



Shared Value in Corporate Reporting

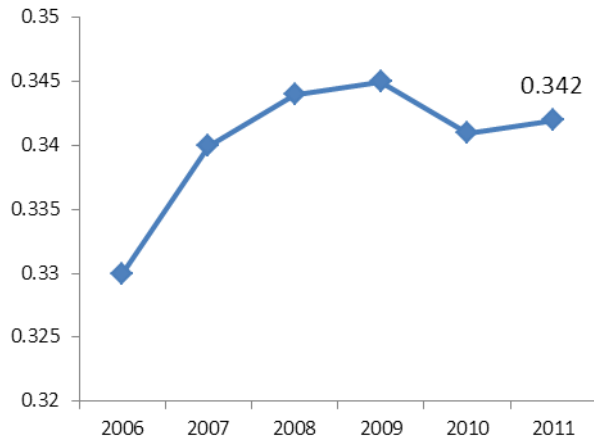
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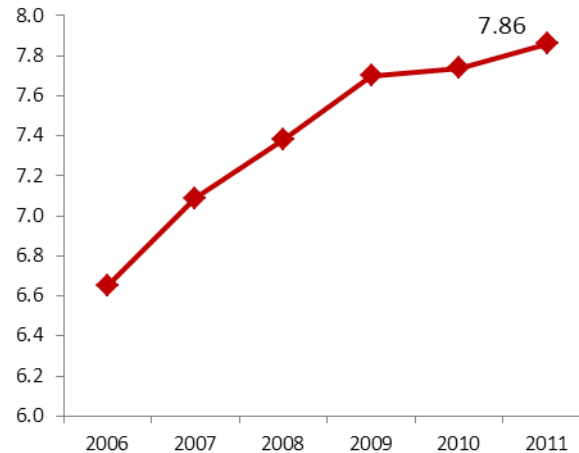
Innovation.
Integration.
Information.

Social Cohesion

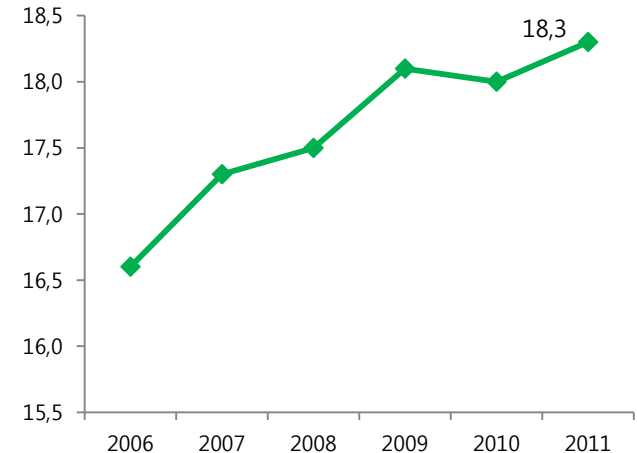
The Gini coefficient



5 quintile ratio



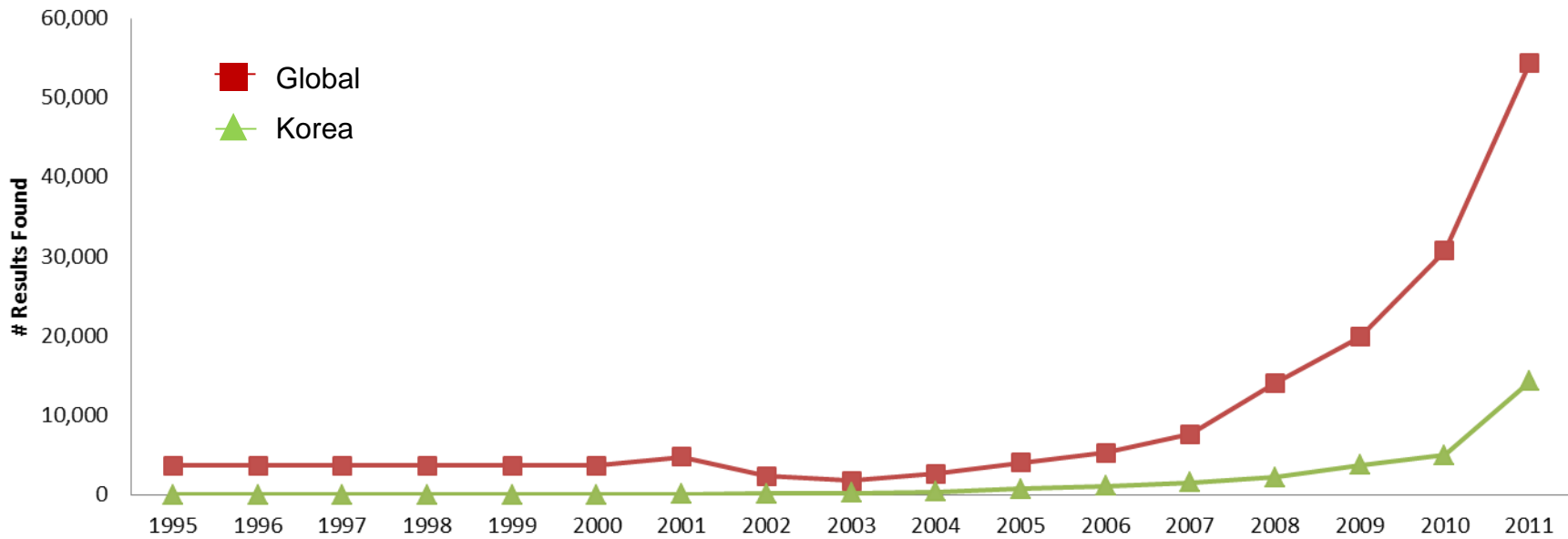
Relative poverty



(Source : Various - Korea Productivity Center, Bank of Korea)

- ✓ **The gap between rich and poor is soaring and it emerges as the top agenda for corporations and government**

Institutional Pressure



(Source : Korea Productivity Center)

- ✓ **Drastic increase and results reflected social interest on corporate social philanthropy and charity.**

Regulatory Changes

Framework Act on Low Carbon, Green Growth



Monopoly Regulation and Fair Trade Act

Act on the Promotion of Collaborative Cooperation between LE and SMEs

Financial Investment Services and Capital Markets Act



✓ Expansion of environmental disclosure of companies



✓ Maximum 5% penalty on internal trades of companies restricted mutual investment

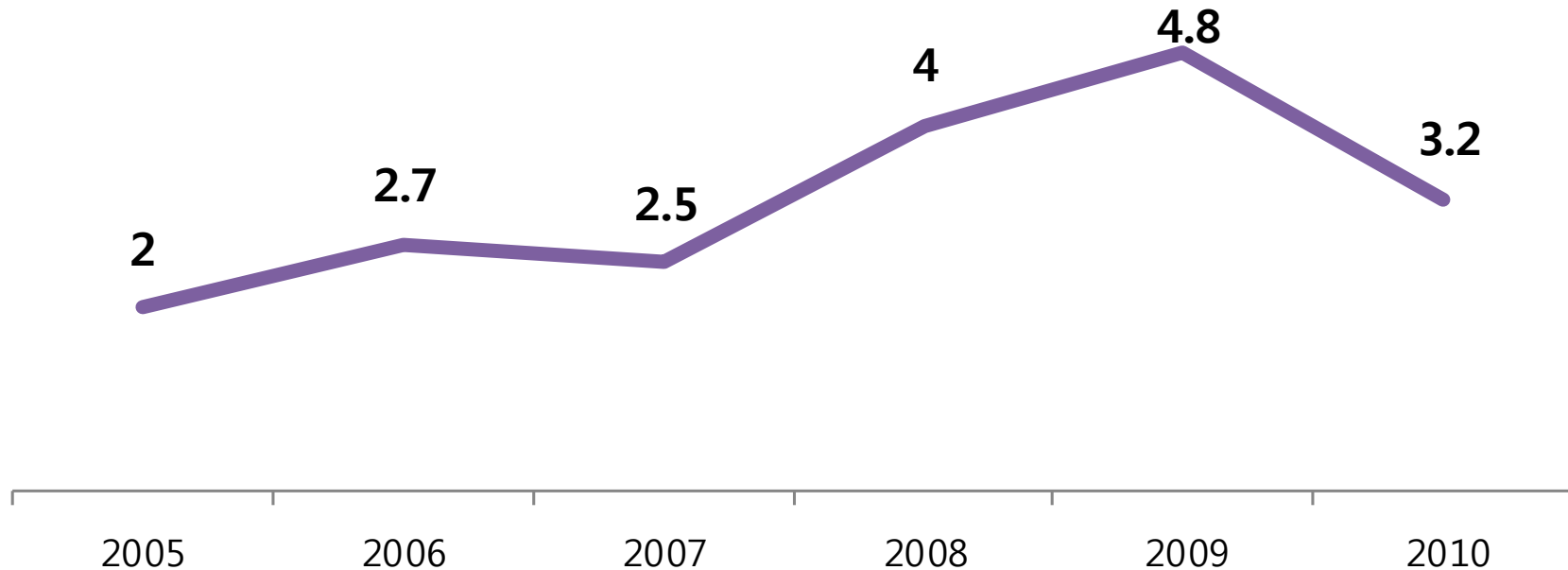


✓ Restriction on production of goods & services by large companies, to protect SMEs



✓ Disclosure of remuneration of CEO and Board of Directors (individual level)

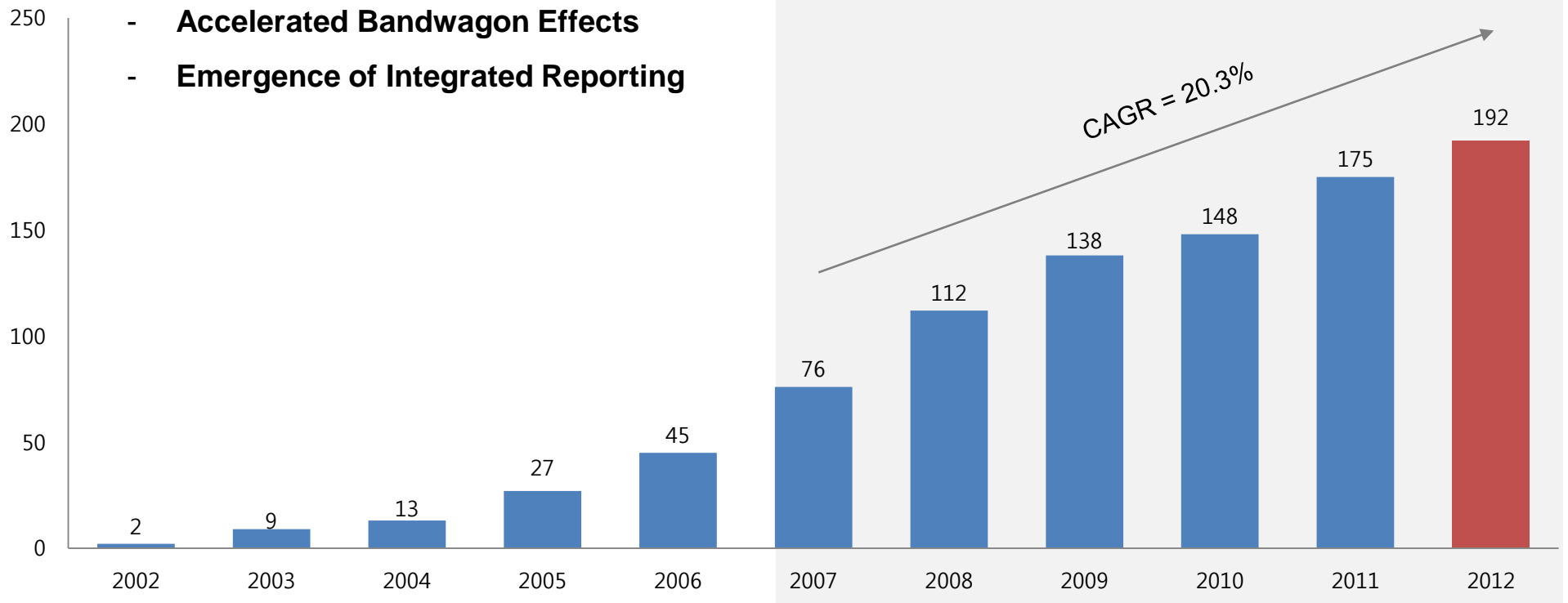
Corporate Philanthropy Expenses (%)



(Source : FKI, 2012)

- ✓ **Growing trend on average social philanthropy costs compared to business profits with regard to long-term performance.**

Corporate Philanthropy Expenditures



(Source : Korea Productivity Center, GRI)

Snapshot of Corporate Philanthropy

- Average spending – 64 billion KRW (USD 63 million)
- Lower-revenue, higher expenses

Average time per year

11.8 hours



Weekday vs. Weekend

78 % (weekend)

CEO 'interest'

78 %



Active CEO participation

33 %

Employee participation rate

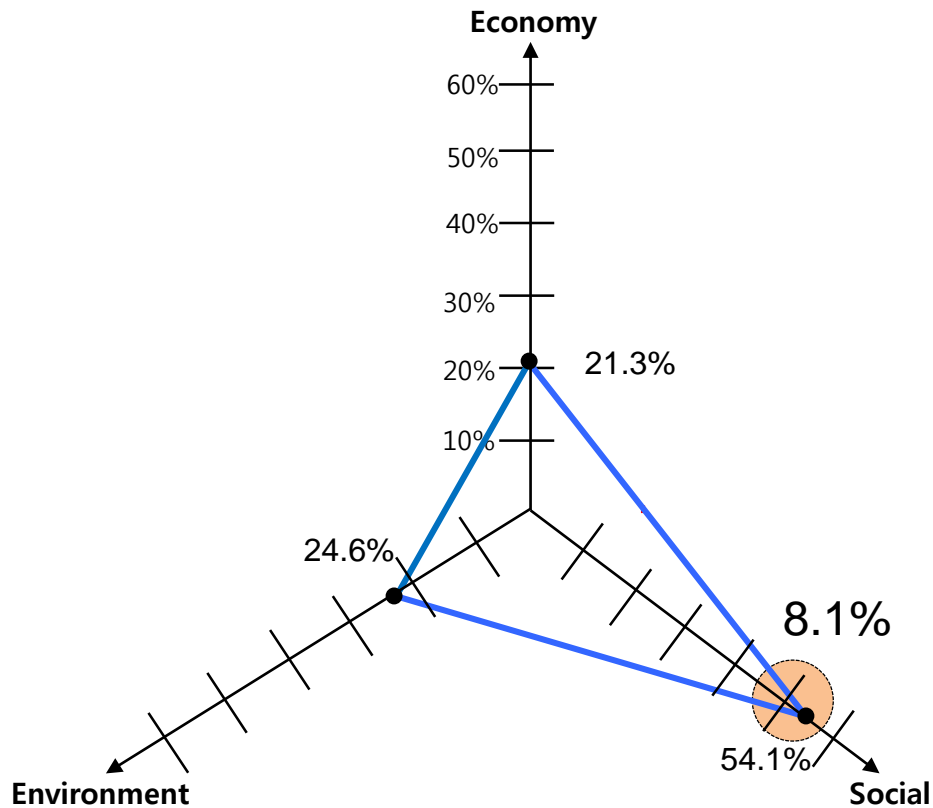
85 %



Person in charge

2.5 persons

Volume of Social Dimension in Reporting



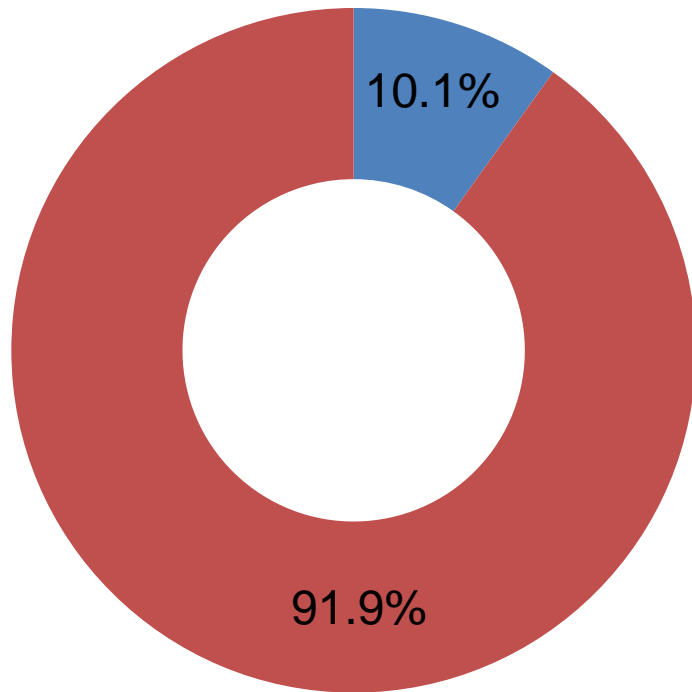
Social Dimension

54.1%

Corporate Philanthropy

8.1%

Materiality Issues related to Philanthropy




Average materiality issues

20.5 EA

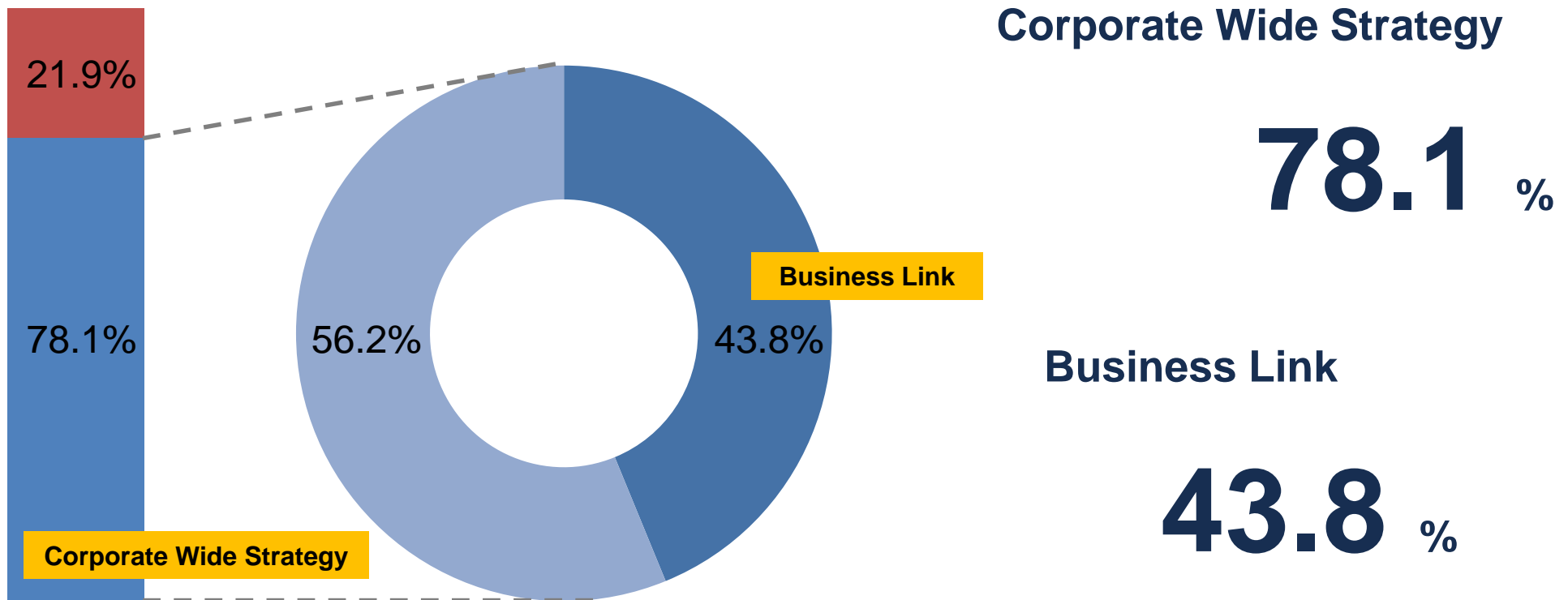
Corporate philanthropy related

2.1 EA

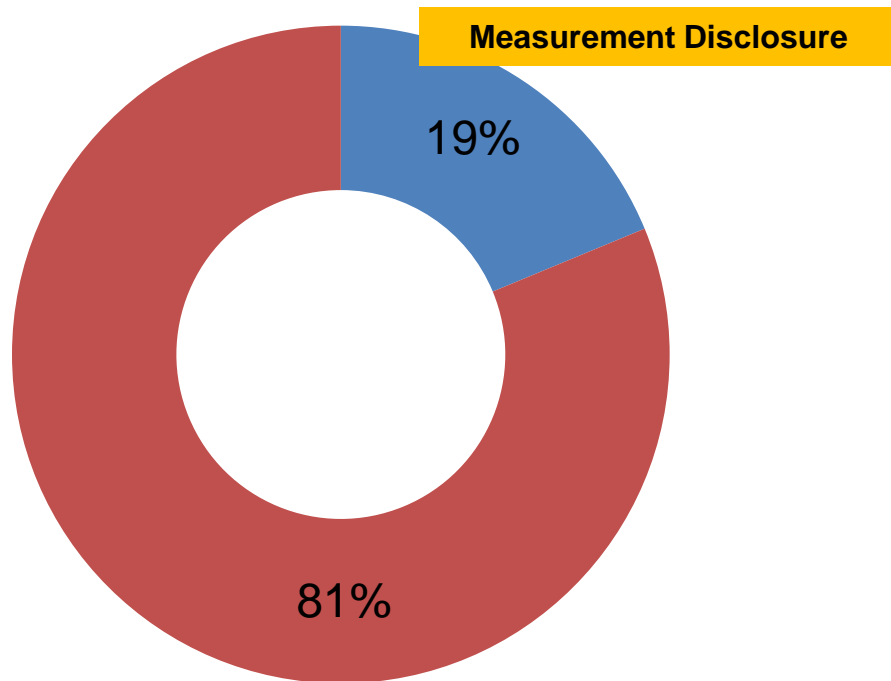
 Social philanthropy related issues

 Economic, Environmental, Social

Corporate Philanthropy & Business Strategy



Corporate Philanthropy & Business Strategy



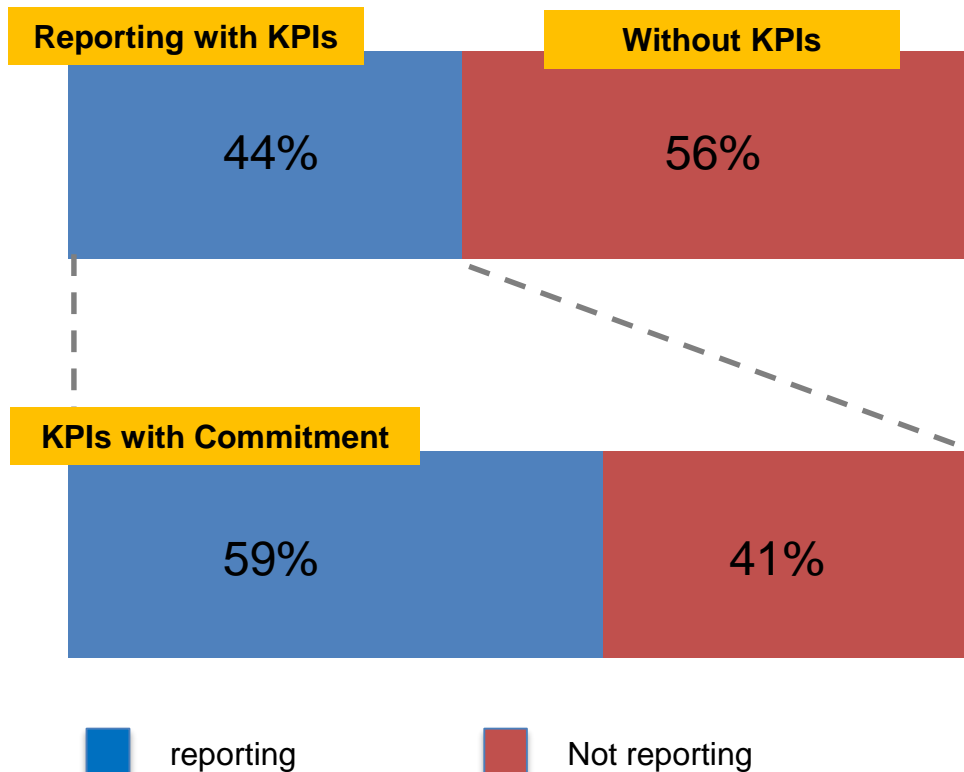
Measurement Disclosure

19 %

Corporate philanthropy related

less than **5 %** (IMPACT)

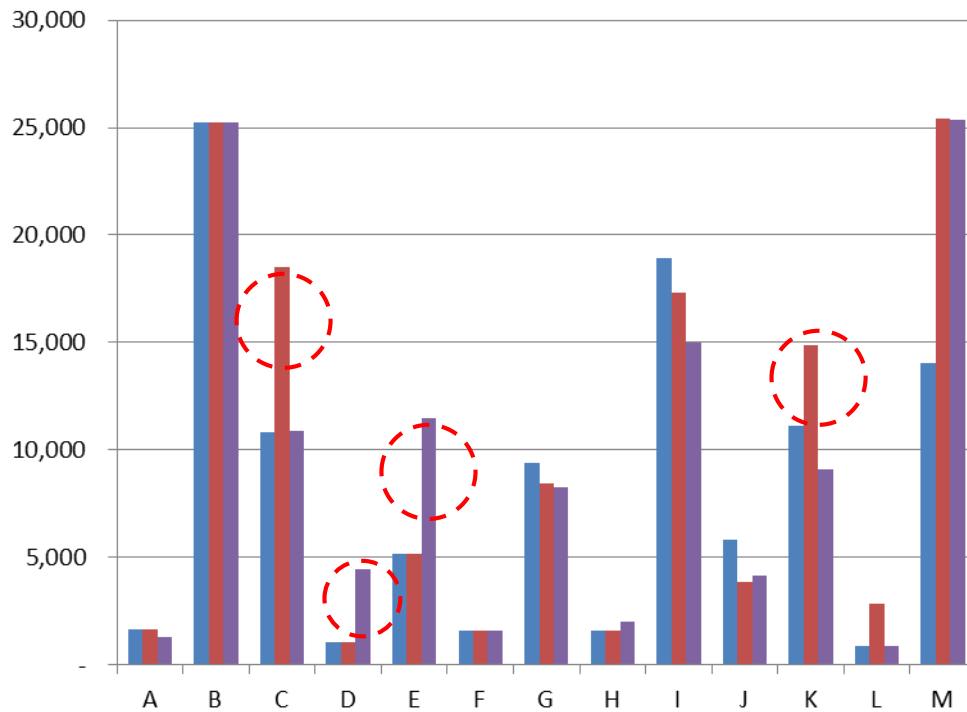
Philanthropy KPI & Commitment



✓ Only 44% report with KPIs

✓ And 59% Committed for the future plan

Leak of Information Quality



Corporate Philanthropy Expenditure

Information Gap (in Max')

31 %

Source1
Source2
Source3

*Source 1 – Bloomberg ESG
*Source 2 – Sustainability Report
*Source 3 – Direct Survey

(Source : Bloomberg, Sustainability Report, Survey, Korea Productivity Center 2012)

Eyes of Information Tracker

We measure our social contribution performance in terms of several metrics, such as the frequency of media coverage, the number of disputes and complaints from local communities, satisfaction of participating employees and the number of assistance recipients. In addition, we analyze the ROI of our social contribution programs to evaluate their effectiveness and devise plans for the future.

Source : GS E&C SR 93 page

Key Performance Indicators

Key Performance Indicators	Unit	Division	2009	2010	2011
Social contribution spending	KRW 100 million	Department Store / Mart	123	152	157
Number of volunteer groups	No. of groups	Department Store / Mart	76	100	139
Number of employee volunteers	Persons	Department Store / Mart	6,006	6,644	10,636
Volunteer hours of employees	Hours	Department Store / Mart	19,403	25,167	51,718

Source : Lotte shopping SR 55page



Current Issues on Corporate Philanthropy

- ✓ **Social Cohesion (rich & poor gap) and Stakeholder Pressures push companies to invest vast amounts of resources.**
- ✓ **Thus, Philanthropy Activities & Programs, Time (Volunteers, Pro bono), and Donations (In-kind / Cash) are increasing in part of sustainability report.**
- ✓ **However, due to a lack of data quality, corporate wide strategy, and performance measurement schemes, companies are facing a strong criticism in terms of “Coloring the Report”. (Blue-washing)**
- ✓ **Now, stakeholders ask for philanthropy targets & level of commitment, and Investors are asking for business benefits/advantages.**
- ✓ **Do we have common ground? Does sustainability report help companies overcome these issues? Can CSV be an answer? How sustainability reporting can add value?**

Innovation.
Integration.
Information.

Thank you

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