

Sustainability Value Creation

In order to quantitatively measure the positive and negative effects of our sustainability activities, we have utilized the True Value method of KPMG since 2016. We also developed a set of indicators based on the results of our research on the economic value of our socioeconomic activities to convert the measured effects into monetary value. Our sustainability value consists of 1) financial value, 2) socioeconomic value, and 3) environmental value, which are marked with + (positive) or - (negative).

Value Measurement Methods

Category	Type	Guidance in the Global Code of Conduct	
Financial value	Benefit	Net income of the year	
Socioeconomic value	Government support	Benefit	Corporate taxes paid to the government
	Investor value	Benefit	Dividends and interest paid to investors and creditors
	Employee support	Benefit	Wages and welfare benefits paid to employees
	Supplier support	Benefit	Based on the amount of support through the Coprosperity Fund
	Development of local communities	Benefit	Donations for the resolution of individual communities' issues Calculation of the ROI (118%) of educational project investment costs ¹⁾
Environmental value	GHG emissions reduction in the product use stage	Benefit	Calculation of social benefits for GHG emissions reduction in the product use stage ²⁾
	GHG emissions from business sites	Cost	Calculation of social costs concerning GHG emissions ²⁾
	Impacts on the atmospheric environment	Cost	Calculation of social costs concerning air pollutant (NOx, SOx, and PM) emissions ³⁾
	Impacts on aquatic ecosystems	Cost	Calculation of social costs concerning water consumption based on the water stress levels of individual regions where our business sites are located ⁴⁾
	Impacts of waste on the environment	Cost	Calculation of social costs concerning the burial, incineration, and recycling of waste ⁵⁾

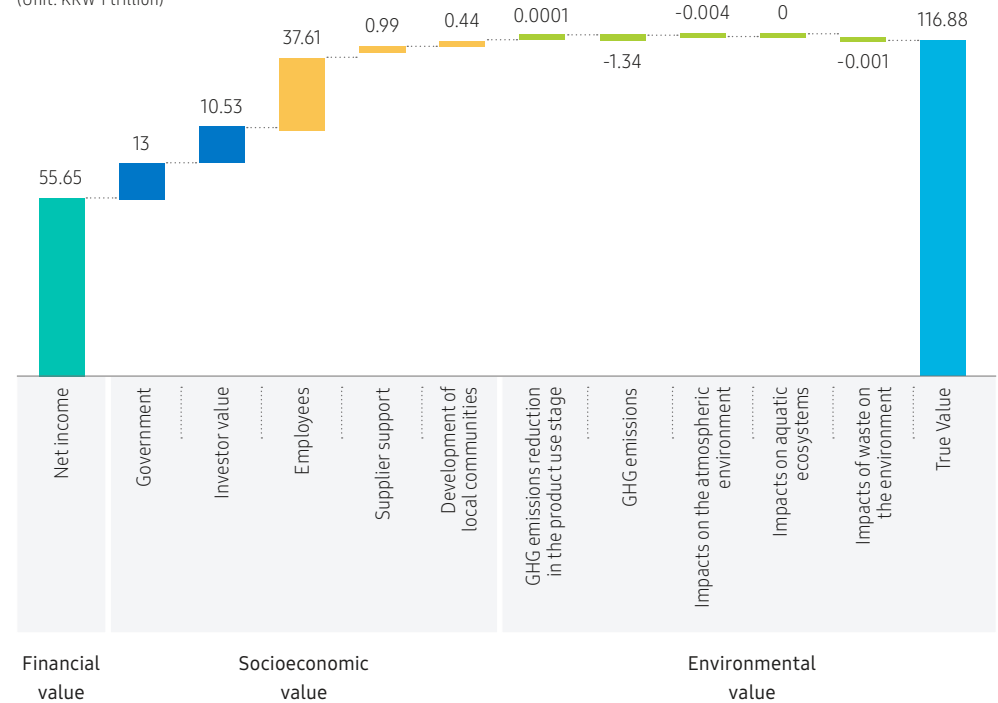
1. G. Psacharopoulos and H.A. Patrinos, Returns to investment in education: a further update (2004)
 2. EPA, Technical update of the social cost of carbon for regulatory impact analysis (2013)
 3. EEA, Revealing the cost of air pollution from industrial facilities in Europe (2011), Transportation Cost and Benefit Analysis II – Air Pollution Costs, Victoria Transport Policy Institute (2011)
 4. TruCost PLC, Natural capital at risk: the top 100 externalities of business (2013)
 5. A. Rabl, J. V. Spadaro and A. Zoughaib, Environmental impacts and costs of solid waste: a comparison of landfill and incineration (2009)
- * KRW 1,267 per USD and KRW 1,351 per euro based on the exchange rates on December 30, 2022

Sustainability Value in 2022

We have continually monitored the latest global trends in socioeconomic value measurement research as an extension of our efforts to more accurately assess the value of our sustainability activities. As a result, we began to include wages and taxes, GHG emissions reduction in the product use stage, etc., in the set of indicators to measure our socioeconomic value in 2023. Our total sustainability value created from January 1 to December 31, 2022, stands at around KRW 116.88 trillion. Our financial value reaches KRW 55.65 trillion, a 39% increase compared to 2021. Our socioeconomic value stands at KRW 61.23 trillion incurred due to a drastic rise in the amount of corporate tax paid (KRW 13 trillion) and wages and welfare benefits paid to our employees (KRW 37.61 trillion). In 2023, our financial value is projected to decrease substantially due to the global economic recession and industry stagnation. The drawback of the current measurement method is that the sustainability value is heavily influenced by changes in the financial value. As such, we will continue to strive to advance the measurement method by monitoring and analyzing related research trends.

Sustainability Value in 2022

(Unit: KRW 1 trillion)



* The sustainability value in 2022, measured using indicators of the previous years, stands at approximately KRW 66.27 trillion.