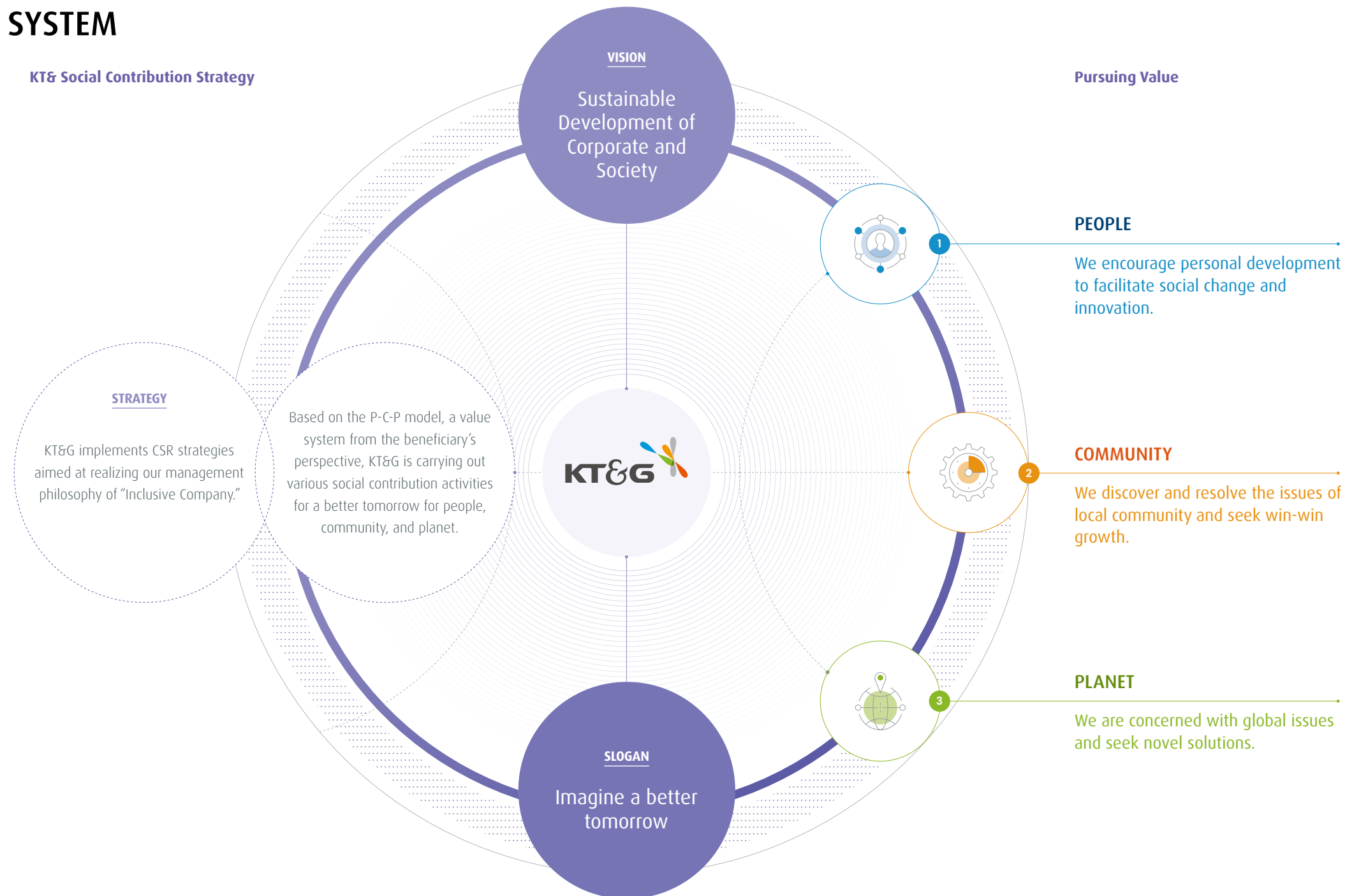
Mecenat Award

### Presidential Prize

## SOCIAL CONTRIBUTION VALUE SYSTEM










To realize the management philosophy of being “Inclusive Company,” KT&G embraces social norms for coexistence, contributes to the public interest, and strives to fulfill its social responsibilities. Centered around the dedicated department for social contributions, KT&G unfolds genuine social contribution activities systematically and continuously based on the “P-C-P (People-Community-Planet)” value system. Guided by the PCP strategy, we encourage personal development to facilitate social change and innovation (People); discover and resolve the issues of local community and seek win-win growth (Community); and are concerned with global issues and seek novel solutions (Planet), thereby paving the way for a better tomorrow.

### KT& Social Contribution Strategy



SOCIAL CONTRIBUTION VALUE SYSTEM




Platform	Main Projects		Main Beneficiaries	
KT&G Welfare Foundation		<ul style="list-style-type: none"><li>• Support programs for economic and cultural activities for low-income groups</li><li>• Overseas relief and education infrastructure improvement</li></ul>	<ul style="list-style-type: none"><li>• Welfare center support</li><li>• Volunteering activities</li></ul>	<ul style="list-style-type: none"><li>• Vulnerable social group</li></ul>
KT&G Scholarship Foundation		<ul style="list-style-type: none"><li>• SangSang Scholarship</li><li>• Culture &amp; Art Scholarship</li><li>• Restart Scholarship</li></ul>	<ul style="list-style-type: none"><li>• Talent-training Scholarship</li><li>• On-demand/urgent Scholarship</li><li>• Global Scholarship</li></ul>	<ul style="list-style-type: none"><li>• Vulnerable social group</li></ul>
SangSang Planet		<ul style="list-style-type: none"><li>• SangSang Summit</li><li>• SangSang Start-up Camp</li></ul>	<ul style="list-style-type: none"><li>• Social venture scale-up program</li><li>• Play &amp; network program</li></ul>	<ul style="list-style-type: none"><li>• Local communities, Stakeholders, Youth/University students</li></ul>
SangSang Fund		<ul style="list-style-type: none"><li>• Donation Market, Donation Petition</li><li>• Employee volunteering group</li></ul>	<ul style="list-style-type: none"><li>• Other public services</li></ul>	<ul style="list-style-type: none"><li>• Vulnerable social group, Local communities, Stakeholders</li></ul>
SangSang Madang		<ul style="list-style-type: none"><li>• Discovering new artists</li><li>• Performance/exhibition support</li></ul>	<ul style="list-style-type: none"><li>• Culture &amp; art-related education</li></ul>	<ul style="list-style-type: none"><li>• Local communities, New artists</li></ul>
SangSang Univ.		<ul style="list-style-type: none"><li>• Support for local youth culture and social contribution activities</li><li>• SangSang blue Pavilion</li></ul>	<ul style="list-style-type: none"><li>• SangSang Marketing School</li><li>• SangSang Friends</li></ul>	<ul style="list-style-type: none"><li>• Youth/University students</li></ul>
Support for tobacco leaf farms		<ul style="list-style-type: none"><li>• Volunteering for harvesting tobacco leaves</li><li>• Supporting for additional profits</li></ul>	<ul style="list-style-type: none"><li>• Improving welfare of farms</li></ul>	<ul style="list-style-type: none"><li>• Local communities, Stakeholders, Farms</li></ul>
Global CSR		<ul style="list-style-type: none"><li>• Indonesia SangSang Univ.</li><li>• Korean Language Institute</li></ul>	<ul style="list-style-type: none"><li>• Global disaster relief</li></ul>	<ul style="list-style-type: none"><li>• Vulnerable social group, Local communities, Stakeholders</li></ul>
Environmental CSR		<ul style="list-style-type: none"><li>• Improving smoking environment</li><li>• Protecting marine ecosystem</li><li>• Forestation</li></ul>	<ul style="list-style-type: none"><li>• Biodiversity CSR</li><li>• Support for drinking water supply in Africa</li></ul>	<ul style="list-style-type: none"><li>• Local communities, Stakeholders</li></ul>



# IMPLEMENTATION OF UN SDGS

As a global corporate citizen, KT&G seeks to engage in various activities to contribute to achieving SDGs (Sustainable Development Goals) resolved by the United Nations. In particular, we lend a helping hand in solving global issues such as environmental pollution, human rights, and inequality by utilizing the company resources and capabilities, and trying to grow together with the global community by implementing SDGs with sincerity.

Goal			Main Activity
<div><div>1</div><div>NO POVERTY</div><div></div></div> <div>No Poverty</div>	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	Emergency living expenses for the low-income class
<div><div>2</div><div>ZERO HUNGER</div><div></div></div> <div>Zero Hunger</div>	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	Foodstuff support for the low-income class
<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div> <div>Good Health and Well-being</div>	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	Support for seriously-ill patients from low-income class
<div><div>4</div><div>QUALITY EDUCATION</div><div></div></div> <div>Quality Education</div>	4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	Education support for children from low-income households
	4.a	Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all	Improving education facilities at home and abroad
<div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div></div> <div>Clean Water and Sanitation</div>	6.1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all	Water purification support project in Africa
	6.6	By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	Wetland protection activities in Janggumeogi Wetland
<div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div> <div>Decent Work and Economic Growth</div>	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	Establishment and operation of SangSang Planet, Operation of SangSang Start-up Camp
	8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training	Establishment and operation of SangSang Univ.
<div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div> <div>Industry, Innovation and Infrastructure</div>	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	Raising win-win growth fund, Offering early payment to partners
<div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div> <div>Reduced Inequalities</div>	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	Discovering artists with disabilities and providing support
<div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div> <div>Sustainable Cities and Communities</div>	11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Supporting low-income households and improving their living environment at home and abroad
	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	Vehicle support to social welfare centers
	11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Improving smoking environment
	11.a	Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	Establishment and operation of SangSang Madang
<div><div>14</div><div>LIFE BELOW WATER</div><div></div></div> <div>Life Below Water</div>	14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Marine environment purification
<div><div>15</div><div>LIFE ON LAND</div><div></div></div> <div>Life On Land</div>	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	Domestic and overseas forestation, Volunteering to restore Mt. Bukhan ecosystem, Han River purification activities
	15.5	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Biodiversity CSR

## HISTORY OF MAJOR SOCIAL CONTRIBUTION ACTIVITIES

KT&G is conducting social contribution activities systematically for the sustainable development of the corporation and society from a long-term perspective. In addition, we are committed to fulfilling our responsibilities as a corporate citizen by creating shared values using our own unique methods.



Sep. 2007

### Opened KT&G SangSang Madang Hongdae

We opened SangSang Madang Hongdae, a culture complex, in 2017 to support wide range of culture and art activities and promote exchanges.



Oct. 2007

### Launched Employee Volunteering Group SangSang Together

KT&G launched KT&G Employee Volunteering Group to solve issues in local communities and widen support to neighbors in need.

Mar. 2011

### Raised SangSang Fund

We raised SangSang Fund, KT&G's signature donation program based on employees' voluntary donation and matching grant system.



Jun. 2011

### Opened KT&G SangSang Madang Nonsan

We opened experience-based culture space in the suburbs to enjoy culture and art in natural surroundings.



Nov. 2015

### Awarded Presidential Award at MECENAT Grand Award for KT&G SangSang Madang

KT&G won the grand award at the 2015 MECENAT Awards in recognition of the efforts to sponsor minor culture and art and expand cultural infrastructure through SangSang Madang.



Jul. 2003

### Established KT&G Welfare Foundation

KT&G established KT&G Welfare Foundation to realize advanced welfare of sharing happiness.

Jun. 2008

### Established KT&G Scholarship Foundation

KT&G established KT&G Scholarship Foundation to create a level playing field in education and provide stable education opportunities to the marginalized class.

Apr. 2010

### Established SangSang Univ.

We established SangSang Univ., a community of culture and art for university students to share opportunities of learning, exchanges and sharing.

Apr. 2014

### Opened KT&G SangSang Madang Chuncheon

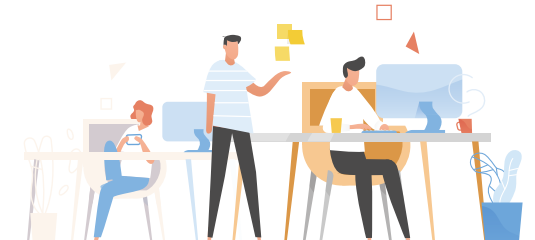
KT&G opened KT&G SangSang Madang Chuncheon, following the SangSang Madang Hongdae and Nonsan, as a culture and art space in nature.



Feb. 2016

### Expanded Social Contribution Organization

KT&G escalated organization responsible for social contribution from department level to office level to beef up social contribution activities in a more professional manner.



# HISTORY OF MAJOR SOCIAL CONTRIBUTION ACTIVITIES

Dec. 2018

## Received Presidential Award for Merit in Law and Order

KT&G won Presidential Award for merit in law and order in recognition of sponsoring KRW10 billion in public good initiatives for 20 years including Crime Prevention through Environmental Design (CPTED).

Jul. 2020

## Opened KT&G SangSang Planet

KT&G opened SangSang Planet exclusively for startups in Seongsu-dong, the center of social ventures, in Seoul with the goal to promote youth startup ecosystem and lay the foundation for sponsoring youth startups.



Sep. 2020

## Opened KT&G SangSang Madang Busan

KT&G opened KT&G SangSang Madang Busan in Seomyeon to build on sponsorship for culture and art and open up greater opportunities to experience local culture.



Dec. 2022

## Won Presidential Award in Recognition of Contributing to Job Creation

KT&G received the Presidential Commendation in recognition of its contribution to youth employment promotion, including the operation of youth startup platforms such as SangSang Planet and SangSang Start-up Camp, a social venture fostering program.



Nov. 2023

## Awarded the Presidential Commendation at the 2023 Crime Prevention Awards

KT&G received the Presidential Commendation for its activities since 1998, which include support for the social resettlement of persons subject to protection and the improvement of conditions for medical personnel and patients under care.

Oct. 2017

## Launched Social Innovation Youth Startup Program

KT&G launched KT&G SangSang Start-up Camp with the goal to accelerate support for youth start-up and drive paradigm shift towards “social innovation by solving social issues.”



Jul. 2019

## Won Minister of Employment & Labor Award for Merit in Promoting Social Enterprises

KT&G won Minister of Employment & Labor Award in recognition for contribution to fostering original social enterprises led by the private sector through the KT&G SangSang Start-up Camp.



Jul. 2021

## Won Presidential Award for Merit in Social Economy

KT&G won Presidential Award in the social economy and value category in recognition of sponsoring youth start-ups and helping neighbors in need as part of the company’s social contribution activities.



Nov. 2023

## Awarded the Presidential Commendation at the 2023 Mecenat Awards

At the 2023 Mecenat Awards, KT&G received the Presidential Commendation (Grand Prix) for its extensive Mecenat activities based at the nationwide KT&G SangSang Madang. The award recognizes the company’s efforts to contribute to coexistence with local communities and its significant contributions to the cultural and artistic fields among domestic businesses.





# 2023 HIGHLIGHTS

## KT&G CSR Activities

In 2023, KT&G realized the value of “Inclusive Company” by spreading positive impact on our society with a consistent mindset to fulfill our social responsibilities as a corporate citizen.



### Awarded the Presidential Commendation at the 2023 Mecenat Awards

Since launching its online operations in 2005 and opening “SangSang Madang Hongdae” in 2007, KT&G has been managing SangSang Madang. By the end of 2023, KT&G has established SangSang Madang in five regions nationwide, operating cultural and artistic programs to foster coexistence with the local communities. With an annual visitor of 3 million people enjoying approximately 3,000 cultural and artistic programs, SangSang Madang has established itself as a venue where KT&G supports the creative endeavors of emerging artists and provides a wide range of cultural experiences to the public. In recognition of these contributions, KT&G was awarded the highest honor, the Presidential Commendation, at the 2023 Mecenat Awards.



### Cumulative visitors of KT&G SangSang Madang surpassed 20 million

KT&G SangSang Madang, a culture and art complex operating in five regions nationwide (Hongdae, Nonsan, Chuncheon, Daechi, Busan), surpassed 20 million cumulative visitors in September 2023, thanks to its continuous cultural contribution activities and regional expansion efforts. As a space where visitors enjoy and communicate through various cultural and arts programs, with the participation of around 4,200 artists annually, KT&G will continue to lead in expanding the base of Korea’s culture and art ecosystem through SangSang Madang.



### Awarded the Presidential Commendation at the 2023 Crime Prevention Awards

KT&G as awarded the Presidential Commendation at the 2023 Crime Prevention Awards, hosted by the Ministry of Justice. Since 1998, KT&G has continuously supported the social resettlement of protected individuals and the treatment and welfare of medical personnel and patients. This award is a recognition of KT&G’s contributions to creating a safe and just Korea through these activities. KT&G plans to continue its social contribution activities to support the marginalized and those in need.



# 2023 HIGHLIGHTS

## Upcycling architecture design contest “SangSang Blue Pavilion” successfully concluded

The “SangSang Blue Pavilion” is an architectural and design production project that utilizes local waste resources to create pavilions. Launched in 2023 by SangSang Univ. to convey the seriousness of environmental pollution and the message of environmental conservation, the contest attracted 546 college students (153 teams) interested in upcycling architectural design. Of these, the final 60 selected persons (5 teams) were given the opportunity to construct actual structures. During the process, architectural experts and professors provided mentoring to enhance the participants’ architectural skills. Additionally, pavilions were built using marine debris collected by college students in Jeju, adding significance to the project. The completed pavilions were displayed at Jeju Buksugu Square, delivering a message on marine environmental conservation. In 2024, the project plans to expand the dialogue on a sustainable future with college students from 11 regions nationwide.



[SangSang Blue Pavilion] 3 months of a blue journey where imagination becomes reality



## “Ssudam Green Run” held in Indonesia

In 2023, marking the 50th anniversary of diplomatic relations between Korea and Indonesia, KT&G hosted the “Ssudam Ssudam Green Run” in Indonesia. This plogging event, a collaboration with the Korean Association in Indonesia and led by KT&G, saw participation from around 1,000 people including employees of KT&G’s Indonesia Corporation, government officials from both Korea and Indonesia, Korean institutions, and Indonesian citizens. Participants, grouped in teams of four, each consisting of two Koreans and two Indonesians, ran together near the GBK (Gelora Bung Karno) Stadium in downtown Jakarta, improving the urban environment and reaffirming the friendship between the two countries.



## Continued the volunteer activities for tobacco leaf harvesting to promote mutual growth

KT&G supports stable income generation and sustainable agriculture for tobacco farms supplying leaf tobacco, a key ingredient in its tobacco business. Particularly, as tobacco farming is difficult to mechanize and mostly harvested manually, KT&G has been continuously engaged in volunteer activities for transplanting and harvesting tobacco leaves since 2007 to support farms facing labor shortages. In 2023, KT&G staff actively participated in these volunteer activities during the planting and harvesting seasons. Additionally, KT&G provided KRW 75 million in consolation money to leaf tobacco farms affected by weather disasters, to aid their quick recovery.

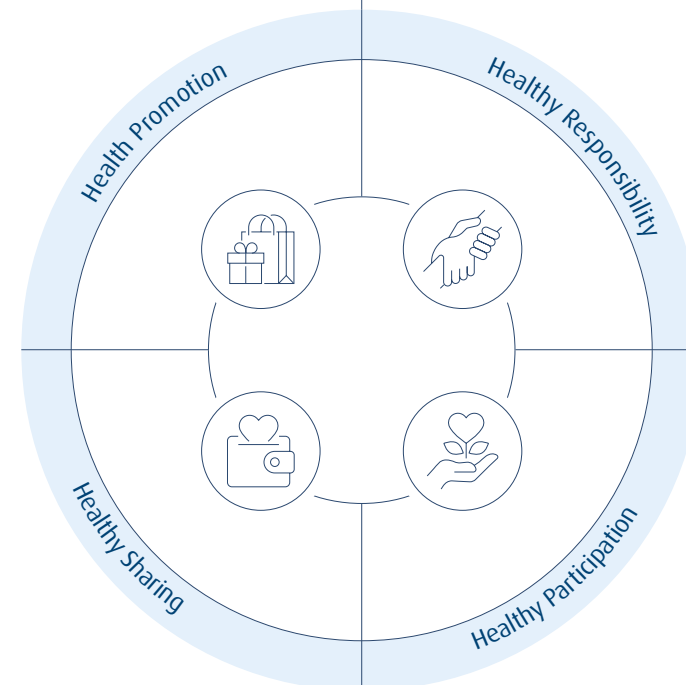


# 2023 HIGHLIGHTS

## KGC CSR Activities

Based on the belief that sharing of healthier value leads to a better world where people can come together, KGC implements various social contribution activities to share social values and love, thereby creating a healthier, happier world.

## KGC CSR Vision



## CSR for the inheritance of veterans, traditions, and cultural heritage

As a leading ginseng company with a 120-year history, KGC conducts social contribution activities for the succession of traditional and cultural heritage and supports descendants of independence activists and Korean War veterans with ginseng products. In 2022, KGC formed the "Root-Finding Expedition" to locate descendants of independence activists living abroad. Subsequently, South Korean youth and Koryoin (Korean) youth residing in Korea visited Kazakhstan and other locations. Through publishing content about these activities, they engaged in efforts to connect the descendants with their ancestral roots.





# 2023 HIGHLIGHTS

## Continued sharing activities through “Healthy Participation”

KGC has been running the “Love Delivery to the Elderly Living Alone” campaign during the Lunar New Year and Chuseok holidays, supporting elderly living alone. In its fourth year, 2023, approximately 7,000 seniors living alone received comprehensive filial piety packages, including Jung Kwan Jang products, along with “nutrition delivery” (holiday food) and “heart delivery” (emotional support). The campaign operates on a matching grant model called the “Jung Kwan Jang Fund,” where if an employee donates a certain amount, the company matches it, forming a fund. Netizens can also easily participate through NAVER’s Happybean fundraising, and as of 2023, approximately 16,000 people have participated in the donations. Additionally, many employees participate in annual winter kimchi-sharing activities for vulnerable groups centered around business sites, sharing the joy of volunteering.



## Participatory environmental education programs for future generations

Since 2021, KGC has been running the “Hong yi’s Green Earth” program as part of its support for children’s environmental education. This program targets young students in elementary schools nationwide, providing environmental protection audio-visual materials and hands-on resources to schools, awakening children to the importance of the environment and offering them valuable experiences in participating in environmental protection. In 2023, educational materials featuring characters beloved by children were produced to depict an Earth suffering from climate crisis 50 years in the future, and environmental protection kits were provided to continue education at home. Additionally, KGC also provides various experiential programs for children and teenagers in Daejeon, including safety and vocational education, and continues to donate educational equipment annually.

## Global CSR for “Health Promotion” until the day everyone becomes healthy

Since 2017, KGC has been conducting the global CSR program “Please, Hong yi!” in partnership with World Vision. The first two campaigns led to the construction of water tanks, pump houses, and water stands in Tanzania and Rwanda, as well as education on improving hygiene habits. In 2023, “Please, Hong yi! Season 3” targeted the poorest regions of Vietnam, providing lunch and nutritional supplements to children under five suffering from malnutrition. The campaign also supported kitchen gardens and nutrition education, aiding the creation of a sustainable food supply environment.





# PEOPLE

## Envisioning a better future for people, we realize the value of “togetherness.”

KT&G’s pursuit of changes and innovations is towards people. We closely observe marginalized neighbors, prepare for the future that the next generation will enjoy, and carry out practical and phased advanced welfare projects, ranging from education and mobility for low-income families to self-realization. Furthermore, we support and encourage individual growth to lead to positive changes and sustainable innovation in our society, building a diverse and detailed social safety net.





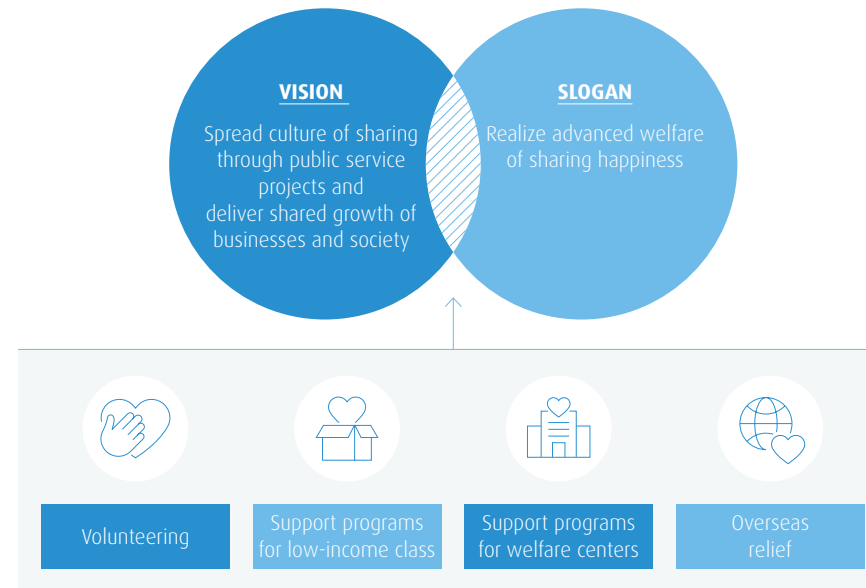
## KT&G WELFARE FOUNDATION

### Engaging in continuous, sincere sharing to realize the coexistence of business and society

KT&G Welfare Foundation is committed to continuous and sincere social welfare projects with the goal of realizing advanced welfare. The Foundation provides cultural and economic support to the low-income group in need of social consideration, such as children, seniors, and persons with disabilities, and is making efforts to improve welfare institution infrastructure by providing vehicles. Furthermore, it is implementing global educational environment improvement projects, thereby expanding its scope of social value creation.

[KT&G Welfare Foundation](#)

#### Overview of KT&G Welfare Foundation



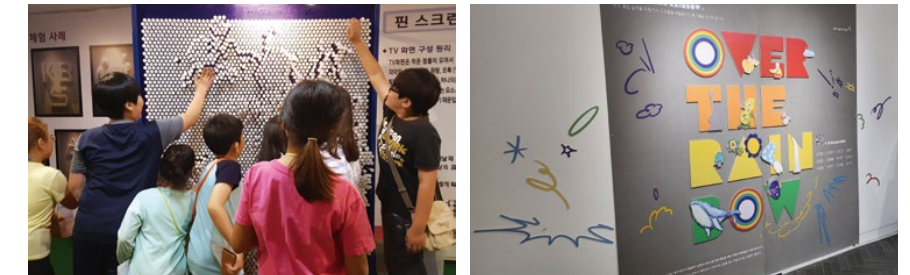
#### Support for Children from Low-income Households

KT&G Welfare Foundation is implementing initiatives with the goal of offering culture, arts, and education assistance to children from economically disadvantaged backgrounds, thereby helping them enhance their self-esteem and nurture their creative capabilities. Furthermore, the Foundation provides opportunities for these children to explore and cultivate their innate talents. It is supporting culture, arts, and education activities at 450 childcare centers in the metropolitan area and providing various cultural programs to children from low-income households across the country in connection with KT&G SangSang Madang. The KT&G Welfare Foundation also runs book support projects to help them developing a reading habit and caring for the healthy development of children by providing SangSang Fruit Baskets.

#### Support for the Vulnerable Social Group

KT&G Welfare Foundation holds “Over the Rainbow” for artist with disabilities every year to realize art welfare and expand the scope of supporting creative works in cooperation with KT&G SangSang Madang. The exhibition’s title, “Over the Rainbow,” symbolizes the harmonious coexistence and hopeful promise captured within diversity, offering a fresh lens that exceeds the boundaries of art. True to its name, this showcase functions as a conduit for communication, where disabled artists can be acknowledged as appreciated creators. By surmounting the bias associated with disabilities, these artists can engage with the global community, fostering meaningful dialogue. Going forward, KT&G Welfare Foundation will continue supporting the exhibition to give artists with disabilities opportunities of self-reliance and exhibition of their work.

In addition, KT&G Welfare Foundation is promoting various welfare projects to bring hope to marginalized groups, such as medical expense support for the medically underserved and cultural experience support for single-parent families.



#### Support for children from low-income households

Number of beneficiaries



17,120 persons

Support amount



KRW 3.22 billion

\* As of the end of 2023

#### Support for the vulnerable social group

Number of beneficiaries



16,600 persons

Support amount



KRW 1.04 billion





## KT&G WELFARE FOUNDATION

### Vehicle Support for Social Welfare Centers

KT&G Welfare Foundation is striving to build welfare infrastructure that can help local communities, and as part of the efforts, it has been providing vehicles since 2004 to enable efficient operations of local social welfare institutes doing their duties at poor working conditions. The Foundation supports compact cars that can drive in narrow roads considering the characteristics of the living areas of social welfare beneficiaries and reflecting the opinions of field workers. The Foundation provided a total of 2,200 compact cars as of 2003. The donated compact cars are serving as a foot for social welfare institutions across the country and keenly utilized for local social welfare activities.



### Promotion of University Students' Volunteering Activities

KT&G Welfare Foundation is running various volunteer programs to expand the volunteer culture of college students. In 2023, it formed an environmental volunteer group, which comprised of 100 college students to carry out volunteer activities on a regular basis, such as planting trees and removing harmful plants in the planting area of Mt. Bukhan for ecological restoration. This has enabled the youth to increase their awareness about environmental protection, and to take part in preserving the natural environment. Furthermore, the group played contributed to enhancing the visual appeal of communities by conducting environmental cleanup activities at the Han River.

### Global CSR to Improve Learning Environment

The public welfare projects of the KT&G Welfare Foundation have expanded beyond Korea to the global stage. Particularly, we have been improving the educational environment for children in developing countries with poor educational conditions, helping future generations to nurture their dreams in better educational settings. In 2023, we assisted in improving the educational environments of schools in Vietnam and Indonesia. At Dong Phu Primary School in Vietnam, we remodeled the school buildings and improved the facilities, including the restrooms. For Ananda Elementary School in Indonesia, we completed new school building constructions and provided educational equipment.



#### Vehicle support for social welfare centers<sup>1)</sup>

<sup>1)</sup> Cumulative basis  
\* As of the end of 2023

Number of vehicles supported



Support amount



2,200 units

KRW 22.1 billion

#### Global CSR to improve learning environment

Support amount



KRW 1.34 billion

#### University students' volunteering activities

Affiliated volunteering clubs



Number of participants



50

470 persons

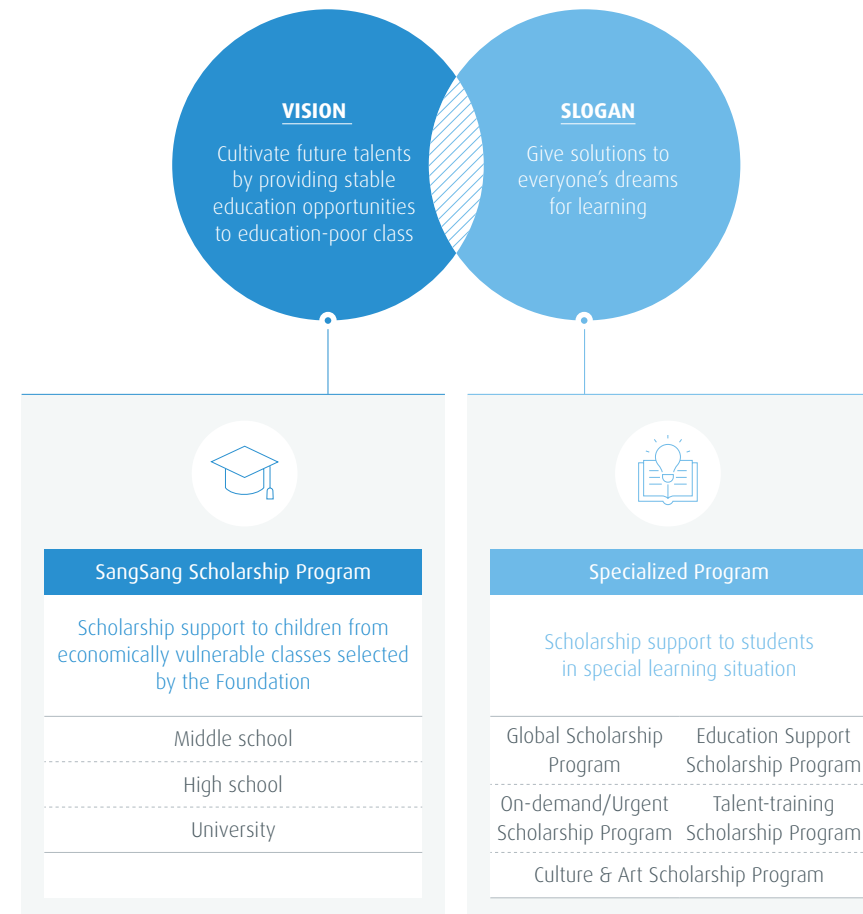
## KT&G SCHOLARSHIP FOUNDATION

### Shaping a better tomorrow by answering future generations' questions about learning through sharing

Believing that educational opportunities are the path to the future, KT&G Scholarship Foundation is carrying out scholarship programs in various fields. We provide scholarships to children from low-income families to offer them educational opportunities and support talented students both domestically and internationally to ensure learning opportunities reach those with passion and talent. We hope that these talented individuals will continue to pursue their dreams and hope, even in difficult circumstances.

[KT&G Scholarship Foundation](#)

#### Overview of KT&G Scholarship Foundation

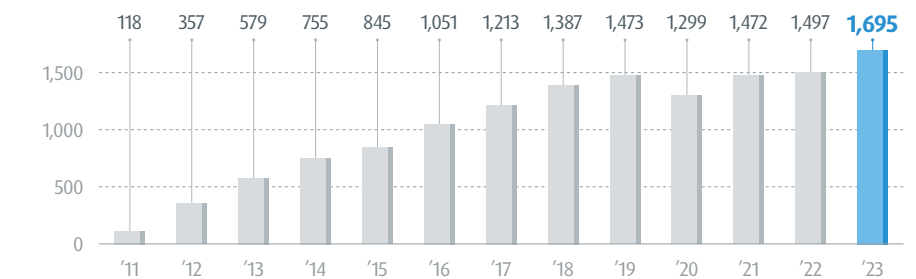


### SangSang Scholarship Program

Through the SangSang Scholarship Program, KT&G Scholarship Foundation selects and supports students of the underprivileged group every year who have excellent academic abilities even though their economic conditions are challenging. Furthermore, the Foundation employs a “total care approach” that entails sustained scholarship provisions for the chosen students, extending from middle and high school through university, unless disqualification criteria are met. The Foundation grants SangSang Scholarship of KRW 1 million for each middle school student, KRW 2 million for high school students, and KRW 3 million for college students every year. In 2023, we granted scholarship to a total of 1,695 students.

#### Number of Recipients of SangSang Scholarship Program by Year

(Unit: Persons)



### Specialized Scholarship Program

#### Global Scholarship Program

This is a global project that has been implemented for overseas students since 2018. In 2022, the Foundation held a startup contest in three countries – Indonesia, Türkiye, and Kazakhstan – granted scholarships to 487 college students selected based on the recommendation of local institutions.

#### SangSang Scholarship Program

Number of recipients

**1,695** persons

(575 middle school, 906 high school, 214 college students)



Support amount

**KRW 2,980** million

(KRW 580 million for middle school, KRW 1,800 million for high school, KRW 600 million for college students)



#### Global Scholarship Program

Number of recipients

**487** persons



Support amount

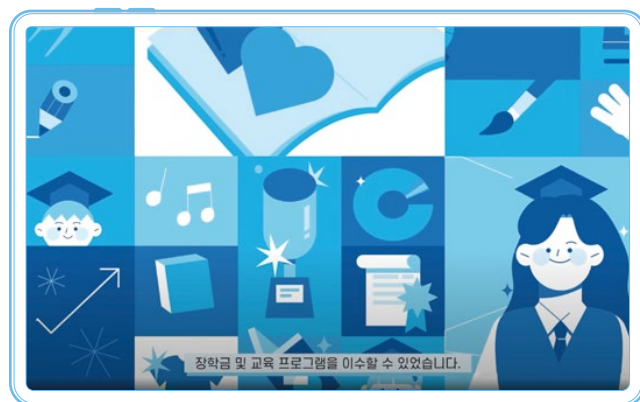
**KRW 260** million



## KT&G SCHOLARSHIP FOUNDATION

### Education Support Scholarship Program

In 2023, KT&G Scholarship Foundation launched the “Education Support Scholarship Program” to support balanced growth for “small schools” in culturally underserved areas. This includes visiting education programs such as viewing art through VR devices and experiencing cultural and arts programs at KT&G SangSang Madang Nonsan. By providing each participating school with two VR devices, we strive to offer a better educational environment and cultural benefits to elementary students in small schools. The program started in 2023 targeting small schools in the Chungnam area (Nonsan, Gumsan, Buyeo) and plans to gradually expand to more regions in the future.



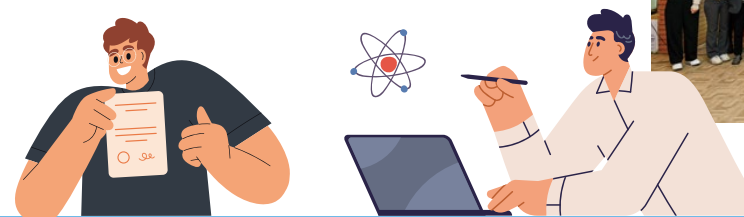
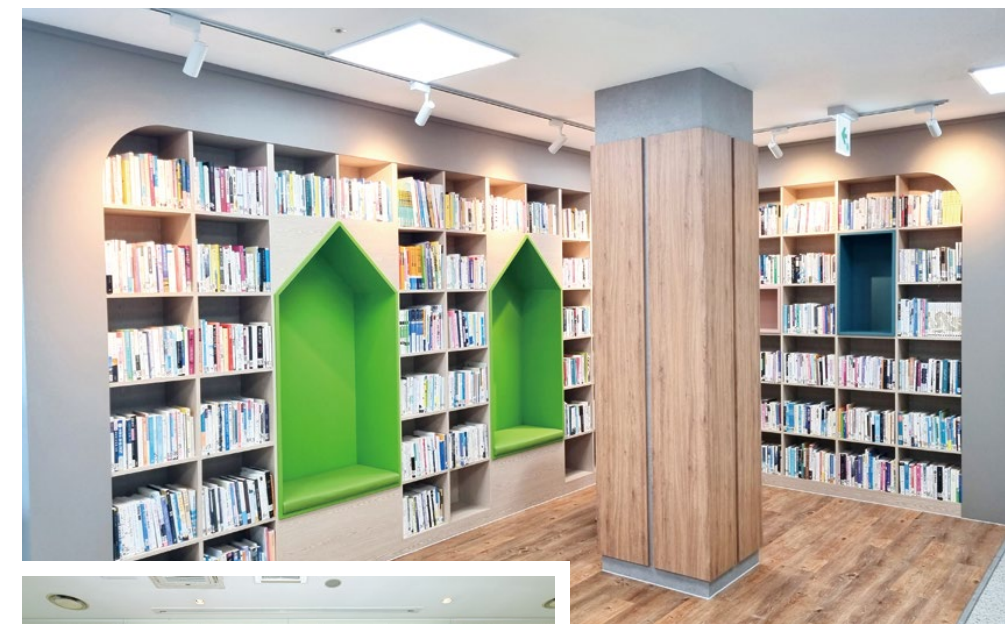
▶ KT&G Scholarship Foundation promotional video

### On-demand/Urgent Scholarship Program

In addition to the regular SangSang Scholarship Program, KT&G Scholarship Foundation runs an on-demand scholarship program aimed at assisting adolescents facing educational marginalization as a result of social challenges. In 2023, we executed approximately KRW 200 million in project funds for the construction of libraries in juvenile detention centers in Busan and Jeonju, scholarships for cadets at the Korean National Police University, and educational support for youth with migrant backgrounds.

### Talent-training Scholarship Program

This program aims to nurture outstanding talents in the fields of social innovation and science and technology at universities. In the field of social innovation, the Foundation held an idea contest to create social values by presenting solutions to social problems for university students and provided scholarships to a total of 65 students from the final 22 teams and incubation training for social innovation startups. In the field of science and technology, we selected and provided scholarship to 26 Korean and seven foreign KIST (Korea Institute of Science and Technology) researchers in their masters and doctoral courses to foster science talents.



#### Education Support Scholarship Program

Number of recipients

582 persons



Support amount

KRW 100 million



#### On-demand Scholarship Program

Number of recipients

105 persons



Support amount

KRW 200 million



#### Talent-training Scholarship Program

Number of recipients

98 persons



Support amount

KRW 200 million



\* As of the end of 2023



## KT&G SCHOLARSHIP FOUNDATION

### Culture & Art Scholarship Program

In 2016, the Foundation launched the Culture & Arts Scholarship Program through which it identifies individuals displaying exceptional talent in the domains of arts and sports and bestows them with scholarships. Among the beneficiaries of this support, pianist Yunchan Lim won the world-renowned classical music competition “Van Cliburn International Piano Competition” in 2022 as the youngest ever winner. In 2017, pianist Lim was chosen as a scholarship recipient of KT&G Scholarship Foundation, and he was granted scholarships until 2019 to enhance his artistic abilities and further. We also granted KRW 10 million to him to root for his dream as a pianist even after winning the award. Since 2021, the Foundation has been concentrating on cultivating a people of excellent talent in ballet to implement the project more efficiently. In addition to providing scholarships to selected students, we operate the “Ballet Master Class,” an educational program to foster talent more systematically, which offers professional coaching and guidance from both domestic and overseas top-tier dancers and choreographers, as well as opportunities for showcase performances. Moreover, we provide scholarships through the “Global Artist Scholarship Program” to selected students who are winners of international competitions designated by the Foundation, thereby helping them continue to grow and establish a foundation for their activities as global talents.



### Restart Scholarship Program

Since 2016, KT&G Scholarship Foundation has been operating the Restart Scholarship Program designed to provide academic assistance to adolescents with commendable lifestyles, aiding in their social reintegration during their time in juvenile detention centers or upon their departure from such facilities. In collaboration with the Korea Juvenile Protection Association, a public institution under the Ministry of Justice, the Foundation identifies recipients and offers educational expenses. This partnership aims to empower adolescents at risk in their journey towards self-reliance, enabling them to discover and realize their dream. In 2023, we supported a total of 97 adolescents in detention centers, through tuition for college freshmen, living expenses for middle and high school students, qualification examination fees, and technical training expenses.

### Connecting Hope Scholarship Program

KT&G Scholarship Foundation runs a scholarship program to provide a stable foundation for the self-reliance of “out-of-home youth.” The term “out-of-home youth” refers to at-risk adolescents who had to run away from home due to a lack of protection and support, and they often fall into welfare blind spots as they are difficult to protect within the institutional framework. In response, KT&G Scholarship Foundation collaborates with the Beautiful Foundation to provide a stable learning environment and career development for at-risk youth. In 2023, we provided educational expenses to a total of 44 scholarship recipients and supported the improvement of learning spaces within mid-to long-term youth shelters



#### Culture & Art Scholarship Program

Number of recipients



Support amount



40 persons

KRW 340 million

\* As of the end of 2023

#### Restart Scholarship Program

Number of recipients



Support amount



97 persons

KRW 50 million

#### Connecting Hope Scholarship Program

Number of recipients



Support amount



44 persons

KRW 200 million



# COMMUNITY

**Adding wings to all imagining a better world,  
we spread the value of “win-win.”**

KT&G dreams of a world where everyone's imagination leads to mutual benefits. We share space and wisdom and create social value for everyone who contributes to the sustainable development KT&G envisions, including aspiring young entrepreneurs and social innovators, diverse and creative artists and college students, and farms and SMEs hoping for greater growth together. Through various activities aimed at genuinely solving social issues, KT&G is shaping a better tomorrow.





## SANGSANG PLANET

A place where young entrepreneurs come together to create impact and change the world

SangSang Planet is a youth startup support space that opened in July 2020. KT&G has been helping the youth, who imagine a better future, start their own businesses. Our efforts began with the sponsorship of the Asia University Student Start-up Exchange in 2004, which was followed by the launching of K&G SangSang Start-up Camp in 2017, a program designed to discover and foster social innovators who address societal issues through entrepreneurial endeavors.

SangSang Planet stands as an incubating platform conceived by KT&G, providing young entrepreneurs with a stepping stone to scale-up their business, on the back of KT&G's extensive understanding and experience in fostering youth startup. Going forward, we will provide multifaceted support for youth startup, and SangSang Planet will serve as the base camp for our efforts to support their challenge.

→ SangSang Planet



### KT&G Youth Startup Support History

- 2004~2009**  
**INCUBATION**  
 In 2004, KT&G started to sponsor Asia University Student Start-up Exchange, which is the largest of its kind in Asia and the only one in Korea, with the goal to provide opportunities to young talents and encourage their dreams of opening a brighter future.
- 2010~2015**  
**GROWTH**  
 In 2010, KT&G expanded the youth start-up assistance based on social contribution platform. We provided opportunities for the underprivileged to dream their dream and aim high via SangSang Fund, raised by KT&G employees. We also launched various programs through SangSang Univ. to help employment for future generations and strengthen their skills and competency for starting up a business.
- 2016~2019**  
**EXPANSION**  
 From 2016, we started to give a deeper thought into the various sponsorships that we provided in relation to startups. In 2017, KT&G launched the KT&G SangSang Start-up Camp as part of the initiative to identify and cultivate social innovators who solve social issues through business. In 2019, we sponsored "Coffee Lab" to nurture experts in coffee industry, which is one of the main industries in Indonesia, thereby contribute to job creation.
- 2020~**  
**MATURITY**  
 In 2020, KT&G opened KT&G SangSang Planet, which is youth startup support center, for a higher leap forward. We look forward SangSang Planet taking entrepreneurs' dreams and passion to the next level by promoting ecosystem around youth start-up and serving as the groundwork for the company's youth start-up assistance programs.



### Youth Start-up Program



This is the first full-time social innovation startup launching program in Korea, designed to support young people who aim to solve social problems through business.



This is an annual social innovation startup forum where experts from various fields and people interested in innovation gather to identify key elements for achieving innovation and design the future through a conference program.

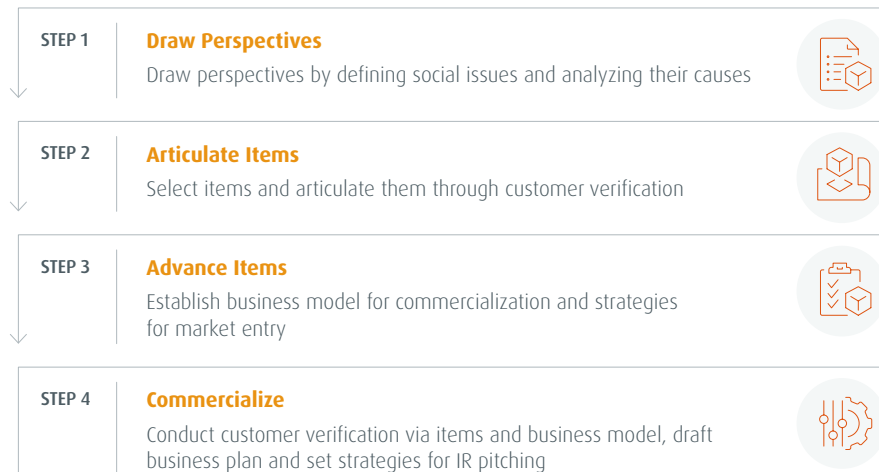
## SANGSANG PLANET

### KT&G SangSang Start-Up Camp

Launched in 2017, KT&G SangSang Start-Up Camp is an accelerating program that supports the growth and re-launch of social innovation startups. It operates the “Start” program for companies less than three years old and the “Growth & Global” program for companies aiming for growth and global expansion between three to ten years old. We select participating companies annually and support their continuous growth through tailored programs that provide practical help such as entrepreneurship coaching, expert mentoring, and pitch days. In 2023, we successfully completed the 7th class of SangSang Startup Camp and selected the 8th class, currently running in 2024. Starting from the 8th class, we have refined the program into the Start Track (early stage), Growth Track (growth), and Global Track (global expansion) to support various types of companies.

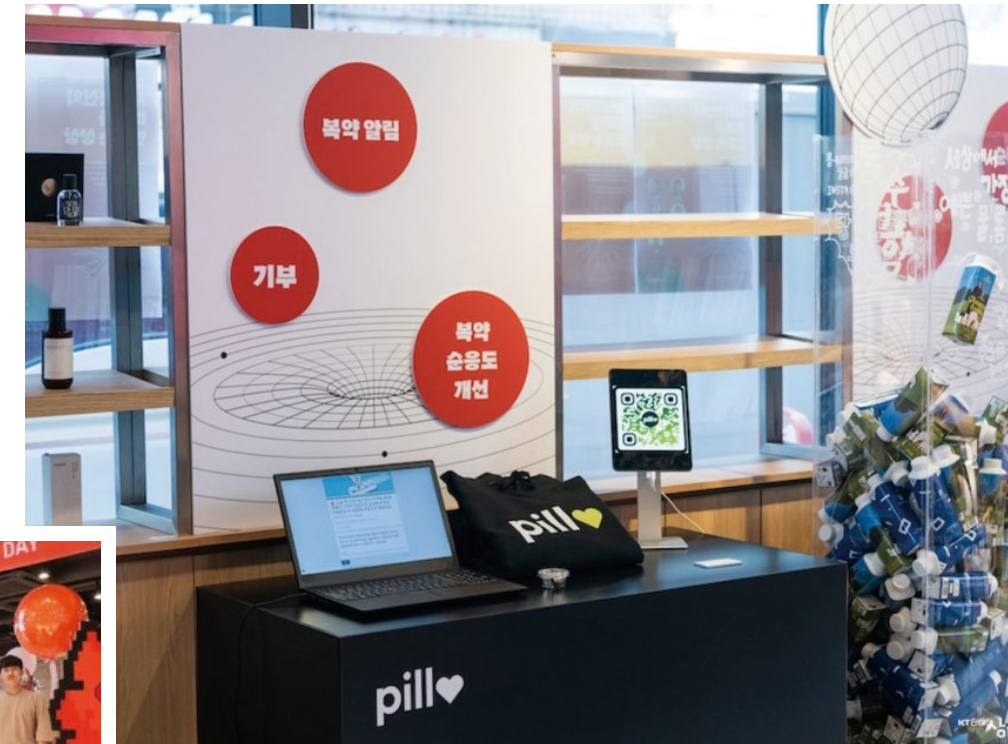
→ SangSang Start-Up Camp

### Methodology of Social Innovation Startup



### SangSang Summit

KT&G hosts SangSang Summit, an expert forum on social innovation, every year with the goal of drawing public attention and engagement to social venture ecosystem. The 6th SangSang Summit, held in 2023 under the theme “Imagining the Future of Social Innovation,” took place offline at the KT&G SangSang Planet Connect Hall, and experts from various fields, including academia, institutions, ecosystems, and entrepreneurs, participated as speakers to discuss the future landscape of social innovation and the mindset that entrepreneurs should embody. Additionally, through keynote speeches and discussions on topics related to AI, global impact trends, environment, and climate, participants shared insights and predicted changes in social innovation. Furthermore, the “Planet Awards” event was held to select and support companies with outstanding ESG activities among tenants of KT&G SangSang Planet. This initiative aims to establish a foundation for a sustainable management environment for startups, in line with the investment trend shifting towards ESG-related resources.



### Achievements of SangSang Start-up Camp

\* Based on cumulative performance from the 1st to 7th classes

Number of teams

144 teams



Number of participants

415 persons



Cumulative sales revenue

KRW 42.2 billion



### Achievements of SangSang Summit Operation in 2023

Number of offline participants

About 150 persons



Cumulative number of participants

About 2,050 persons





## SANGSANG PLANET

### Space of KT&G SangSang Planet

KT&G SangSang Planet serves as a collaborative workspace exclusively designed to nurture the development and interactions of social ventures at their early stage. Located in Seongdong-gu, Seoul, a region often referred to as the Social Venture Valley, SangSang Planet provides a conducive environment for fostering innovative growth. The facility spans across 8 above-ground floors and 1 underground floor, with a total floor area of approximately 4,000 square meters. The office space accommodates a total of 256 seats, providing a conducive environment for entrepreneurs to work. There are also meeting rooms and lounges on each floor, and various common spaces such as sleeping rooms and shower rooms are also available for user convenience. In addition to these comfortable and convenient workspaces for youth entrepreneurs, KT&G helps them exchange, communicate, and grow their dreams by running competency support programs such as education and mentoring as well as communication support programs such as busking and small groups on a regular basis.

### Growth Support (Scale-up) Program



#### Planet Campus

Planet Campus is a regular education/coaching program aimed at reinforcing working-level capabilities of Planet members. Rookie entrepreneurs are given a chance to learn finance/marketing/HR/labor/legal and others that are needed for running a business. Monthly mentor-mentee matching and 1:1 coaching are also available for them.



#### Planet Day

As a celebration of the opening day of KT&G SangSang Planet on July 15, various events are held, including a time for tenants to share their experiences in KT&G's youth startup support space and a farewell party for companies leaving that month. In addition, tenants are given the opportunity to sell their products to local residents and visitors in Seongsu-dong through the "Planet Market," a platform for product sales and customer validation.



#### Planet Pop-up

Tenants of the Planet can take advantage of the Planet Pop-up zone on the first floor to promote their products and services. KT&G supports fixed budget to applying teams who can promote themselves to customers visiting SangSang Planet and turn it into an opportunity for growth.



#### Planet Awards

This is an ESG management support program for tenants of the Planet, through which we select outstanding companies in ESG by reviewing their interest in ESG management, social impact, business performance of the previous year, and future plans, providing them with a foundation for continuous growth.

### KT&G SangSang Planet Program

KT&G supports the growth of social innovation entrepreneurs with various benefits, including office space, capacity-building programs, and networking opportunities. In particular, programs based at KT&G SangSang Planet, such as "Planet Campus," "Planet Talk," and "Connect Planet," along with young entrepreneurship programs like "KT&G SangSang Start-Up Camp" and "SangSang Summit," help discover and nurture social ventures and stimulate the social innovation ecosystem.



### Play & Network Program



#### Play Planet

Play Planet is a busking program to comfort the hearts and minds of exhausted Planet members and professionals in the neighborhood. Performances by artists of different genres on the first floor of SangSang Planet offer the local community a great opportunity to enjoy culture and art.



#### Connect Planet

Connect Planet is a networking program that enables tenants of the Planet to communicate and share information. Connect Planet gives an opportunity for individuals with common interests to form a community.



#### Planet Talk

Planet Talk is a talk concert program that enables participants to listen to the various experiences of senior entrepreneurs. Participants can share information necessary for growth based on the topics of areas needed for newly established social ventures, such as ESG, brand, HR, corporate culture, and marketing.





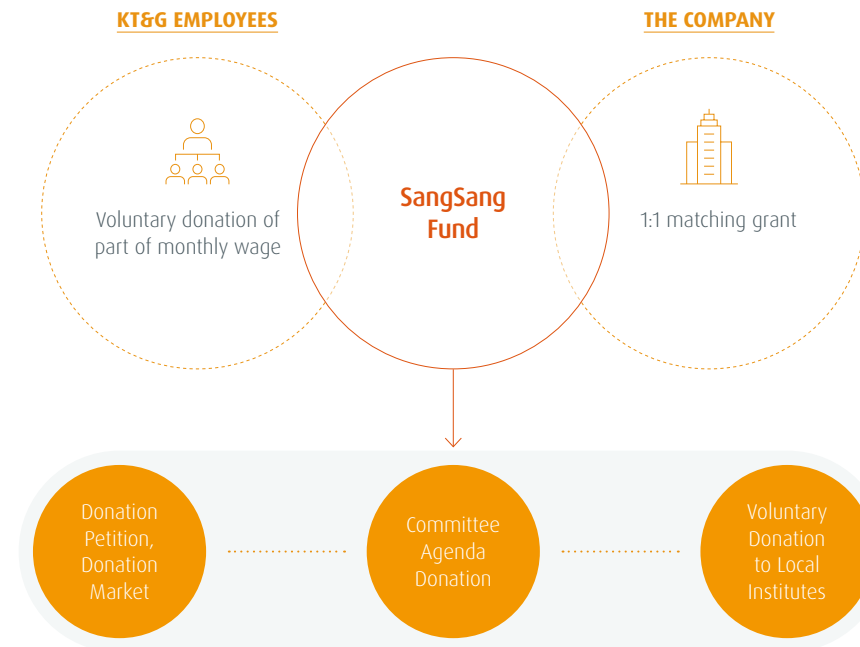
## SANGSANG FUND

### KT&G's unique donation culture made of employee's voluntary participation and reward of good deeds Donation Petition

SangSang Fund is a social contribution fund raised by the voluntary participation of KT&G employees. When employees donate part of their monthly salary, the company matches the same amount. The overall process, ranging from fund-raising to operations, discovery of donation recipients and sponsorships, is carried out through the voluntary participation of employees. Since its adoption in 2011, the SangSang Fund has formed a cumulative total of KRW 43.8 billion, including KRW 3.9 billion raised in 2023.

The raised SangSang Fund is used to support vulnerable social groups and solve social problems through donation petition and donation market programs. The SangSang Fund Management Committee, composed of 11 employee representatives, deliberates, and makes decisions on the donation agenda to ensure transparent operation. Supports for large-scale social problems such as natural disasters are determined by a committee resolution, and funds for social contribution to increase intimacy with the community are executed voluntarily by KT&G local organizations across the country, contributing to diffusing a culture of sharing.

#### Overview of SangSang Fund



#### Major 2023 Support Cases by the SangSang Fund

KT&G donated KRW 300 million each to the Korean Red Cross and the Korea Disaster Relief Association for relief efforts following the earthquake in Türkiye in February 2023 and the wildfire in Gangneung, Korea in April 2023. The donated funds were used to support housing and relief supplies for the disaster victims. Additionally, KT&G donated about KRW 300 million for drinking water supply for low-income groups and the creation of the "SangSang Forest." The funds were used for drinking water supply projects for low-income groups in Uganda and for forestation projects aimed at carbon reduction and preventing desertification in Mongolia.

#### Donation Petition

The donation petition system allows employees to uncover stories of marginalized groups in welfare blind spots and post them on the internal bulletin board. If a story gathers more than 200 supportive comments from employees, the subject of the story receives support. Introduced in 2013, thanks to the participation of many employees, we have been supporting various fields such as medical support, housing environment improvement, and education for marginalized groups who find it difficult to receive support through welfare institutions.

#### Donation Market

Donation Market is a participation-based donation program that enables employees to select a donation receiver among the candidates collected from various channels such as NAVER Happybean, KT&G Welfare Foundation, and recommendations from local organizations. Started in 2015, the Donation Market program has conducted activities to solve a wide range of social issues in various fields, such as overseas relief and improvement of environmental problems, in addition to the welfare improvement of the underprivileged.

#### Engagement by Local Organizations

KT&G operates businesses nationwide, with some 20 sales headquarters and plants leading community-based sponsorship projects. As employees who are familiar with the community find the donation receiver, practical support and customized social contribution activities can be made. In 2023, KT&G executed a total of 276 nationwide support initiatives, encompassing areas such as medical expenses, essential daily provisions, enhancement of living conditions, and year-end charitable endeavors. These efforts were directed towards the elderly, disabled individuals, and multicultural families, and were facilitated through local welfare institutions. A sum of approximately KRW 1.5 billion from the SangSang Fund was allocated for these activities.



#### Raising and Execution of SangSang Fund in 2023

SangSang Fund Operational Committee

KRW 1,670 million



Donation Market

KRW 690 million



Local Organizations

KRW 1,530 million



Donation Petition

KRW 10 million



Total

KRW 3,900 million



# SANGSANG MADANG

## Cultural milestones that we have been creating together with local community as a culture and art complex in daily life

SangSang Madang is Korea’s leading culture and art complex that is home to a wide variety of programs from performances to movies, exhibitions, experiences, culture and art and education, etc. It is where KT&G shares culture contents with the general public and supports artists’ creative activities to build a cultural ecosystem from production all the way to consumption. SangSang Madang also plays a leading role in creating a new culture by promoting and sharing new trends.

SangSang Madang

### Business Areas of SangSang Madang

	Film	Renewed and re-opened theater in 2021 as the venue to present various contents to filmmakers and audience including playing independent art films and supporting communities of filmmakers.	Support film industry
	Concert	Develop feature performances and contribute to taking concert culture to a higher level by identifying rising musicians and building music distribution platform for both the public and artists doing the creative works.	Support in finding musicians
	Exhibition	Mirror the true face of young generation by staying in tune with reality and serve as the contents market for culture and art industry. Support up-and-coming writers and peers from various fields and promote communication between writers and citizens aspiring for a new culture created from art works.	Support pure photo art
	Education	Run education programs divided into talent cultivation, culture and art and living art classes in various fields of culture and art.	Cultivate talents in culture and art
	Design	Run a multi-shop where rookie designers can articulate ideas, communicate with consumers and sell products from independent design brands.	Support distribution of independent designer works
	Start-up, Mutual prosperity with local community	SangSang Madang Busan was newly opened in 2020 and continuously realized mutual prosperity with the community using various methods such as youth entrepreneurship support projects and flea markets in connection with local small businesses, in addition to culture and arts.	Startup contest Flea market for small business owners

### Milestones of KT&G SangSang Madang

Hongdae

Opened in Sep. 2007

#### Culture and Art Complex in the City

KT&G SangSang Madang Hongdae is a culture and art complex opened in September 2007, spanning across 7 above-ground floors and 4 underground floors. It has space for design, exhibitions, academies, cinema, performances, and café in support of various artistic activities and exchanges. By supporting original and creative works of artists and offering greater opportunities for the general public to enjoy art and culture, KT&G SangSang Madang Hongdae contributes to building a new culture.

Nonsan

Opened in Jun. 2011

#### Space to Experience Culture and Art in Nature

KT&G SangSang Madang Nonsan is a suburban experience-oriented culture and art complex where adults and teenagers can experience creative education and enjoy special cultural experience in their daily lives. The site is equipped with gallery, art hall, cafe, accommodation, educational space and restaurant. The Art Camping Village is also built for the general citizen to have an opportunity to enjoy culture together with nature.

Chuncheon

Opened in Apr. 2014

#### Encounter of Art and Stay

KT&G SangSang Madang Chuncheon is a culture complex whose building has been remodeled from Gangwon Sports Centers under the concept of “art and stay.” Located in the waterfront of Euiahm Lake boasting a beautiful scenery, SangSang Madang Chuncheon consists of Art Center, which is home to performance hall, live studio, gallery, lecture rooms and café, and Stay, which has practice rooms for music and performances, guest rooms and seminar rooms, etc.

Daechi

Reopened in Apr. 2017

#### Multi-purpose Performance Hall

KT&G SangSang Madang Daechi Art Hall stages plays, concerts, musicals and various other performance genres, showcasing a wide range of representative works from the domestic performing arts scene. In addition, it is contributing to taking Korea’s performing arts to a higher level by giving full support to original and creative performances never tried before.

#### Small Art Gallery in the City

KT&G Daechi Gallery is an open gallery where people can meet culture and are easily in their daily lives. The exhibition items change every month in a space of about 59.5 m2, and KT&G support artists in various fields such as painting, photography, and installation art to meet visitors.

Busan

Opened in Sep. 2020

#### Space for Art and Social Contribution

KT&G SangSang Madang Busan, spanning across 13 above-ground floors and 5 underground floors, is the largest SangSang Madang in operation. Culture zones in SangSang Madang Busan consisting of café, design, performance hall, gallery and movie theater allow all visitors to refresh themselves and enjoy culture at the same time. Creators’ creative work, space supporting start-ups, accommodation, F&B facilities and diverse contents add excitement to visitors as well.

## SANGSANG MADANG

### Major Achievements of SnagSang Madang in 2023

#### Performance support program, expanding nationwide

KT&G SangSang Madang Hongdae is supporting the practical growth of indie musicians by implementing various music support projects. Starting with “Band Discovery” first introduced in 2007, it supports the growth of new artists in various ways, including My First Concert which has been conducted since 2015. KT&G also expands the project at a national level through SangSang Madang Busan opened in 2020. The “Indie on Spotlight”, one of representative program of SangSang Madang Busan, provides mentoring of popular musicians and performance experience to new musicians based in Busan. Musicians such as Harim, Yozoh, and Car the Garden participated as mentors, and the mentors helps the selected mentee musicians throughout the entire process, from concert planning to joint performance, so that they can experience actual growth. The SangSang Live Practice Room program provides live hall space, musical instruments and equipment in KT&G SangSang Madang Busan to musicians who need a practice space and stage experience. KT&G ensures that participants can expand their activity stage nationwide through cooperation with SangSang Madang Hongdae.

#### Exhibition support project to help emerging artists shine

The exhibition support initiatives at SangSang Madang began at the SangSang Madang Hongdae Gallery. Since its opening in 2007, KT&G SangSang Madang Hongdae has focused on supporting non-mainstream cultures, planning new visual arts exhibitions that support contemporary and non-mainstream art as well as emerging artists. Through the 14th “KT&G SKOPF” in 2023, selected photographers of the year were provided with activity grants and mentoring, including exhibition support. The “2023 SangSang Do Dream” project also supported the composition of exhibitions in the lounge space of SangSang Madang Hongdae, allowing emerging artists to express their unique ideas. Since 2021, the KT&G Daechi Gallery has been running the biannual “Daechi Artist Fellowship” exhibition support project, discovering and supporting emerging artists in photography and painting each year. Additionally, the SangSang Madang Busan Gallery, opened in 2020, is currently running the “ARTISTART” program in collaboration with local art universities to support prospective artists. Other exhibitions, such as the “Celeb Plan – Ryu Jun Yeol” and “International Special Exhibition - YOSHIGO: Holiday Memories,” are also held to allow citizens to enjoy various cultural arts.



#### Major Achievements of SnagSang Madang in 2023

\* Based on major projects of SangSang Madang

#### Performance



186 times, artists of 426 teams

#### Exhibition



67 times, artists of 812 persons

#### Design



38 times, artists of 1,396 teams

#### Education



161 classes, 1,632 persons





# SANGSANG MADANG

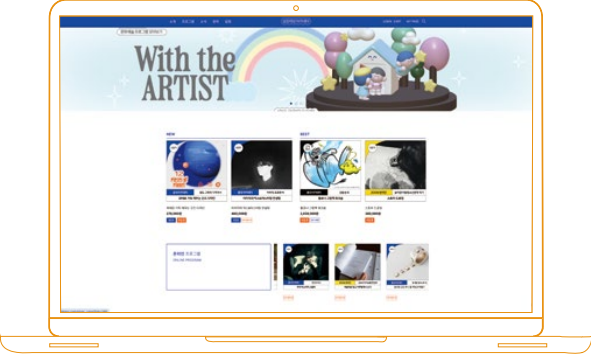
## SangSang Madang Academy – a gateway to artists from amateur to professional

KT&G SangSang Madang Academy has been launching and running various courses since its opening in 2007 with the hope that more people can and experience culture and arts with ease. To foster professionals in the field of culture and arts, we are operating concert planner workshop, design figure production process, and Bologna picture book workshop, while also running hobby courses to spread daily creative education that life becomes art. These courses give students opportunities to experience a new culture and gives new motivation for creative activities to artists. In 2023, we held special relay lectures given by the graduates of SangSang Madang Academy, where essayist Hwang Bo-reum and toy artist Ha Jong-hoon, among others, participated and made efforts to contribute to creating a virtuous cycle in the cultural and artistic community.

## Daedanhan Short Film Festival, opening possibilities for independent films

Since 2007, SangSang Madang Hongdae Cinema has been operating the “Daedanhan Short Film Festival,” a leading short film discovery program in Korea, uncovering imaginative independent films and connecting promising films with audiences. The 15th edition of the festival in 2023 received a total of 601 entries, and 25 films, selected through a jury process involving actors Gong Min-jeung, Yoo Seung-mok, and directors Lee Jong-pil and Han Joon-hee, met with 1,127 viewers. The festival awarded a total of KRW 17 million in prizes across various themes, including short competition, short invitation, and short special sections, continuously supporting the development of the short film industry.

→ Daedanhan Short Film Festival



▶ SangSang Madang Academy

## Korea Cosmetics Challenge for young entrepreneurs, SangSang Flea Market for local SMEs

The “Korea Cosmetics Challenge” is a beauty sector startup idea contest that KT&G has been running since 2021 to support youth entrepreneurship. The contest is conducted in collaboration with KT&G’s cultural contribution platform, SangSang Madang, and its subsidiary, COSMOCOS. For the winning teams, it offers comprehensive support from concept to product development, including ODM-based product development, expert mentoring, acceleration, promotional booth, and follow-up marketing efforts, ensuring that ideas are transformed into actual products. In 2023, the contest also facilitated participation in “InterCHARM Korea,” the largest beauty expo in Korea, providing opportunities to introduce award-winning products to international buyers.

“SangSang Flea Market” of SangSang Madang Busan is a flea market held together with local merchants. This flea market is held on the last Saturday of every month with the goal of mutual prosperity with local small businesses. This flea market is becoming a place for small business owners to meet consumers, and for visitors to enjoy various cultural and artistic programs such as busking and exhibitions along with shopping. SangSang Madang Busan is nurturing this flea market as a mutual prosperity brand with local small business owners and is also used as a test bed for moving into SangSang Madang Design Square.



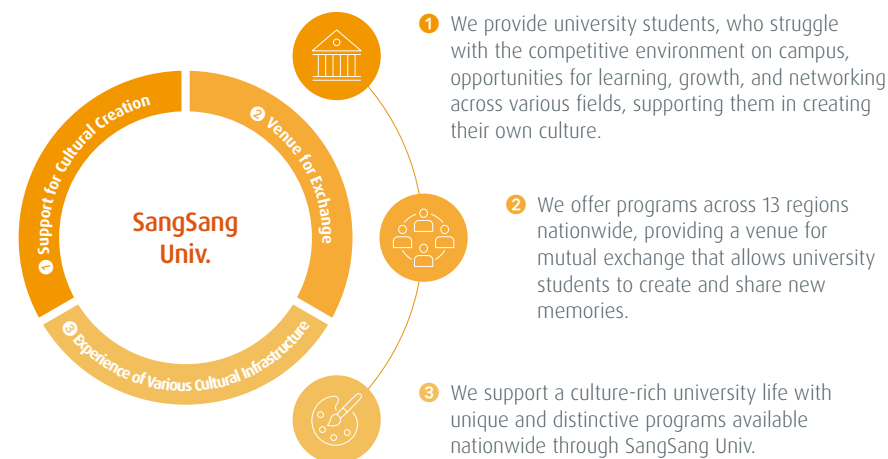


## SANGSANG UNIV.

### An incubating platform where people in their 20s can endlessly grow their imagination

SangSang Univ. is a university student incubating platform and community that represents one of KT&G's unique social contribution programs. In 2023, through SangSang Univ., KT&G provided learning, growth, and networking opportunities to approximately 100,000 university students across 13 local communities nationwide. This initiative supports students in cultivating a healthy culture on their own, amidst intense competition for employment qualifications.

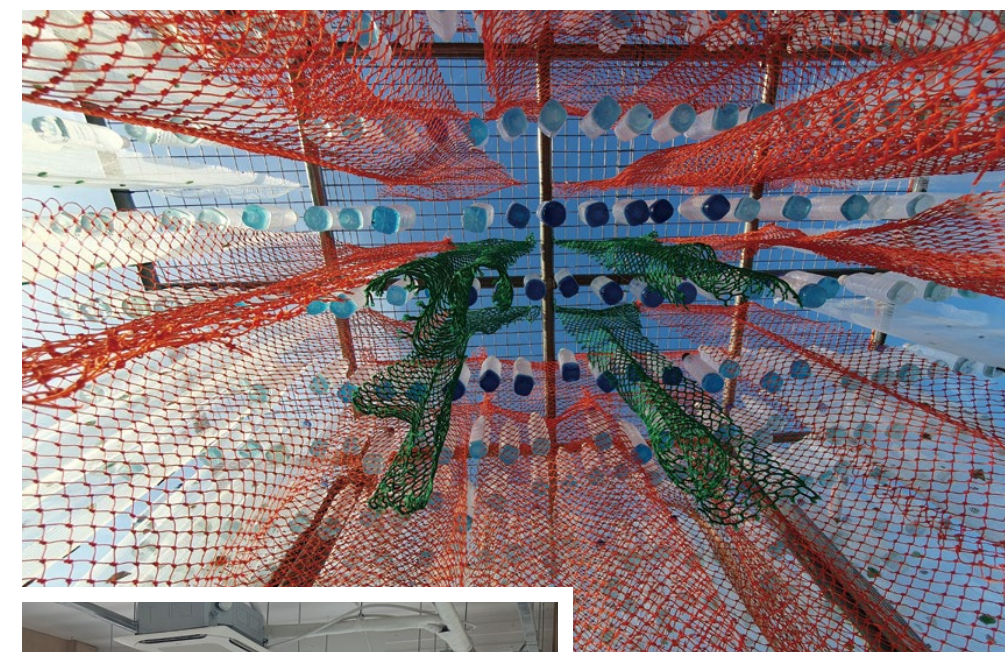
→ SangSang Univ.



### 2023 Major Achievements of SangSang Univ.

#### SangSang Blue Pavilion

Launched in 2023, SangSang Blue Pavilion is an upcycling architectural design contest for university students, who create pavilions using marine debris to raise awareness of environmental pollution and convey messages of environmental conservation. The first phase of the design contest involved 546 college students (153 teams) nationwide, with 60 persons (5 teams) finally selected through design review and presentation processes. After receiving mentoring from architectural experts for actual construction, participants joined the Pavilion Camp held from August 21 to 24 in Buksugu Square, Jeju. They completed their pavilion designs using marine debris collected from nearby coasts. Approximately 3 tons of debris, gathered over six sessions by local university students, were partially utilized in the pavilions, enhancing the project's significance. In 2024, we will expand the scope of this project to 11 regions nationwide, using local waste resources to construct pavilions that will be displayed at KT&G SangSang Madang Busan.



#### Major Achievements of SangSang Univ. in 2023

Class



Activity



Campus Attack



Local Project



SangSang Blue Pavilion



130 times (3,083 persons)

92 times (24,787 persons)

263 times (59,306 persons)

11 times (5,488 persons)

153 times (546 persons)



# SANGSANG UNIV.

## SangSang Marketing School

Since 2010, KT&G has been running the “SangSang Marketing School,” a capacity-building program providing marketing experience opportunities to university students under the motto of “cultivating young and capable marketing experts for the future.” In 2023, 800 college students from 11 regions across the country were selected for the 16th class of SangSang Marketing School. Under the theme “Imagining ESG challenges by young marketers for a sustainable world,” they attended online courses on major companies’ ESG initiatives and developed ESG marketing proposals. Subsequently, 80 outstanding students from each region participated in a “Marketing Hackathon” at the KT&G Human Resources Development Institute from June 27 to 29. They presented their marketing plans, gaining valuable practical marketing experience and creating lasting memories.

## SangSang Friends

“SangSang Friends” is a team of college student operators of SangSang Univ. participated by a total of 3,998 university students since 2010 through 2023. In 2023, 165 university students from 11 regions nationwide were selected as the 16th generation of SangSang Friends, and over approximately nine months, they planned and operated various SangSang Univ. programs aimed at local revitalization and ESG practices in their respective regions, serving as local communicators. Going forward, SangSang Friends will continue to develop and manage programs involving many regional university students, playing a leading role in fostering regional youth culture as a prominent group of university students.

## Local Project

Since 2021, SangSang Univ. has been conducting local projects to support local youth culture or solve community issues. In 2023, we held performances and festivals in collaboration with university students from 11 regions, and thus contributed to the revitalization of local youth culture and supported the recovery of local commerce and industry.

Region	Program Name	Description
Seoul	SangSang Fashion Runway	A fashion festival where university students debut as fashion designers and models, taking to the runway themselves
Busan	SangSang Shoe Festival	A shoe festival where university students become shoe designers to help rejuvenate Busan's shoe industry
Daegu	SangSang Univ. Small-Scale Design Marketing Project	A collaborative regional project where university students help revitalize Daegu's traditional markets by proposing improvements and sales strategies for small businesses
Incheon	SangSang Cheerleading Festival	A university student cheerleader development project unfolding in Incheon, the city of sports
Gyeonggi	SangSang Univ. Comedy City	A comedy festival featuring talented university students
Jeonnam	Univ.-Roadway	A musical festival where university students perform as musical actors
Chungnam	SangSang Univ. Dancing Universal	A dance festival involving university student dancers
Gyeongnam	SangSang Univ. Youth Mak&Jang	A college theater festival where students direct and perform on stage
Gangwon	SangSang Univ. Harmony Night	A choir performance festival created by local university students and soldiers
Chungbuk	SangSang Color Bomb	A local volunteer and color bomb festival themed around colors associated with Chungbuk
Jeonbuk	SangSang Short Film Production Project	A film festival where university students produce and showcase short films to an audience



Major Achievements  
of SnagSang Univ.  
in 2023

SangSang  
Jiphyeonjeon



5,950 persons

SangSang  
Marketing School



800 persons

SangSang Friends



165 persons

SangSang  
Village Festiual



508 persons



## SOCIAL RESPONSIBILITIES

### KT&G's unique culture of sharing to unveil a better tomorrow with unconventional imagination

All employees of KT&G support and participate in the corporate social responsibility initiatives that the company advocates. As members of the communities where the company operates, they contribute to various social responsibility initiatives through actions like donating to the SangSang Fund and volunteering. The company leverages the efforts and dedication of its employees as valuable resources, actively seeking ways to accompany and thrive together with the local communities.

### KT&G Social Responsibility Activities in 2023

#### Support for Kimchi making and winter supplies for the disadvantaged communities

KT&G has been continuing its tradition of year-end giving for the benefit of the needy in the local community, extending a helping hand during the cold winter. In the winter of 2023, sharing activities valued at a total of about KRW 1.9 billion were carried out. These included contributions from the employee-generated SangSang Fund, the KT&G Welfare and Scholarship Foundations, the SangSang Madang social contribution platform, and activities by group affiliates such as KGC. Through the SangSang Fund, which is supported by employee contributions, nationwide support activities such as kimchi-making events, donations of heating oil and coal, and providing food ingredients to low-income families were conducted. The KT&G Welfare Foundation offered support for heating expenses, while KGC distributed ginseng products, thereby sharing warmth with neighbors who might otherwise feel isolated.

#### Employee volunteer group "SangSang Together"

Since 2007, KT&G has been running the "SangSang Together Volunteer Group" made up of employees. This group undertakes a variety of activities, including environmental clean-up efforts near business locations, free meal services for the underprivileged, and year-end sharing initiatives. In 2023, a total of 749 employees participated in programs such as coastal clean-ups to protect the environment, plogging around business sites, and the "Briquette Run Volunteer Activity" for distributing coal briquettes to the underprivileged at year's end, bolstering KT&G's corporate social responsibility efforts.

#### Support for the underprivileged for a healthy society

In 2023, KT&G collaborated with the Ministry of Justice to conduct sponsorship activities worth KRW 150 million, aiming to help the socially vulnerable live in better conditions and settle into society stably. Over three years (2021-2023), projects such as establishing horticultural facilities for the psychological stabilization of patients and medical staff at the National Law Hospital under the Ministry of Justice were completed. Home renovation activities for about 90 housing units for protected persons and support for IT equipment for self-reliance were also provided.





## WIN-WIN GROWTH

### Soil for sustainable growth rooted in cooperation and mutual prosperity

Sustainable agriculture that cherishes people and protects the environment is the basis of increasing sustainability of KT&G and farms. We are therefore focused on exploring various ways to collaborate with farms and to achieve win-win growth so that the seeds of change can take root and bear fruit. In addition, KT&G is seeking to realize a better future by pursuing joint growth with SMEs, which are the basis of the local economy of where we operate our business.



### Activities Aimed at Win-win Growth in 2023

#### Efforts to achieve joint growth with farms

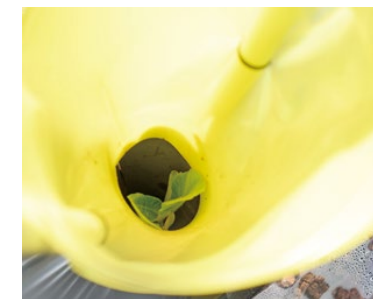
As part of ESG management, KT&G is making various efforts for joint growth with leaf tobacco farms that are raw material suppliers. Among tobacco companies running business in Korea, KT&G is the only company that purchases domestic leaf tobacco to protect the farms. In 2023, we purchased 6,240 tons of domestic tobacco leaves worth KRW 65.5 billion, and we plan to purchase approximately 7,200 tons of domestic tobacco leaves in 2024.

Tobacco farming involves raising seedlings in nurseries before transplanting them, a crucial task influencing the annual yield and characterized by labor-intensive work due to the difficulty in mechanization. However, with the decreasing rural population and aging issues, farms face challenges in securing labor. To address these issues and pass on the know-how for producing high-quality tobacco, KT&G annually dispatches employee volunteer groups during transplanting and harvesting seasons to assist with the labor shortage. This volunteer activity has continued consistently since 2009, and in 2023, consolation money of KRW 75 million was provided to tobacco farms affected by weather disasters.

Furthermore, since 2013, KT&G has been delivering welfare enhancement grants to tobacco farms annually, with about KRW 400 million provided in 2023. KT&G has conducted various activities over the long term with sincerity to continuously coexist with farms, and it plans to continue sharing activities that provide practical help to farmers, enjoying the joy of growing together.

#### Efforts to Grow Together with SMEs

According to the basic statistics on SMEs compiled by the Ministry of SMEs and Startups in 2020, the number of SMEs in Korea is 7,286,023, accounting for 99.9% of all companies, and the number of SME employees accounts for 81.3% of all employees. As SMEs are the backbone of our economy and the basis of the local economy considering this statistics, KT&G signed a business agreement for joint growth with Industrial Bank of Korea (IBK) and is providing low-interest loans to SMEs located in the Chungcheong region. KT&G deposited KRW 100 billion in IBK to contribute to facilitating local economy and creating jobs and created a fund worth KRW 200 billion based on the deposit. The fund is used to provide loans at lower interest rates than the market to corporations in five fields, including start-ups and small business owners located in Daejeon City, Sejong City, and Chungcheong Province. As of 2023, a cumulative total of 680 companies benefited from low-interest loan support, and the amount of interest reduction supported in 2023 was KRW 5.17 billion.





# PLANET

**Incorporating environmental value into corporate social responsibility, we create value for all.**

KT&G's vision extends to the global community, and beyond that lies the natural environment. In global communities where social and environmental issues urgently need resolution, we hope that our tailored social contributions become seeds of innovation, and the forests we create bear fruits to lead changes in addressing the climate crisis. To this end, we are expanding the scope of social value creation to the global stage and fulfilling our role as a global corporate citizen.





## ENVIRONMENTAL CSR ACTIVITIES

KT&G is reducing its environmental impact while raising social value, thereby developing into an ESG-leading company.

KT&G is actively looking into ways to reduce its carbon footprint in the process of use and disposal of our products. We encourage stakeholders to participate in and identify with our efforts to find measures, thus fulfilling our social responsibilities and making diverse efforts to create social value. In addition, we are carrying out various social contribution activities to protect and restore the natural environment to improve environmental issues, which have become a global task.

### Smoking Environment Improvement Program

KT&G has been carrying out the smoking environment improvement program for more than a decade to actively fulfill social responsibilities in an area that is related to its business. As a leading activity, we are building an infrastructure (smoking room, cigarette butt collection box, portable ashtray) to establish a clean street environment and make environmental improvements by eliminating illegal littering of cigarette butts. We are expanding the establishment of smoking rooms at major publicly-used facilities, including airports, train stations, and large public facilities. We have set up a cumulative 591 smoking rooms across the nation, including the 80 rooms established in 2023. To more effectively prevent illegal littering of cigarette butts in areas that are difficult to set up a smoking room, such as narrow alleyways, we supported the establishment of cigarette butt collection boxes. We commenced a pilot project in 2021, followed by the installation of a total of 3,924 cigarette butt collection boxes by the end of 2023 in major cities around the nation, including Seoul and Busan. In addition, we are producing and distributing portable ashtrays and have distributed around 220 thousand ashtrays in collaboration with local governments and environmental NGOs since 2022, through which we expect to raise consumer awareness and improve smoking habits.

### Ssudam Ssudam Campaign

KT&G runs the “Ssudam Ssudam Campaign” to build an infrastructure that helps prevent illegal littering of wastes, including cigarette butts, while raising consumer awareness. Meaning “please throw away your cigarette butts in the trash can,” the Ssudam Ssudam Campaign is an environmental campaign that has been continuously carried out since its implementation in 2020 based on the suggestions made by the SangSang Realization Committee (currently Junior Board), a corporate culture improvement organization. Since May 2021, we have been applying the Ssudam Ssudam pictogram that encourages the practice of smoking manners to all products sold in Korea (around 70 types). In addition, we set up Ssudam Ssudam Campaign posters at convenience stores (around 46,000) across the nation, and attached campaign slogans to 1,200 business fleets.



#### Smoking Environment Improvement Program

\* As of the end of 2023, and cumulative basis

Installation of smoking room

591 smoking rooms, KRW 8,020 million  
(2011~2023)

Installation of cigarette butt collection box

3,924 boxes, KRW 760 million  
(2021~2023)

Distribution of portable ashtray

222,000 ashtrays, KRW 1,550 million  
(2022~2023)





## ENVIRONMENTAL CSR ACTIVITIES

### Natural Environment Preservation Program

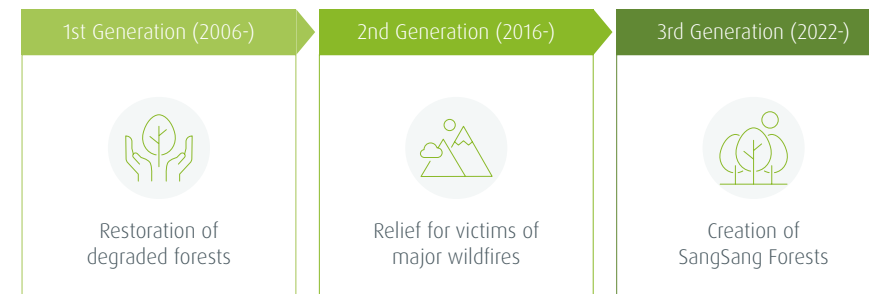
#### Forestation projects in Korea and overseas

Since 2006, KT&G has consistently engaged in forestry CSR, contributing to the improvement of forest environments in Korea and abroad. As a first step, from 2006 to 2012, volunteer activities were initiated to plant 38,000 trees in the Naksansa Temple wildfire-damaged area in Yangyang County, Gangwon-do. From 2013 onwards, 14,000 trees have been planted for ecological restoration of Bukhansan, along with the removal of harmful plants. Following the forest restoration through volunteer activities, KT&G expanded its scope to support communities affected by wildfires. In 2019, KRW 500 million was donated for the relief of victims of the Goseong/Sokcho wildfire, KRW 50 million was provided in 2021 for the restoration of wildfire damage in Türkiye, and KRW 500 million was donated in 2022 for the relief of wildfire victims in Uljin/Samcheok.

From the first generation focused on restoring damaged forests, and the second generation supporting disaster victims during major wildfires, in 2022, as part of its strategic ESG management efforts, KT&G launched the “KT&G SangSang Forest” creation project. In 2023, a KT&G SangSang Forest was established in Mongolia, one of countries where we operate our business. The forest creation costs in each country were funded through the SangSang Fund, collected through voluntary contributions from KT&G employees, and were carried out in conjunction with domestic and international employee volunteer activities, striving to fulfill the management philosophy of an “Inclusive Company.”

In 2023, approximately 5,500 nectar-bearing trees were planted over an area of about 1.8 hectares in Hwacheon-ri, Bonghwa County, Korea. This area was affected by a wildfire in 2022, leading to the establishment of Korea’s second SangSang Forest. By selecting tree species that provide food for bees, this effort not only restores the forest area but also significantly enhances biodiversity, adding deeper significance to the project.

In Mongolia, around 5,000 trees were planted in 2023 on the outskirts of Ulaanbaatar, involving about 1,000 local households, to complete the second SangSang Forest. A similarly scaled project for an additional SangSang Forest is currently underway, with completion targeted for 2024. The Mongolian SangSang Forests are designed as community-engaged urban forests to enhance tree survival rates and promote local community contribution. The initiative supports sustainable tree management in desertification-prone areas by distributing fruit trees to residents. These residents cultivate the trees as a source of income, thereby generating both environmental and social value.



#### Achievement of Forestation Project in 2023

Value of the SangSang Forest in Bonghwa-gun created in 2023<sup>1)</sup>

CO<sub>2</sub> absorption of  
**54,000** kg/year

Fine dust absorption of  
**110** kg/year



Value of the SangSang Forest in Mongolia created in 2023<sup>2)</sup>

CO<sub>2</sub> absorption<sup>3)</sup> of  
**862.2** tCO<sub>2</sub>eq/year

Desertification prevention effect of  
**5.2** ha (equivalent to the area of 7 soccer field)



<sup>1)</sup> Estimated by Tree Planet, a partner organization, based on “National Institute of Forest Science, 2012, Standardized carbon uptake of major forest tree species,” “National Institute of Forest Science, 2017, Basic data analysis of fine dust reduction capacity of forests in Hongneung Forest Science Test Forest,” etc.

<sup>2)</sup> Estimated by Green Asia, a partner organization, based on “Ministry of Environment, 2020, Research on sources of yellow dust particulate matter reduction in Northeast Asia,” etc.

<sup>3)</sup> Including soil carbon sequestration resulting from the restoration of desertified land



## ENVIRONMENTAL CSR ACTIVITIES

### Biodiversity Conservation

In 2022, KT&G signed an MOU for “Ecosystem Conservation and Biodiversity Promotion” with the National Institute of Ecology. Starting in 2023, they initiated a three-year mid-to long-term cooperation project. In line with this agreement, KT&G annually plans and executes activities with the National Institute of Ecology to protect ecosystems and restore biodiversity.

In the first year of collaboration in 2023, KT&G promoted wetland protection activities in Janggumeogi Wetland located in Yeongyang County, near the Yeongju Plant. Janggumeogi Wetland, a mountainous wetland of approximately 38,000m<sup>2</sup>, is a biologically rich habitat undergoing a detailed wetland survey by the National Institute of Ecology’s Research Center for Wetland for the proposed designation as a protected wetland area. However, due to soil influx and scouring caused by surrounding roads, the habitat has been damaged, reducing biodiversity. KT&G and the National Institute of Ecology completed the restoration work and will continue research on the species inhabiting the area.

Furthermore, in 2024, the second year of the project, a restoration initiative for the black stork—designated as Natural Monument No. 200 and a Class I endangered species—will be undertaken. This effort will be part of ongoing collaborative activities aimed at protecting endangered plants and animals and conserving their habitats, thereby fostering more diverse and secure biodiversity.

### Marine Ecosystem Protection

To address the issue of marine pollution caused by marine debris, KT&G has been collaborating with the Korea Marine Environment Management Corporation since 2021 to carry out a marine ecosystem protection project. In the first year of the project in 2021, activities were conducted including underwater trash clean-up by professional divers and coastal clean-up by employee volunteers. In 2022, the scope was expanded to the “Adopt-A-Beach” program organized by the Korea Marine Environment Management Corporation, a project where companies adopt beaches in need of environmental protection and care for them through clean-up activities, similar to caring for pets. The scope of program increased from four beaches in 2022 to six in 2023, making them clean and beautiful through trash collection and landscape improvement activities.

In 2023, a total of 916 people participated in the marine environmental protection project, including employees and civic groups. During the nationwide beach cleaning activities, about 17.3 tons of waste were collected, and during the nationwide underwater cleaning activities involving professional divers, about 3.3 tons of underwater waste were collected, contributing to marine ecosystem protection. Additionally, to raise public awareness about marine environmental destruction, a junk art exhibition made from trash was organized in 2022 and continued in 2023. The junk art exhibitions held at SangSang Madang Hongdae and Daechi Gallery in 2023 attracted about 1,536 visitors, raising awareness about marine ecosystem destruction and reemphasizing the importance of environmental protection.

### Water Purification Support Project in Africa

KT&G supports gravity-fed water purification systems in tobacco leaf importing countries that need assistance. Following the provision of water purifiers to Tanzania in 2022, a project is underway to supply 400 water purification units worth about KRW 100 million to Uganda, aiming for completion in the first half of 2024. This support is expected to provide approximately 40 million liters<sup>1)</sup> of clean drinking water annually to local residents, helping to address water scarcity and waterborne diseases in the region. Moreover, by distributing gravity-fed filters that do not require burning fossil fuels or wood, an annual reduction of about 3,500 tCO<sub>2</sub>eq<sup>1)</sup> in greenhouse gases is anticipated.

<sup>1)</sup> This calculation is based on the Gold Standard’s “EMISSION REDUCTIONS FROM SAFE DRINKING WATER SUPPLY” methodology estimated by the collaborating organization, Water and Life.



#### 2023 Outcomes of the Agreement to Ecosystem Conservation and Biodiversity Promotion

- Target Area: Janggu catfish wetland nearby the KT&G Yeongju Plant
- Restoration Area: Approximately 38,000 m<sup>2</sup>
- Major Species Identified
  - Endangered Wildlife Class II: 1 bird species (goshawk), 3 mammal species (yellow-throated marten, leopard cat, siberian flying squirrel)
  - National Red List Near Threatened (NT): 1 inset species (migrant hawk)
  - National Red List Least Concern (LC): 3 plant species (trigonotis icumae vine, etc.), 7 insect species (agelastica coerulea Baly, etc.)

#### 2023 Performance of the “Adopt-A-Beach” Program

Collected waste



Approximately **21** tons

Volunteers



**916** persons

Junk art exhibition visitors



**1,536** persons



## GLOBAL CSR ACTIVITIES

### We fulfill responsibilities as a global corporate citizen to become a truly global top-tier player.

As KT&G's global expansion gains speed, its roles and responsibilities toward local communities around the world are also growing. KT&G is fulfilling social responsibilities as a global corporate citizen by carrying out social contribution activities in diverse countries, including countries where its businesses have a presence. We provide emergency disaster relief overseas and conduct country-tailored social contribution activities, in addition to Korean language education, Korean culture dissemination activities, and job support activities. We are providing help that is needed around the world in accordance with our unique social contribution value system.

#### Global CSR Activities Framework

As a global corporate citizen, KT&G is committed to social contributions that integrate people, society, and the environment. Overseas CSR efforts follow the same management philosophy (Inclusive Company) and value system (People-Community-Planet) as in Korea. Before selecting the most appropriate collaborative activities, an analysis of the diverse issues and current situations faced by each developing country needing economic support is conducted. Typically, CSR activities prioritize four areas – language, culture, employment, and environment.

#### Country-Tailored CSR Activities

KT&G implements tailored CSR activities globally to address social and environmental issues faced by local communities. In 2023, particularly after a major earthquake in Türkiye, where a KT&G manufacturing plant is located, we donated tents and relief supplies worth about KRW 300 million to help set up temporary shelters and provide emergency supplies for affected local residents. Additionally, with a target completion in the first half of 2024, KT&G has initiated a project to provide water purification devices to Uganda, where there is a critical need for clean drinking water. In Mongolia, facing severe environmental challenges due to desertification, KT&G has been working since 2022 through the Agroforestry Training Center in Mongolia, established by the KT&G Welfare Foundation. Together, we have developed urban forests under the KT&G SangSang Forest initiative, completing a second forest comprising 5,000 trees in 2023.

KT&G is also dedicated to improving educational conditions in global communities. In Kazakhstan, where KT&G has recently expanded its operations, the company opened a Korean language school in June 2023. This school provides Korean language education to both local residents and Korean descendants and organizes a variety of activities to foster Korean cultural exchange, such as Korean speech contests and writing competitions. Additionally, KT&G is enhancing school facilities in Vietnam and Indonesia, and implementing scholarship programs for local university students in Indonesia, Türkiye, and Kazakhstan.



Selecting countries and reviewing regulations on CSR activities within those countries (legal consultation)



Identifying and monitoring social issues by country, and developing activity plans



Value System

Value Step

Activity Areas

Step 1

Step 2

Step 3

Step 4

**PEOPLE**

**COMMUNITY**

**PLANET**

Entry

Expansion

Value Creation

Value Expansion

**Language**  
(Korean Language education)

**Culture**  
(University student culture education)

**Social Issues**  
(Job creation)

**Environment** (Plogging and environmental volunteering)

## GLOBAL CSR ACTIVITIES



Global scholarship program in Kazakhstan



Delivery of COVID-19 test kits to Russia



Creation of the SangSang Forest in Mongolia



Improvement of the educational environment in Vietnam



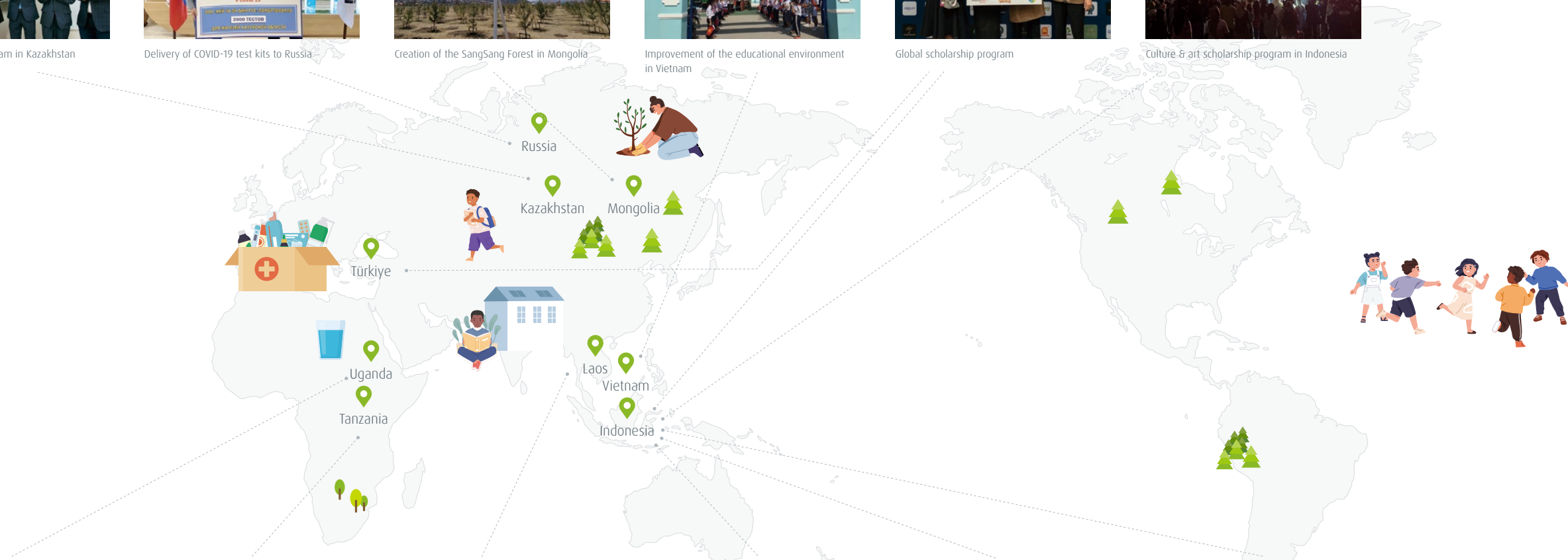
Global scholarship program



Culture &amp; art scholarship program in Indonesia

14 countries, KRW 25.4 billion

\* As of the end of 2023, and cumulative basis



Water purification device support project in Uganda



Water purification device support project in Tanzania



Construction of elementary school in Laos



Improvement of the educational environment in Indonesia



Environmental CSR in Indonesia



Vocational training center in Indonesia



CASE

## KT&G CSR IN INDONESIA

### CSR Activities in Indonesia

Indonesia is one of key overseas markets of KT&G, and we have been engaging in various social contribution activities with the mindset of being a member of the Indonesian community.

Leading examples include the SangSang Univ. which has been operated centered around Jakarta, aimed at enhancing the cultural knowledge and personal growth of university students. It offers local students diverse experiences and opportunities in cultural arts, hobbies, and career development, which are typically not available in their major courses. In 2023, various events were held to commemorate the 50th anniversary of diplomatic relations between Korea and Indonesia. These included “SangSang Festa,” a university student festival featuring presentations by students and performances by celebrities, “SangSang Startup School,” which educates and supports university students pursuing entrepreneurial dreams, and “Ssudam Ssudam Green Run,” an event where Indonesians and Koreans together run through the city to collect trash. In 2023 alone, these activities drew about 40,000 participants to the SangSang Univ. programs.

We are also conducting various CSR activities outside of Jakarta. In Surabaya, a Korean language institute operates Korean language classes for university students and locals, with over 1,700 participants completing the course so far. In Malang, a vocational training center has been established to provide sewing and computer job training, supporting the economic independence of the local vulnerable populations. KT&G plans to continue its vigorous CSR activities in Indonesia as a global corporate citizen.

## CSR Project Areas and Major Social Contribution Projects in Indonesia

### Project Areas



#### PEOPLE

Spread human-driven social values



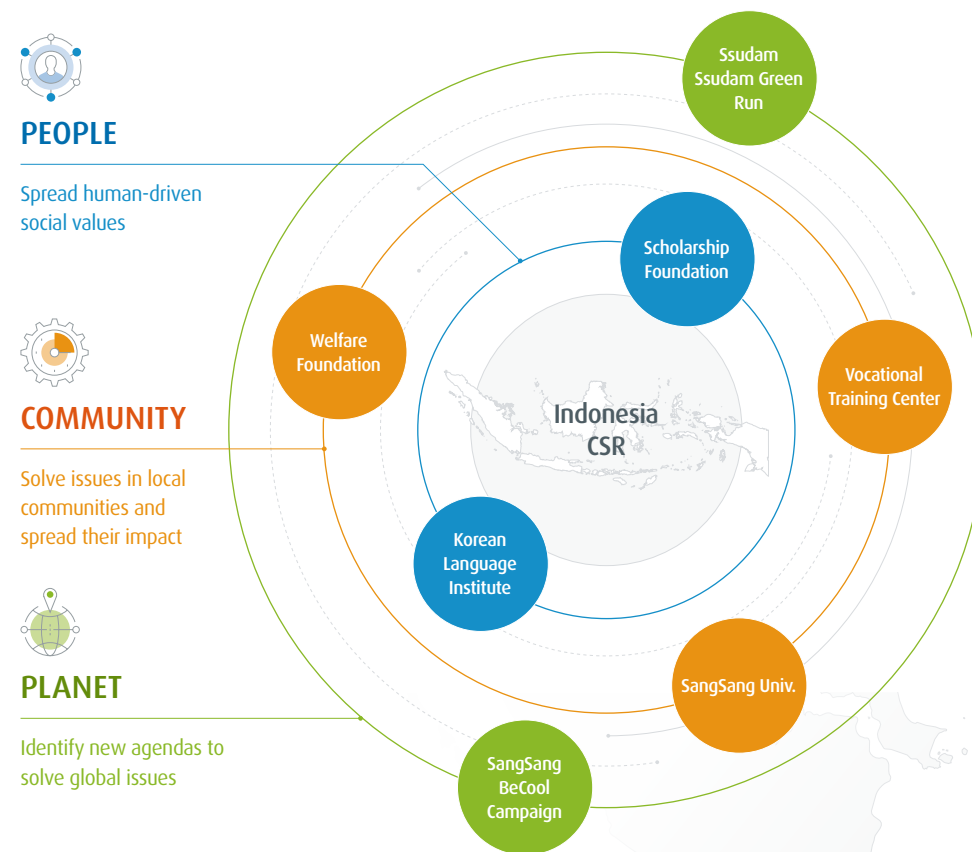
#### COMMUNITY

Solve issues in local communities and spread their impact



#### PLANET

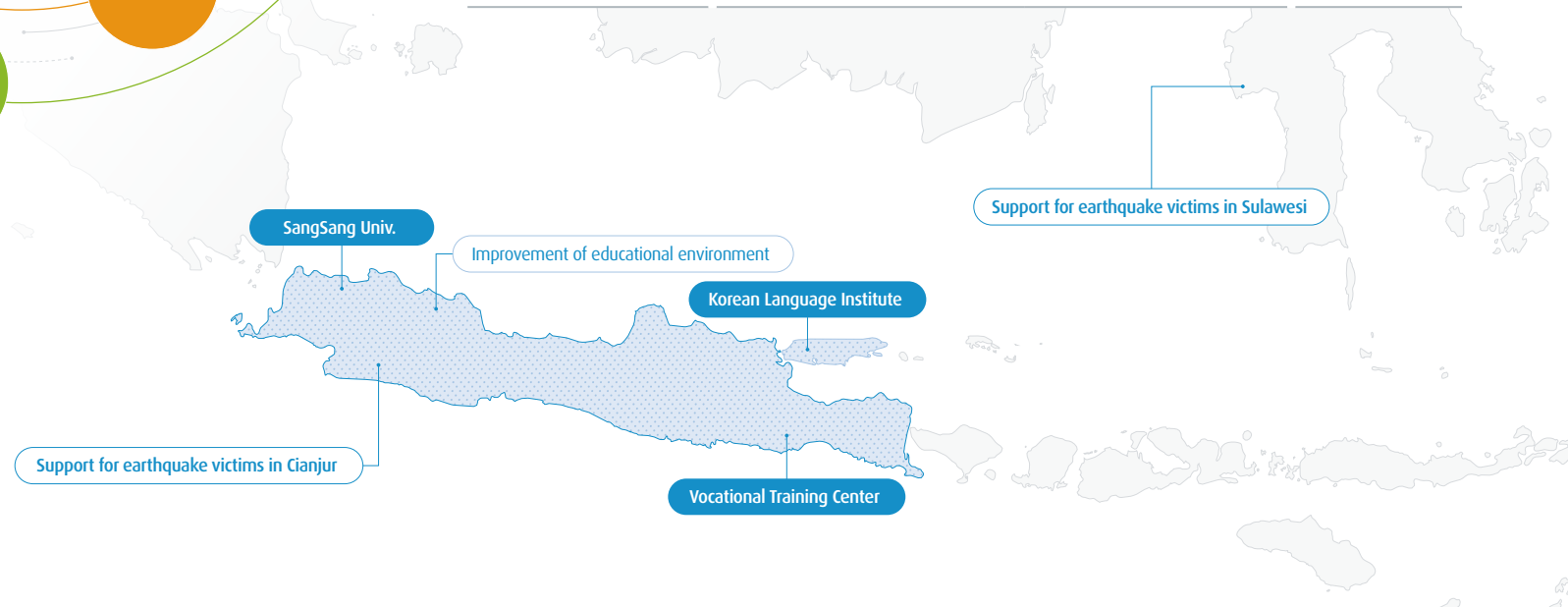
Identify new agendas to solve global issues



Scholarship for outstanding students
Dispatch of university student volunteer groups
Living environment improvement projects
Support for university student entrepreneurs
COVID-19 emergency support

### Major Social Contribution Projects

Platform	Main Projects		Main Beneficiaries
<b>Korean Language Institute</b>	Korean language education (basic, intermediate, advanced) <i>Hanbok</i> self-photography studio	Cultural festival (SSUBSUB Festival)	Local communities
<b>Scholarship Foundation</b>	Scholarship for outstanding students selected	Scholarship for outstanding teams in the startup competition	Youth/Adolescents University students
<b>SangSang Univ.</b>	Online/offline classes (in collaboration with local universities) SangSang Festa	SangSang Startup School Volunteer activities (orphanage visits, cooling paint, etc.)	Youth/University students
<b>KT&amp;G SangSang Univ.</b>	Ssudam Ssudam Green Run (plogging) SangSang BeCool Campaign (cooling paint)	Planting mangrove on the coast Alleyway clean-up	Vulnerable social group Local communities
<b>Vocational Training Center</b>	Sewing skill training Computer skill training	Giving-back-to-community activities	Vulnerable social group
<b>Welfare Foundation</b>	Improvement of educational environment	Dispatch of university student volunteer groups	Vulnerable social group



## LANGUAGE

## KT&amp;G Korean Language Institute

The KT&G Korean Language Institute offers Korean language education and Korean cultural experience opportunities to the community members in Surabaya, having started in Jakarta. When KT&G first entered Indonesia, there was a rapid increase in interest in Korea locally. Therefore, as a Korea-based company, KT&G established the first Korean Language Institute by a Korean company in 2014 to meet the local demand for Korean language and culture, and it has been actively operated for over ten years.



## CONTENTS

**1** — Korean language education (basic, intermediate, advanced)

Year-round operation through regular/special semesters (10 courses, 35 lectures/year)  
Free of charge except for activity costs such as textbooks and refreshments

**2** — Hanbok self-photography studio

A permanent program at the Korean Language Institute offering free Hanbok rental and self-photography

**3** — Cultural festival

Korean cultural experience event “SSUBSUB Festival” for local residents, cultural lectures, club activities, etc.



Establishment

Mar. 2014



Collaborating Institution

bbb Korea



Location

No.48A Lantai 5,  
Keputran, Kec.  
Tegalsari, Surabaya



Number of Graduates

2,504 persons<sup>1)</sup>

<sup>1)</sup> Cumulative as of 2023,  
excluding cultural event participants





## CULTURE



## SangSang Univ.

SangSang Univ. is KT&G's distinctive CSR platform providing free classes in culture, arts, and entrepreneurial skills to university students who are future leaders of Indonesia—a country with a significant youth demographic. Launched in 2017, it aims to fill the gap in educational opportunities beyond major subjects and to enrich students' lives with experiences that cultivate memories and aspirations. The program includes both offline and online classes in collaboration with local universities through "Univ. Zone." Additionally, "SangSang Festa" supports graduates' self-actualization, "SangSang Startup School" aids students with entrepreneurial aspirations, and various service projects planned by student leaders regularly enhance the lives of young people and the community.

## CONTENTS

- 1 — Online/offline classes (Culture & arts, language, K-Culture, career management, etc.)**  
Univ. Zone (3 locations): UNJ (Universitas Negeri Jakarta), BINUS (Bina Nusantara University), UNTAR (Universitas Tarumanagara)  
Class: Continuously offering various courses such as English conversation, novel writing, digital marketing, pound fit, barista training, K-drama and culture, in line with trends and needs
- 2 — SangSang Festa**  
A representative annual program of SangSang Univ., consisting of presentations of graduates' achievements, booth installations, and performances by famous singers
- 3 — SangSang Startup School**  
Support for Indonesian university students' startup idea competitions, expert training, final presentations, and awards for outstanding teams
- 4 — Volunteer activities led by university students (orphanage visits, alleyway clean-up, etc.)**  
Orphanage visits: Providing supplementary lessons to children through regular visits to orphanages  
Alleyway clean-up: Conducting alleyway cleaning and vacant lot planting activities with local residents



Establishment



Jan. 2017

Collaborating Institution



PT. EPIN

Partner Universities for Univ. Zone Operation

State University of Jakarta,  
Bina Nusantara University,  
Tarumanagara University

Number of Participants

89,668 persons<sup>1)</sup><sup>1)</sup> Cumulative as of 2023,  
excluding Festa and other activity participants



**SOCIAL ISSUES**

## Vocational Training Center

The KT&G Vocational Training Center actively supports the economic independence of the vulnerable through sewing and computer skills training. In response to massive unemployment caused by COVID-19 in 2020, KT&G prioritized long-term sustainability over temporary aid and established a job training center in Malang in 2021, focusing on middle-aged and female residents to enhance economic activities and independence. In 2023, the center expanded its programs to include computer skills education for teenagers and young adults. Additionally, the practical outcomes of the trainees and their contributions of talent are fostering a virtuous cycle within the community.

**CONTENTS****1 — Sewing skill training and volunteering**

Providing basic/intermediate level sewing training that can be immediately applied in practice, and distributing the produced items (school uniforms/uniforms) from the practical sessions to the underprivileged in the community

**2 — Completion Event (Malang Festival)**

Holding a fashion show featuring outfits made by the students and a local festival as part of the graduation ceremony

**3 — Computer skill training**

Operating courses in collaboration with IT professors and teaching assistants from Brawijaya University, a public university in Indonesia (newly launched in 2023)



Establishment

Dec. 2020



Collaborating Institution

FRIENDS



Location

Jl. Lematang 14A,  
Malang

Number of Graduates

449 persons<sup>1)</sup><sup>1)</sup> Cumulative as of 2023,  
excluding cultural event participants



ENVIRONMENT



## Environmental CSR

KT&G is committed to improving Indonesia's environmental issues and protecting the natural environment. The severity of Indonesia's increasing waste management problem has become a national issue. Accordingly, KT&G hosts "Ssudam Ssudam Green Run," a plogging event where university students and citizens run through downtown Jakarta to pick up trash. Furthermore, Indonesia is experiencing prolonged dry seasons and heatwaves due to recent environmental changes, leading to excessive use of air conditioning and a consequent surge in greenhouse gas emissions. In response, KT&G has launched the "SangSang BeCool Campaign," which involves applying heat-reflective paint to building roofs to help lower indoor temperatures for vulnerable populations. Additionally, the company is intensifying its efforts to create a sustainable environment through various volunteer and philanthropic activities, including planting mangrove trees.



### CONTENTS

1 — Ssudam Ssudam Green Run

2 — SangSang BeCool Campaign

3 — Others

Planting mangrove on the coast, contributing to carbon reduction and flood prevention





WELFARE FOUNDATION



KT&G Welfare Foundation

KT&G Welfare Foundation explores ways for the corporation and society to collectively share happiness through progressive welfare activities, providing cultural and economic support to underserved individuals and communities. In Indonesia, the foundation enhances the educational environments of suburban schools with inadequate facilities. Furthermore, it boosts local students' development by conducting environmental improvement projects and regularly deploying student volunteer groups to provide both material and emotional support, fostering an improved educational environment for the next generation to realize their potential.

CONTENTS

- 1 — **Educational Environment Improvement Project (Elementary School Expansion)**  
Construction of a new three-story building with 12 classrooms at Bogor Ananda Elementary and Middle School to address the shortage of classrooms and program rooms
- 2 — **Dispatch of SangSang Univ. Student Volunteer Group**  
Volunteer activities (painting the interior and exterior of buildings and creating murals) and educational volunteering (one-day classes), as well as sports events and cultural tours with local students



1



2

SCHOLARSHIP FOUNDATION



KT&G Scholarship Foundation

KT&G Scholarship Foundation implements scholarship programs in various fields to turn everyone's dream of learning into reality. It awards scholarships to academically outstanding students who are economically disadvantaged, including both local university students in Indonesia and international students residing in Korea. The foundation also identifies and nurtures university students with entrepreneurial aspirations, actively supporting their efforts to realize their dreams and become future leaders. The Foundation remains committed to continuously expanding educational opportunities to all students.

CONTENTS

- 1 — **SangSang Scholarship (in collaboration with local universities and institutions, scholarship support)**  
In collaboration with the Indonesian Ministry of Industry, we signed an MOU with the Polytechnic Community Academy and selected scholarship recipients.  
Providing scholarships to academically outstanding students and those from economically disadvantaged backgrounds
- 1 — **Support for prospective university entrepreneurs**  
Selecting outstanding teams through a startup competition and providing scholarships (in conjunction with the SangSang Univ. program)



1



2



# APPENDIX

## Financial Status of Social Contribution

(Unit: KRW 100 million)			
Category	2021	2022	2023
KT&G Welfare Foundation	149.6	146.1	148.1
KT&G Scholarship Foundation	44.7	46.3	49.7
SangSang Planet	16.7	12.9	11.6
SangSang Fund	40.7	39.7	38.9
SangSang Madang	175.6	201.8	239.2
SangSang Univ.	42.5	47.5	46.5
Support for win-win growth, etc.	30.2	71.2	102.2
Sponsorship projects such as global CSR	21.6	22.5	14.0
Smoking environment improvement, environmental CSR, and other social responsibilities	18.5	32.1	28.4

## KT&G Social Contribution Network

KT&G	www.ktng.com	T.080-931-0399
KT& KT&G Welfare Foundation	www.ktngwelfare.org	T.02-563-4459
KT&G Scholarship Foundation	scholarship.ktngtogether.com	T.070-4124-6451
KT&G SangSang Planet	www.sangsangplanet.com	T.070-7439-9436
KT&G SangSang Madang	www.sangsangmadang.com	T.02-3404-4589
KT&G SangSang Univ.	www.sangsanguniv.com	T.02-3404-4346

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